

TOWN OF EDISTO BEACH Annual Budget 2019-20



Table of Contents

Mayor	5
Town Council	5
Organizational Chart.....	6
Vision Statement	7
Mission Statement	7
Town Goals	8
Short Term Factors and Budget Guidelines.....	10
Short Range goals	12
Basis of Budgeting	14
List of Funds	15
Current Budget Initiatives	17
Develop a Balanced Budget.....	17
Recognize and Reward Employees.....	17
Maintain Level of Services Expected	19
Regionalization/Privatization/Grants	19
Millage rate	20
Financial Information and Policies	22
Fund Balance.....	22
Banking.....	22
Investments.....	22
Interest.....	22
Capitalization.....	23
General Fund Revenues.....	23
Where does the money come from?	23
Property Taxes	31
Franchise Fees	31
Lease Agreements.....	32
Local Government Fund.....	32
Municipal Court Fines	33
General Fund Expenditures	34
Purpose	34
General Fund Service Changes.....	41
Capital Projects	41
General Fund Debt	45
Debt (General Fund).....	45
Special Funds	45
State Accommodations Fund	45
Alcohol Permit Fund.....	47
Local Accommodations Fund	48
Hospitality Fund	49
General Vehicle/Equipment Fund.....	50
Utility Vehicle/Equipment Fund.....	50
Water System Renewal and Replacement Fund.....	51
Sewer System Renewal and Replacement Fund.....	51
Firefighter’s Insurance and Inspection Fund.....	51
Volunteer Firefighter Fund.....	52

Sewer Fund.....	59
Sewer Fund Revenues.....	60
Sewer Fund User Fees.....	60
Sewer and Water Capital Improvement Plan	67
Debt (Enterprise Fund)	68
Debt (Enterprise Fund).....	68
Projects.....	69
Storm Damage Reduction Project.....	69
Water Improvement Project.....	70
E-1 Ladder Truck Refurbishment	71
Hurricanes	71
Budget Highlights	72
Budgets	72
General Fund Revenues:	72
General Fund Expenditures:.....	72
General Fund Service Changes.....	72
Capital Projects	72
Prior Year Funds Accrued Prior Year Funds	73
General Fund & Special Appropriations:.....	73
Water Fund	74
Sewer Fund.....	74
Water and Sewer Fund Capital Improvements, New Services, Other	74
Table 1. Budget Comparison	9
Table 2. List of Funds	15
Table 3. Grant Funding	19
Table 4. Millage Bank	20
Table 5. General Fund Revenue (Increase/Decrease)	28
Table 6. General Fund Expenditures (Increase/Decrease)	35
Table 7. General Fund Service Changes	41
Table 8. General Fund Capital Improvements.....	41
Table 9. General Fund Department Budget Comparison Graph	42
Table 10. General Fund Department % Change	42
Table 11. General Fund Salaries	45
Table 12. ATAX Budget Comparison.....	46
Table 13. ATAX Budget	46
Table 14. Alcohol Permitting Tax Budget Comparison.....	47
Table 15. Alcohol Permitting Tax Budget	47
Table 16. Local Accommodations Tax Budget Comparison	48
Table 17. Local Accommodations Tax Budget.....	48
Table 18. Hospitality Tax Budget Comparison.....	49
Table 19. Hospitality Tax Budget	49
Table 20. General Fund Vehicle Equipment Fund Budget.....	50
Table 21. Utilities Vehicle Equipment Budget.....	50
Table 22. Water R&R Budget.....	51
Table 23. Sewer R&R Budget.....	51
Table 24. Water Rates	53

Table 25. Water Fund Revenues (Increase/Decrease) 54

Table 26. Water Fund Expenditures (Increase/Decrease)..... 56

Table 27. Water Fund Budget Highlights..... 59

Table 28. Sewer Fund Revenues (Increase/Decrease) 60

Table 29. Sewer Fund Expenditures (Increase/Decrease)..... 62

Table 30. Sewer Fund Budget Highlights..... 66

Table 31. Utilities Capital Improvement Plan (Unfunded) 67

Table 32. 2017 Bond Distributions 68

Figure 1. Assessments (Real Property) 10

Figure 2. Garbage Fees 11

Figure 3. Beach Access 15 Before and After Photos..... 12

Figure 4. Cost of Living versus Inflation..... 18

Figure 5. Historical Millage Rates 21

Figure 6. Historical Tax Rates 22

Figure 7. LGIP Interest Rates 23

Figure 8. Revenue Streams..... 24

Figure 9. Unadjusted Revenue 25

Figure 10. Adjusted Revenue Sources 26

Figure 11. Growth in Revenue..... 27

Figure 12. Revenue Trends..... 27

Figure 13. Property Tax Graph 31

Figure 14. Franchise Fee Graph..... 32

Figure 15. State Aid Graph 33

Figure 16. Municipal Court Fines Graph..... 34

Figure 17. Civic Center Revenues 53

Figure 18. Water Fund Budget Comparison 58

Figure 19. Water Fund Budget Graph 59

Figure 20. Sewer Fund Budget Comparison Graph 65

Figure 21. Sewer Fund Budget Graph..... 66

Town of Edisto Beach, South Carolina

Mayor



Jane S. Darby

Town Council



**Mayor Pro Tempore
Crawford Moore**



**Council
Susan Hornsby**



**Council
Jerome Kizer**



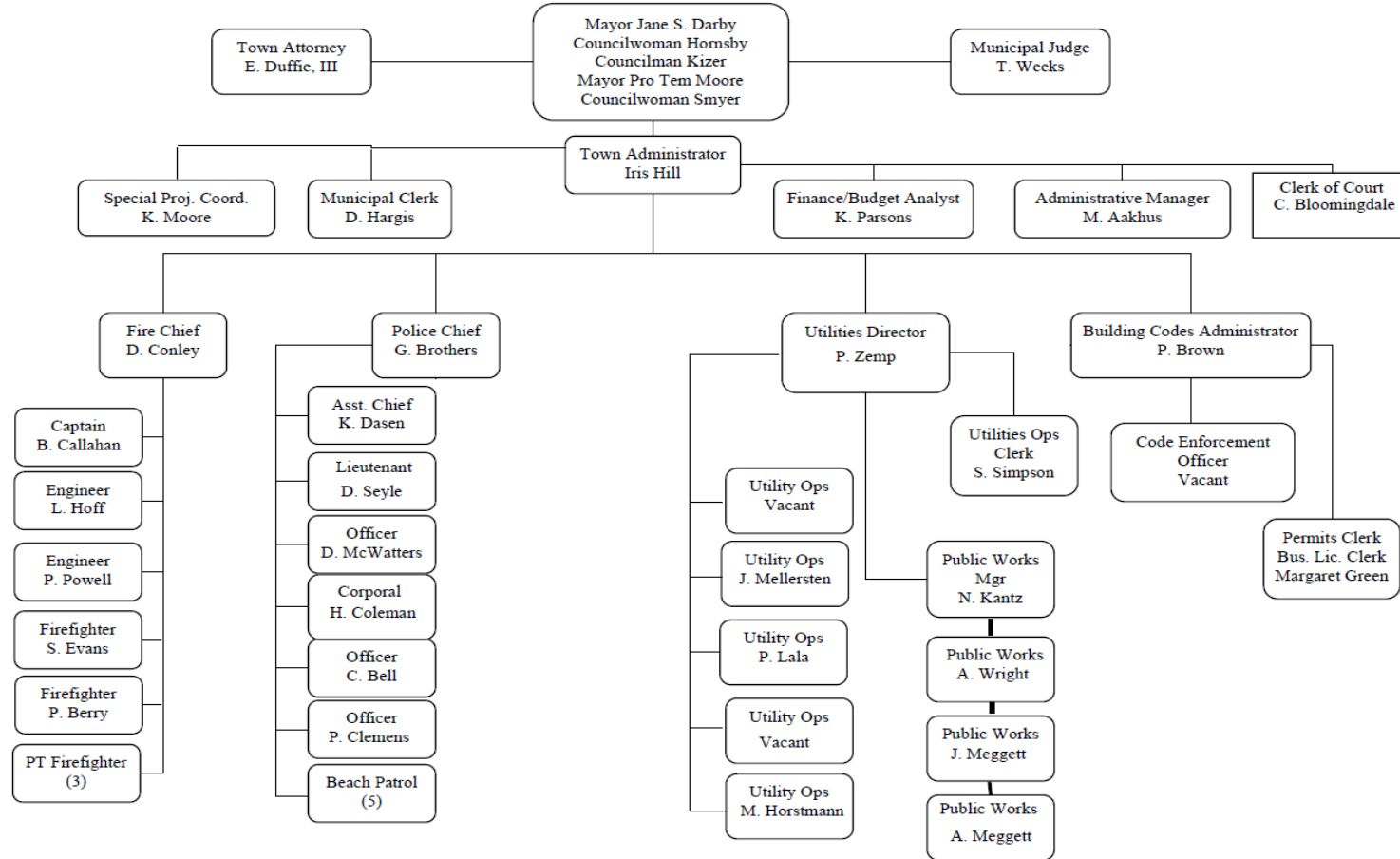
**Council
Patti Smyer**

Organizational Chart

Town of Edisto Beach

ORGANIZATIONAL CHART

4/4/2019



Vision Statement

The VISION of the Town of Edisto Beach is to maintain Edisto Beach as a family sanctuary.

Mission Statement

The MISSION of the Town of Edisto Beach is to enhance and maintain Edisto's reputation as a family-oriented, vacation destination while accomplishing the following goals:

Town Goals





June 30, 2019

The Honorable Jane S. Darby
 Members of the Town Council
 Town of Edisto Beach
 2414 Murray Street
 Edisto Beach, South Carolina 29438

RE: Budget Transmittal Letter

Dear Mayor and Town Council Members:

It is a pleasure to present to the citizens of Edisto Beach, members of Town Council and other interested readers the fiscal year 2019-20 operating budget for the Town of Edisto Beach. The Town remains in excellent financial condition; however, impacts from outside influences such as repetitive storm events and unfunded mandates (pension liabilities) suggest we continue to proceed with caution.

The budget for all funds is \$7,400,691 including a General Fund budget of \$5,273,460. This represents an overall budgetary decrease of -\$147,973 (-2.0%) and a General Fund decrease of -\$137,032 (-2.5%) from the amended FY 2018-19 operating budget.

The budget includes a millage adjustment. The current millage is 23.44 and the adjusted millage rate is 23.52. Real property assessments are \$52,270,480. One mill equals \$52,270.

Table 1. Budget Comparison

	General Fund	Water Fund	Sewer Fund	Civic Center	Total
FY 2009-10 Actual	\$3,122,271	\$725,247	\$536,549	\$0	\$4,384,067
FY 2010-11 Actual	\$3,063,936	\$779,626	\$649,226	\$0	\$4,492,788
FY 2011-12 Actual	\$3,237,249	\$736,643	\$570,422	\$0	\$4,544,314
FY 2012-13 Actual	\$3,364,913	\$715,900	\$734,027	\$0	\$4,814,840
FY 2013-14 Actual	\$3,619,371	\$821,513	\$575,326	\$0	\$5,016,210
FY 2014-15 Actual	\$3,914,397	\$859,979	\$581,216	\$767	\$5,356,359
FY 2015-16 Actual	\$4,157,330	\$866,405	\$618,817	\$72,596	\$5,715,148
FY 2016-17 Actual	\$5,479,349	\$938,173	\$594,426	\$70,864	\$7,082,812
FY 2017-18 Actual	\$4,825,891	\$1,136,758	\$613,963	\$74,492	\$6,651,104
FY 2018-19 Amended	\$5,410,492	\$1,386,659	\$672,400	\$79,113	\$7,548,664
FY 2019-20 Proposed	\$5,273,460	\$1,445,784	\$607,300	\$74,147	\$7,400,691

In January 2019, the Council held a planning retreat to set goals to guide Town Services. These goals are listed on page 8.

Short Term Factors and Budget Guidelines

The objectives of this budget are to preserve the current level of services while addressing the Town’s long-range plans. Other significant assumptions are:

- ❖ **Conservative, but realistic projection of revenues and expenditures.** Conservative projections help ensure that adequate resources will be available to meet budgeted obligations. This is achieved through trend analysis that is reevaluated annually and adjusted for outside indicators, such as projected inflation, fuel costs, real estate markets, etc.
- ❖ **Unpredictable Inflation.** There continues to be no dependable forecast regarding inflation so the Town utilizes the best information available to forecast inflationary impacts. The forecasted inflation rate for 2019-2020 is 2.0%.
- ❖ **Assessments.** According to the Colleton County Assessor, assessments increased due to new growth. These values will change once appeals are reviewed.

The Town continues to have properties that are undervalued as a residual effect from the way properties were assessed before the adoption of Act 388 (2006). Prior to Act 388, Colleton County placed the majority of a property’s value on the structure and not on property. At the time this may have been an equitable way to assess properties. This inequity in valuation has resulted in properties being undertaxed. When a structure is destroyed and not rebuilt, the property taxes based on the structure goes away. One example is a property in Wyndham where a structure was destroyed and never rebuilt and the taxes are \$14.00. There is no exception that would allow the values to be adjusted above 15% per year to correct these types of situations. Colleton County has since changed the way they handle valuation of property, but until a property changes hands or improvements are made the taxes on these properties remain understated.

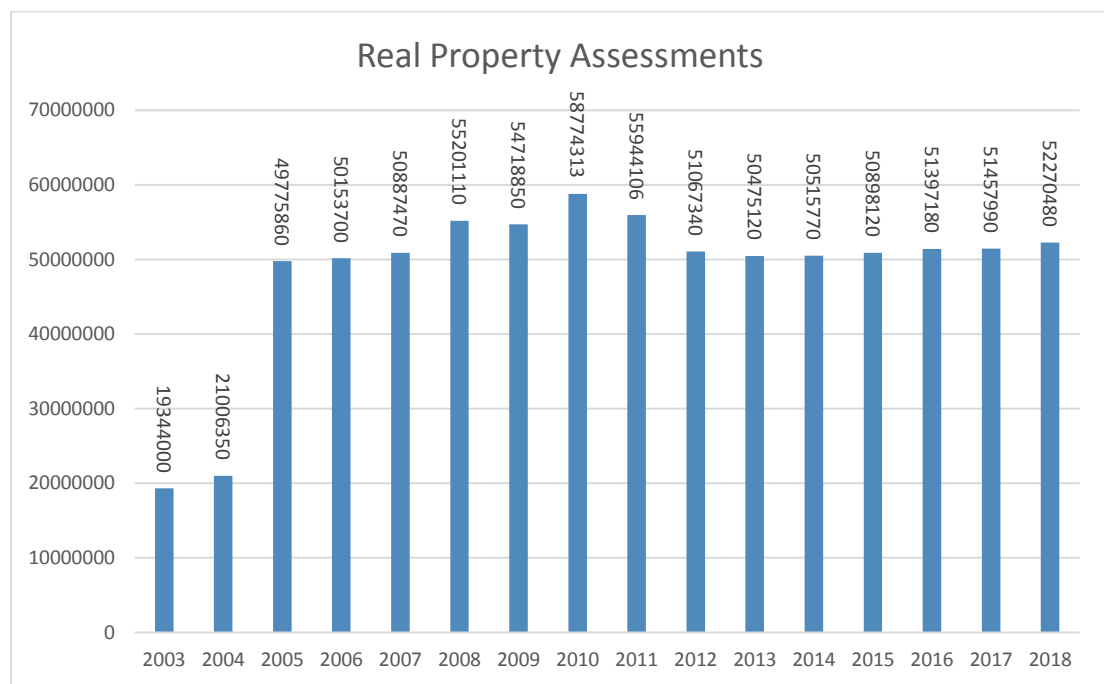


Figure 1. Assessments (Real Property)

This is regulated by 12-37-3140(B) of the South Carolina code of law that limits reassessment increases in value to 15% within a 5-year period. However, under section 12-37-3130(1) additions and improvements are exempt from the 15% cap and will be added at the current market value. Some common additions and improvements are:

1. New construction
2. Reconstruction
3. Major additions to the boundaries of the property of a structure on the property
4. Remodeling
5. Renovation and rehabilitation including installation

Additions or improvements do not include minor construction or ongoing maintenance and repair of existing structures.

❖ **Annual Review of all significant fees.** Major fees are reviewed annually and adjusted as needed. The water rates were increased by 15% in 2018 and again this year to fund the 2017 Revenue Bond. This increase was confirmed by an evaluation of the 2017 water rate study. The garbage fees were increased this year. The last increase was 2016. The solid waste rate for each homeowner increased from \$196.62 to \$299.00. The contractor cited that the increase was due to the extended travel time to the Colleton County Transfer Station.

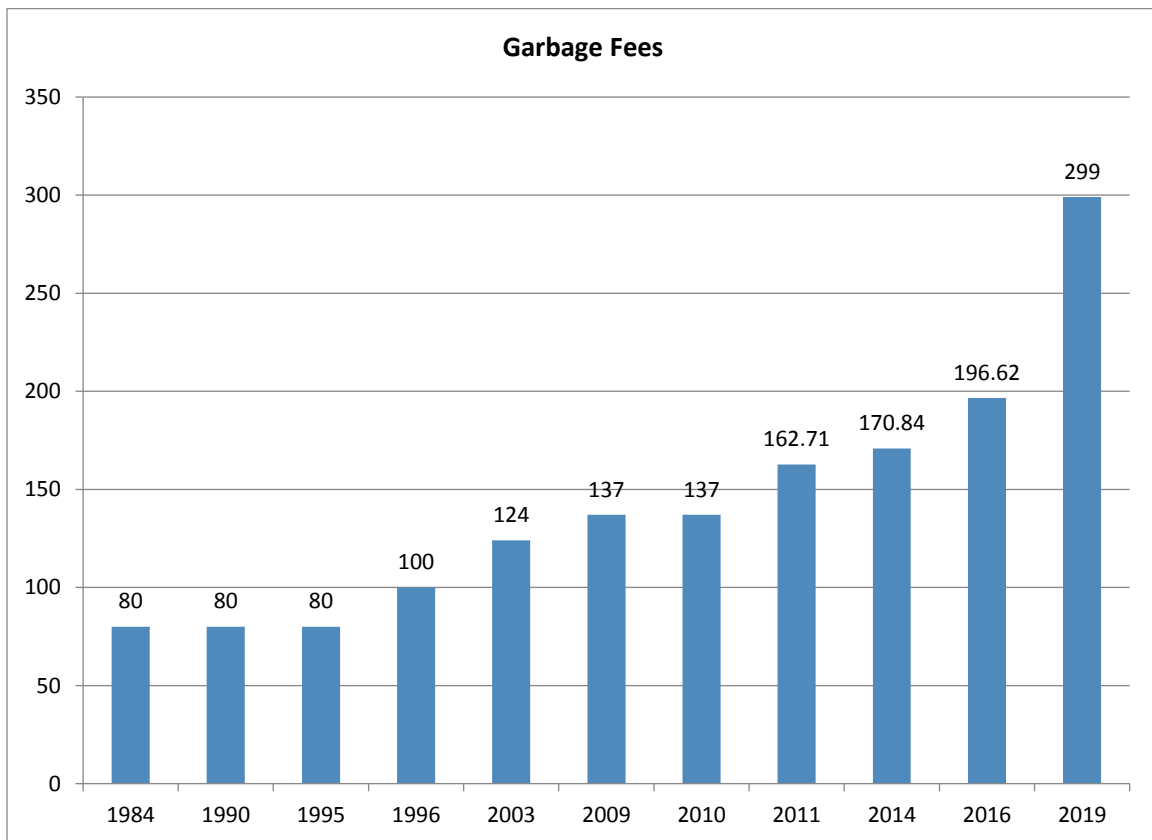


Figure 2. Garbage Fees

❖ **Wage adjustments.** Step increases for additional certifications (that are job applicable) are built in and management encourages staff to utilize continuing education. Law

enforcement salaries were adjusted to make the Town's rates competitive for retention purposes. Other increases were merit based.

- ❖ **Employee benefits.** We are in the third year of a five-year adjustment in the South Carolina Retirement employer contribution rates. Rates are scheduled to increase 2% this fiscal year to offset unfunded pension liabilities. The General Assembly has fully funded the third 1% increase in employer contributions for 2019.
- ❖ **Unfunded Pension Liability.** In FY 2018-19, the Town included an unfunded retirement liability of \$3,125,043 in its annual audit.
- ❖ **Continuity of Operations Planning (COOP).** To maintain continuity of operations, the Town has taken steps to train staff to replace employees who will be retiring or leave through attrition. Training has been completed and all staff were trained on Incode and each section has at least one backup in place. As per our auditor's recommendation, the Financial Budget analyst has attended the Governmental Finance Officers Association training and an accountant has been working with staff on accounting principles. An assistant Fire Chief position has been added to the budget this year to provide continuity of operations in the Fire Department.
- ❖ **Legislative Mandates.** The Town monitors all proposed and new legislation to assess impacts legislation may have on the Town. Pension increases continue to impact our budget. Proposed bills could have significant budgetary impacts such as tort reform which increases the current tort limit of \$300,000 to upward of \$500,000, the fire fighter worker's compensation bill that would require a municipality pay worker's compensation on firefighters that are diagnosed with certain cancers, and a mandate to treat Post Traumatic Stress Disorder.

Short Range goals are:

- ❖ **Turtle Protection.** Turtle protection is a priority for Edisto Beach. Phase 1 of the turtle safe lighting initiative has been completed and Phase 2 is scheduled for this year. Town Council also passed a plastic bag ban that will be implemented on January 1, 2020. Turtle safe lighting will be installed at 141 Palmetto, 203 Whaley, 413 Palmetto, 417 Palmetto, 1802 Palmetto and 3122 Palmetto.
- ❖ **Beach Access /Golf Cart Parking.** The Town has opened 5, 6 and 7 to golf cart parking. The Town is aggressively working on restoring beach accesses that were neglected while recovering from the past 5-years of storms. Beach accesses 11, 15, 18, 33, 36 have been completed. The Town will continue this project in the fall and will review ways to make existing parking areas more structured.



Figure 3. Beach Access 15 Before and After Photos

- ❖ **Water Improvements.** The Town borrowed \$7,255,000 in 2017 for the water improvement project. All components of the project have been permitted and construction is underway. Completion is slated for the fall of 2019.

Long Range goals are:

- ❖ **Increased demand for public safety services.** The Town continues to experience a rise in the demand for public safety services. With other coastal communities charging for parking, restricting pets on the beach and banning alcohol use, Edisto Beach becomes more desirable. Development along the Highway 17 corridor (Spring Grove) and in Ravenel/Hollywood impacts day tourism. An increase in day visitors has already been realized with the State Park exceeding capacity and closing day parking before the Memorial Day holiday. Visitors restricted from parking at the State Park use Palmetto Boulevard as overflow parking. The Town is using photometrics to better assess tourist numbers and on-street and off-street parking. Day visitors present a unique problem as they typically use services and there are limited means to collect funds from them. Paid parking has been the most utilized method in other coastal communities to obtain funds from day visitors. A cost to benefit analysis is being performed in-house to determine revenues that could be gained by charging for off street parking.
- ❖ **Beach Nourishment and Groin Lengthening.** The Beach Nourishment and Groin Lengthening project was completed in June 2017, but this infrastructure improvement continues to be eroded by storms. Although the groins were repaired after Hurricane Irma, erosion was not repaired which will accelerate the nourishment cycle. Council continues to work towards a partnership with the United States Army Corps of Engineers as a future funding mechanism. If this does not come to fruition, some alternate method of funding will need to be implemented. Most previously used funding avenues are no longer offered. Although there is mention of other potential funding opportunities by the community, no other verifiable funding source has been offered for consideration to date.
- ❖ **Drainage.** The Myrtle Street Drainage project was completed in 2018-19 by the South Carolina Department of Transportation. The Town is grateful the SC DOT funded the project which exceeded \$1,500,000. This project had been in the works for over 10 years. The Town has funded an engineering study on the Billow/Arc Street drainage system to determine a corrective solution. Yacht Club drainage was impacted from storms and will be maintained using in-house forces.
- ❖ **Sea Level Rise.** The Town has become increasingly concerned about the impacts of sea level rise which has caused inland and bay flooding. Discussions have occurred regarding necessary modifications to ordinances (lot fill, seawalls, elevation of structures, etc.) to address this issue. According to experts in this field, impacts from bay and marsh flooding will be observed before the beachfront is impacted. Grants are being sought to research this further. Discussions have also occurred between the Department of Health and Environmental Control, the National Oceanic and Atmospheric Administration,
- ❖ **Sewer Upgrades.** The Town continues to battle issues with Lift Stations A and B during heavy use periods or rain events. One or both of these stations will need to be connected to the wastewater treatment facility by force main which will be costly.
- ❖ **Town Hall Complex.** Town Hall office space and parking are inadequate. A space needs analysis is being performed in-house and will be discussed for possible future funding through the Colleton County capital project sales tax.
- ❖ **Parks, Recreation and Trails Master Plan.** The Town has submitted a grant application to merge several independent parks and trails master plans into a cohesive plan that addresses parks, recreation and trails on Edisto Beach. Bike paths need to be maintained

utilizing a phased approach and with grant funding where available. This plan may also consider Tract M.

Basis of Budgeting

All of the funds are budgeted using the modified accrual basis of accounting. Modified accrual accounting recognizes revenues when they become measurable and available. Measurable means that the dollar value of the revenue is known. Available means that it is collectible within the current period or soon enough after the end of the current period to pay liabilities of the current period. For this purpose, the Town considers revenues to be available if they are collected within 30 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Proprietary fund types are accounted for based on the flow of economic resources measurement focus and use the accrual basis of accounting. Under this method, revenues are recorded at the time liabilities are incurred.

Funds are organized as major funds or non-major funds. A fund is considered major if it is the primary operating fund of the Town or meets the following criteria. 1) Total assets, liabilities, revenues or expenditures are at least 10% of the corresponding total for all funds of that category. 2) The same element of the individual governmental fund that met the 10% test is at least 5% of the corresponding total for all funds. 3) Any fund that the Town believes is particularly important may be reported as a major fund.

Table 2. List of Funds

Town of Edisto Beach				
<i>List of Funds</i>				
Fund	Fund Type	Description	Appropriated	Included in Budget
General	General	Accounts for activities related to the general operations of the Town.	Yes	Yes
Water	Enterprise	Accounts for operations that are financed in a manner similar to private business enterprises, where the intent is that costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user fees. This accounts for activities related to the water system.	Yes	Yes
Sewer	Enterprise	Accounts for operations that are financed in a manner similar to private business enterprises, where the intent is that costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user fees. This accounts for activities related to the sewer system.	Yes	Yes
Local Accommodations	Special Revenue	A governmental fund type used to account for and report the proceeds of specific revenue sources that are restricted or committed for specified purposes other than debt service or capital projects. This fund is restricted to tourism activities.	No	No
Hospitality Fee	Special Revenue	A governmental fund type used to account for and report the proceeds of specific revenue sources that are restricted or committed for specified purposes other than debt service or capital projects. This fund is restricted to tourism activities.	No	No
Water Renewal & Replacement	Special Revenue	Accounts for activities related to the renewal and replacement of the water system and is used for repairs to or the replacement or renewal of capital assets of the water system.	No	No
Sewer Renewal & Replacement	Special Revenue	Accounts for activities related to the renewal and replacement of the sewer system and is used for repairs to or the replacement or renewal of capital assets of the sewer system.	No	No
State Accommodations Tax 65% Fund	Special Revenue	A governmental fund type used to account for and report the proceeds of specific revenue sources that are restricted or committed for specified purposes other than debt service or capital projects. This fund is restricted to tourism activities.	No	No
Alcohol Permit Fund	Special Revenue	A governmental fund type used to account for and report the proceeds of specific revenue sources that are restricted or committed for specified purposes other than debt service or capital projects. This fund is restricted to tourism activities.	No	No

General Equip/Vehicle	Internal Service Fund	A proprietary fund type used to account for the financing of goods or services provided by one department or agency to other departments or agencies of a government, or to other governments on a cost-reimbursement basis.	No	No
Utilities Equip/Vehicle	Internal Service Fund	A proprietary fund type used to account for the financing of goods or services provided by one department or agency to other departments or agencies of a government, or to other governments on a cost-reimbursement basis.	No	No
Fire Insurance & Inspection	Special Revenue	A governmental fund type used to account for and report the proceeds of specific revenue sources that are restricted or committed for specified purposes other than debt service or capital projects. This fund is restricted to specified fire department activities such as retention.	No	No
Edisto Pride	Special Revenue	A governmental fund type used to account for and report the proceeds of specific revenue sources that are restricted or committed for specified purposes other than debt service or capital projects. This fund is restricted to litter awareness activities.	No	No
Volunteer Fire Dept.	Special Revenue	A governmental fund type used to account for and report the proceeds of specific revenue sources that are restricted or committed for specified purposes other than debt service or capital projects. This fund is restricted to fire related activities.	Yes	Yes
Civic Center	Special Revenue	A governmental fund type used to account for and report the proceeds of specific revenue sources that are restricted or committed for specified purposes other than debt service or capital projects. This fund is restricted to civic center activities.	Yes	Yes
Capital Project Sales Tax	Special Revenue	A governmental fund type used to account for and report the proceeds of specific revenue sources that are restricted or committed for specified purposes other than debt service or capital projects. This fund is restricted to beach nourishment activities.	Yes	Yes
Pooled Cash	Operating Reserve Fund	A governmental fund type used to account for and report the transfer of reserve funds from the Local Government Investment Pool to various other funds.	No	No

Current Budget Initiatives

- ❖ Develop a balanced budget
- ❖ Improve efficiency and effectiveness by optimizing utilization of employees and by recognizing and rewarding employees for their accomplishments
- ❖ Maintain level of services expected by residents, businesses and visitors
- ❖ Research and evaluate alternate funding opportunities to include grants, regionalization and public/private partnerships

Develop a Balanced Budget

By definition, a balanced budget means that total budgeted expenditures do not exceed budgeted revenues plus available fund balance. An important step in this process is comparing annual revenues with annual expenditures to ensure the annual expenditures do not exceed annual revenues. General Auditing practices require the general fund to have a reserve of two months operating budgeted expenses each year or \$878,910.

We have a balanced budget with an anticipated fund balance of \$3,774,263.

Recognize and Reward Employees

Edisto Beach, like other communities, experiences problems with recruitment and retention of qualified employees. Training new employees who leave after a year or two is costly and decreases the efficiency of the departments. Previously, the Town had provided unilateral merit and cost of living increases. This industry standard does not promote exceptional performance because average or poor performance is often rewarded the same as above average or exceptional performance.

The Town utilizes a pay for performance system which was implemented in FY 2010-11. Employees who excel in performance are reviewed annually for salary adjustments. Adjustments are not unilateral, but based on numerous factors including job performance, certifications, achievements, attitude, etc.

Employees who provide exceptional service are also recognized with Starfish Awards. Three Starfish Awards equals one day off. The Town Administrator also recognizes employees by giving those who do exceptional work a small personal gift that is not taxpayer funded.

Merit increases were provided in February of 2019. A salary study was evaluated in February 2019 for the Police Department and adjustments made. Other salary disparities were also addressed in February 2019 and approved through a budget adjustment. A (COLA) was not implemented, but most staff received a 3% merit increase. Salary adjustments for performance are included in this budget.

The graph below shows a snapshot of cost of living increases compared to inflation.

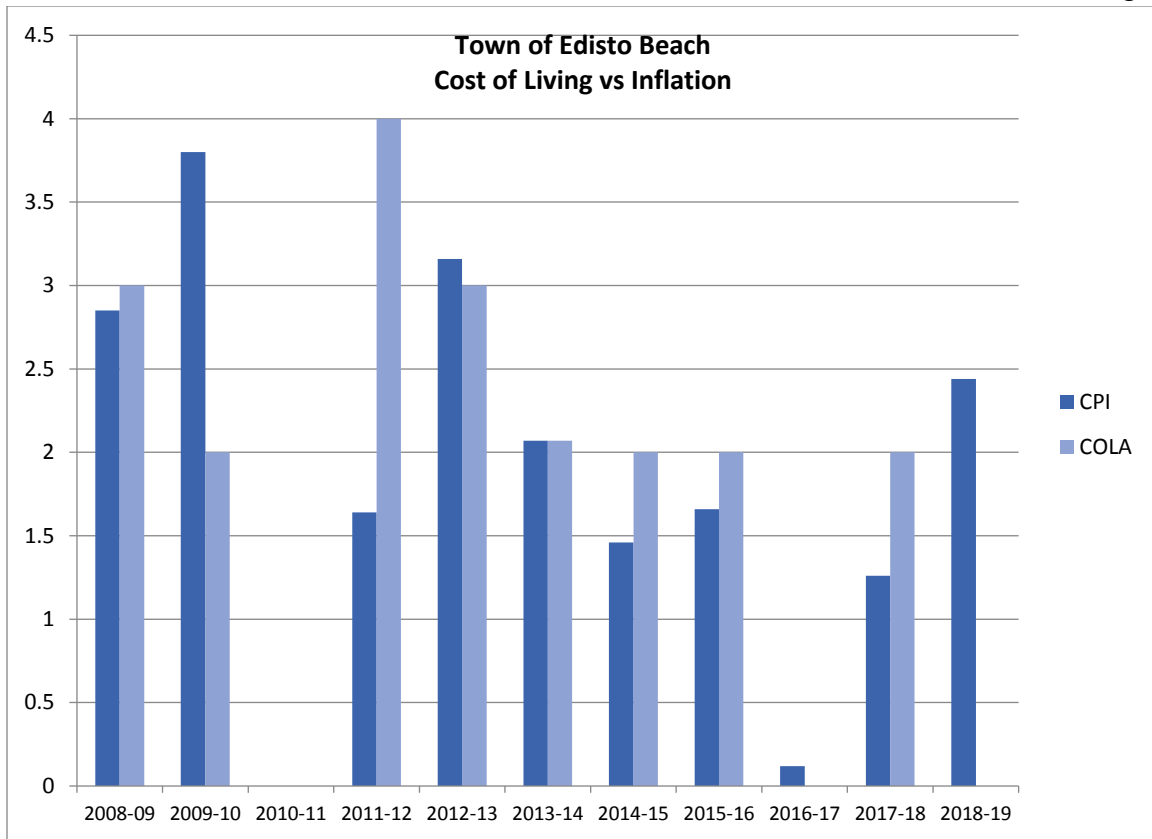


Figure 4. Cost of Living versus Inflation

The Town of Edisto Beach offers a competitive benefits package. All full-time employees receive 100% employer paid health, dental, life and long-term disability insurance. Beginning in July 2016, employees were also provided with coverage from Air Med Care. In January 2020, it is anticipated that health insurance costs will increase by 5% to \$523.00/month. The rate increase is not provided to the Town until August 2019. In addition, full-time employees can purchase dependent healthcare. The Town offers other elective insurance options for employees such as short-term disability, cancer policies, etc.

The Town provides pension benefits for all of its full-time employees through a traditional, joint-contributory, defined benefit plan in the state-wide South Carolina Retirement System. The SCRS provides members a guaranteed monthly pension based on a formula that includes the member’s average final compensation, years of service and benefit multiplier of 1.82 percent. Employees’ deposit 9% (SCRS) or 9.75% (PORS) tax deferred of gross pay and a member is vested after 8 years. The accounts earn 4% interest compounded annually until the account becomes inactive. Employees hired before July 1, 2012 are vested in 5 years. Typically, members can retire at age 65 with 5 years of service. Police and fire can retire at age 55. The employer contribution increased from 14.56% to 15.56% for employees in the South Carolina Retirement System and from 17.24% to 18.24% for employees in the Police Officers Retirement System. Employees can also defer pay into a 401K or 457 cafeteria plans. The Town matches 25% of the employee’s participation in the 401K plan up to a maximum amount of \$130.00 bi-weekly.

Other benefits include fourteen (14) paid holidays, twelve (12) days of paid sick leave, and accrued paid annual leave based on years of service, paid jury duty, and bereavement leave for all full-time employees.

Maintain Level of Services Expected

The Town keeps citizens and visitors updated on events and news happening on Edisto Beach through social media. The Town is constantly monitoring the pulse of Edisto Beach through social media to determine what services are needed and where improvements can be made. Social Media and CodeRED from Onsolve are critical components during severe weather events and are utilized to keep residents apprised of emergency situations and support services. After obtaining feedback from the public, the Town’s website has been updated and is scheduled to be launched before the end of the fiscal year. It will streamline postings from Facebook to the website and utilize Cognito forms.

Regionalization/Privatization/Grants

Staff search for additional revenue sources or cost reductions to minimize the number of tax and fee adjustments required to maintain the current level of services. Regionalization and privatization are two commonly used methods of reducing costs; however, these do not come without challenges.

The Town partners with Ocean Ridge Property Owner’s Association to partially fund a police officer position obtained in FY2012-13 which funds \$40,951 of the position. Global Positioning Systems in police vehicles allow the Town to verify it is meeting the required amount of patrol time per the agreement with Ocean Ridge.

The Town became the property manager of the Civic Center in 2016 for Colleton County. Colleton County provides financial support in the amount of \$47,085 for property management services. These funds have been used to maintain the building and grounds.

Charleston County financially supports litter removal on Highway 174 between the McKinley Washington Bridge and the causeway. This commitment saves the Town approximately \$12,400 annually. This service is contracted out and is being provided by Wright4u services.

Although the budget relies heavily on property taxes, the Town has varied revenue sources. Historically, grant funding has been utilized to leverage and maximize funds and reduce the reliance on property taxes for special needs or projects such as beach access and park improvements and continues to be aggressively pursued by all Departments.

Obtaining a funding commitment for the Myrtle Street Project had been a long and arduous process. Although the Town was not successful in obtaining a \$548,456 Federal Emergency Management Agency Hazard Mitigation Grant, the South Carolina Department of Transportation committed the funds to complete the project. The project was awarded in May 2018 and construction has been completed.

Table 3. Grant Funding

Dept.	Funding Agency	Item	Amount	Match
Administration	Parks and Recreation Development Fund	Parks, Recreation and Trails Master Plan	\$47,500	\$11,875
Administration	Recreational Trails Program	Trail Maintenance	\$100,000	\$25,000
Fire Department	V-Safe	Self-Contained Breathing Apparatus	\$29,835	\$0

Town of Edisto Beach, South Carolina

FY 2019-20 Budget

Administration	SCDNR Flood Mitigation Assistance	Sea Level Rise	\$25,000	\$6,250
Public Works	South Carolina Municipal Insurance Trust (SCMIT)	Public Works Equipment	\$2,000	\$2,000
Police Department	South Carolina Municipal Insurance and Risk Financing Fund (SCMIRF)	Law Enforcement Liability Reduction Grant	\$2,000	\$2,000
Fire Department	SCMIT	Fire Service Equipment	\$2,000	\$2,000
Police Department	SCMIT	Law Enforcement Officer Safety Grant	\$2,000	\$2,000
Total			\$210,335	\$51,125

Millage rate

The millage rate increased from 23.44 mills to 23.52 mills using 0.36% of the banked millage. Section 6-1-320 of the South Carolina Code of Laws establishes millage caps for local governing bodies equal to the increase in the average of the twelve-month consumer price indexes for the most recent twelve-month period consisting of January through December of the preceding calendar year. This is added to the percentage increase of the population of the entity for the previous year as determined by the Division of Research and Statistics of the SC Budget and Control Board. The consumer price index was 2.44% from Calendar Year 2018 to Calendar Year 2019. The population of Edisto Beach increased by 0.25%. Adding these two components together yields a millage cap of 2.69% for the Town of Edisto Beach. Although South Carolina Code sets a “hard cap” on millage increases, a three-year, “look back” provision was added to the millage rate cap in §6-1-320. This allows the Town to increase the millage, as allowed but not previously imposed for the three property tax years preceding the year to which the current limit applies. The millage rate limitation can also be suspended and increased by 2/3 vote of the Town as allowed by SC Code 6-1-320.

This rate is being banked for future use. Below is a table showing the millage bank.

Table 4. Millage Bank

Fiscal Year	Prior Year Millage	% Average CPI	% Population Growth	Allowable Annual % increase of millage rate	Millage Bank Used	Millage Bank Balance
FY 11-12	18.65	1.64	0	1.64	0	1.64
FY 12-13	19.53	3.16	0	3.16	-4.71	.09
FY 13-14	19.53	2.07	0	2.07	0	2.16
FY 14-15	20.23	1.46	0	1.46	-3.58	.04
FY 15-16	20.23	1.62	0.73	2.35	0	2.39
FY 16-17	20.23	0.2	0.24	0.36	-2.39	0.36
FY 17-18	20.71	1.26	0.72	1.98	0	2.34
FY 18-19	23.44	2.13	0.00	2.13	0	4.47
FY 19-20	23.44	2.44	0.25	2.69	-0.36	6.8

When considering property taxes, one needs to understand the millage rate. The millage rate is a simple ratio of a dollar to each thousand dollars of the property's value. A millage rate means that it is one-thousandth of the value. Millage rates differ among towns, cities and counties and are officially set by that governing body.

An example of the property tax calculation for a \$550,000 owner-occupied home in the Town is:

Market Value	\$550,000
X Assessment Ratio.....	X 4%
Assessed Value	\$22,000
X millage rate	X 0.02352
<hr/>	
Town Taxes	\$517.44

This would be the amount paid to the Town for all the services provided to residents and visitors such as fire, police, building inspections, parks and recreation and public works.

Historical millage rates are shown in the graph below.

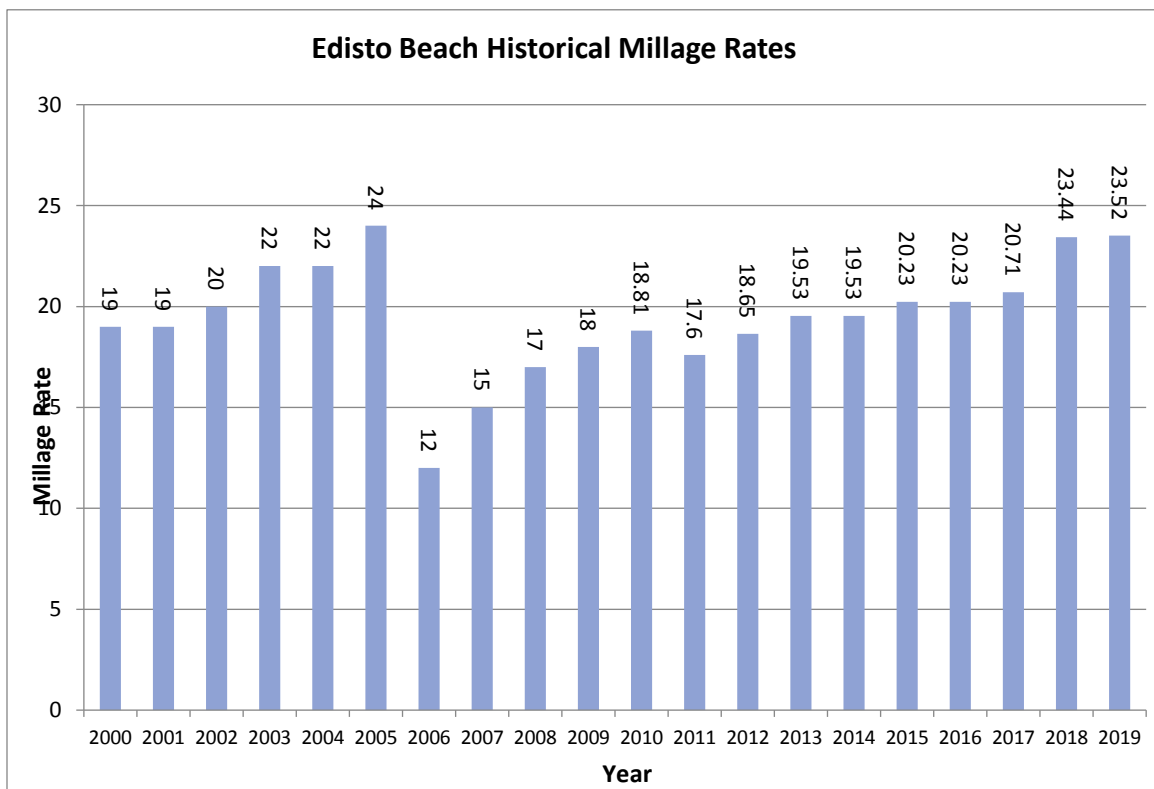


Figure 5. Historical Millage Rates

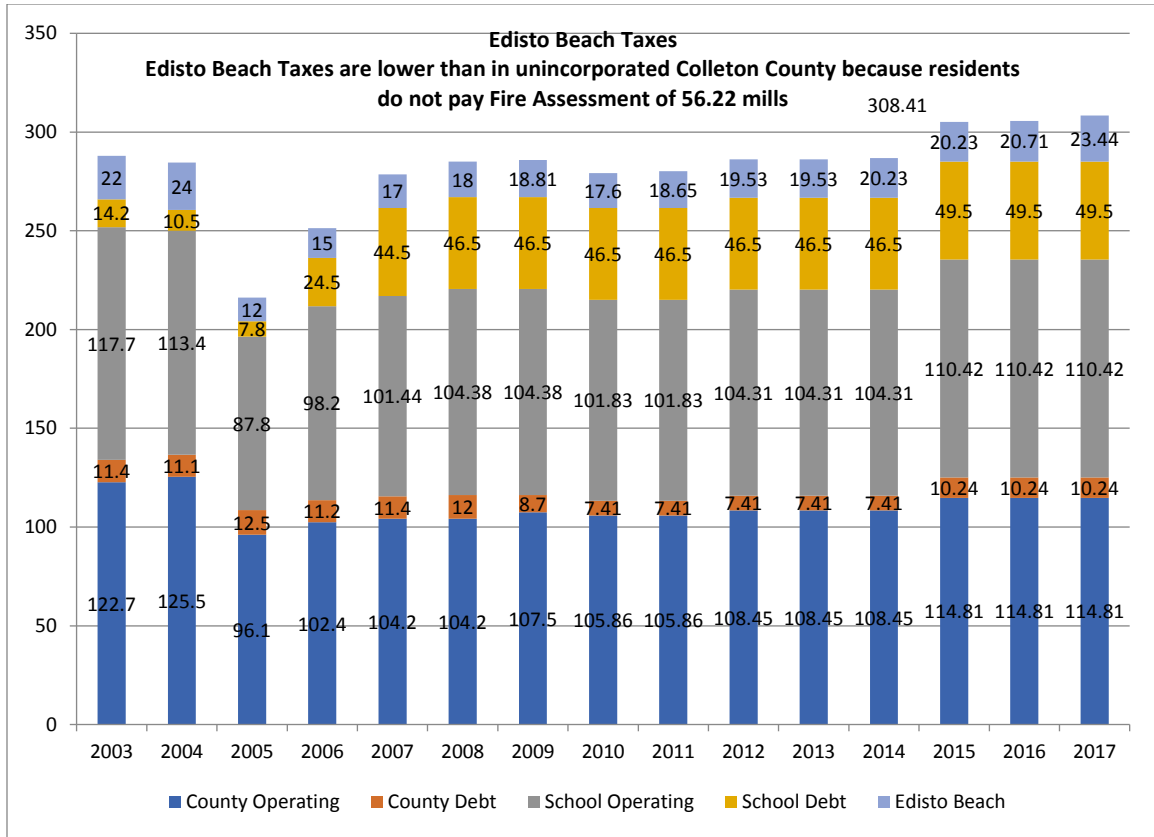


Figure 6. Historical Tax Rates

Financial Information and Policies

Fund Balance

In August 2012, Council passed a General Fund Balance Policy. This policy requires the Town maintain two months operating in general fund balance. The Town is in compliance with this policy with a balance of \$853,907. The fund balance as of May 30, 2019 is \$3,253,019.

Banking

The Town’s financial institution is Enterprise Bank and their contract was renewed in 2015. Regarding deposits in the Town’s financial institution, there is a risk that, in the event of a bank failure, the Town’s deposits might not be recovered. The Town has a policy for custodial credit risk. According to the Town’s agreement with Enterprise Bank, all of our funds are insured.

Investments

The Town adopted an investment policy in June 2010. Edisto Beach conservatively invests and only utilizes the Local Government Investment Pool and Certificates of Deposits. Investments in the amount of \$9,928,685 are invested in the South Carolina Local Government Investment Pool (LGIP) which yields a higher interest rate. The current interest rate is 2.45%. These funds are not evidenced by securities that exist in physical or book-entry form. They are not exposed to custodial credit risk. There are currently no Certificates of Deposit. The Town has an option of investing funds for a higher rate of return, but this has an associated risk.

Interest

The current interest rate on the Town’s checking account ranges from 0.05% to 0.1002% depending on type of account. The local government investment pool interest rate is 2.45% above last year’s rate of 1.88%. The rate in 2008 was 2.8%.

LGIP Monthly Rates

Month	FY 2016	FY 2017	FY 2018	FY 2019
July	0.28	0.71	1.08	2.07
August	0.30	0.70	1.06	2.10
September	0.35	0.78	1.08	2.09
October	0.40	0.77	1.10	2.26
November	0.39	0.78	1.12	2.31
December	0.49	0.86	1.24	2.39
January	0.57	0.90	1.35	2.43
February	0.63	0.92	1.44	2.43
March	0.70	0.97	1.68	2.47
April	0.67	1.01	1.88	2.45
May	0.69	1.01	1.94	
June	0.70	1.07	2.01	

*Figure 7. LGIP Interest Rates***Capitalization**

Town Council adopted a capitalization policy in January 2010 that defines the recording of general infrastructure assets and the depreciation of general capital assets in compliance with GASB 34.

General Fund Revenues**Where does the money come from?**

The operating and capital budgets are financed by revenue sources identified in the following figures. Total projected revenues for FY 2019-20 are \$5,273,460, a 2.5% decrease from the FY 2018-19 amended budget. This revenue decrease is deceptive because the FY 2018-19 amended budget contained \$640,757 in anticipated federal and state reimbursements for hurricane damages. If this increase is removed, the revenue stream increased. A substantial factor in the increase is garbage user fees which is a pass-through revenue and prior year appropriations. All other revenues remained fairly consistent.

Several methods are used to forecast the individual revenue sources used to finance local government. The sources producing the most revenue are modeled using time series statistical programs. The results are modified based on current and projected economic trends, and views of experts as conveyed in local, state, and national publications. When forecasting the secondary sources, extrapolation of trends is used. In the case of stable sources, the current fiscal year estimate is carried over in the next fiscal year. A final method is the "Delphi" approach. Town staff responsible for managing a program that generates revenue are asked their opinion of revenue growth rates. Initial amounts are modified after discussions with staff and evaluation of external influences.

The Town revenue sources are provided from taxes on real, personal and vehicle property; business licenses; permits; fees; charges for services; and other miscellaneous collections.

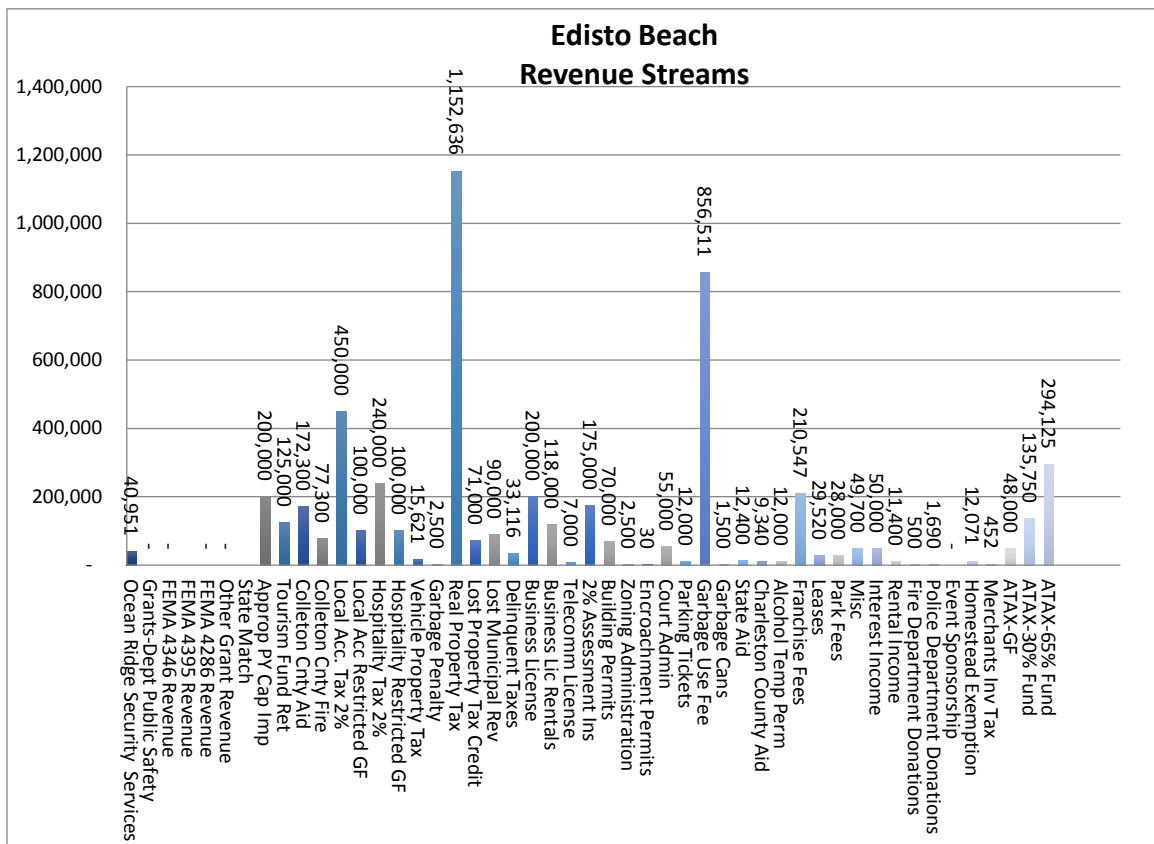


Figure 8. Revenue Streams

Some of the identified revenue streams are not entirely available to the Town for general operations, such as portions of the Local Accommodations Tax, Hospitality Tax, ATAX funds and grants. These revenues are restricted and can only be used for designated purposes as defined by State Code. The graph below depicts all revenues including restricted funds. Impacts to prior year funds expended on hurricane recovery were mitigated by state appropriations reimbursing the Town for monies spent.

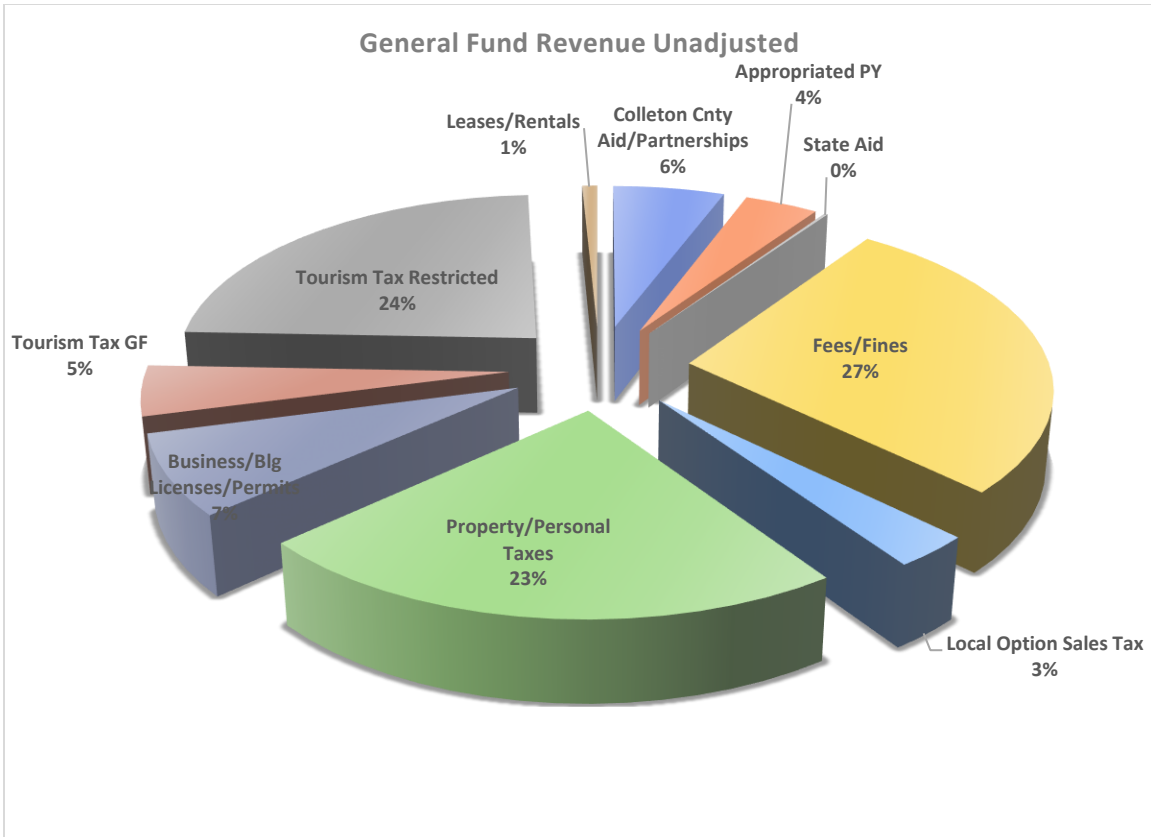


Figure 9. Unadjusted Revenue

The following graph is adjusted to remove all revenue sources that are not available to the Town for operations. "Operating transfers in" are portions of restricted funds that are allowed to be used for operational purposes.

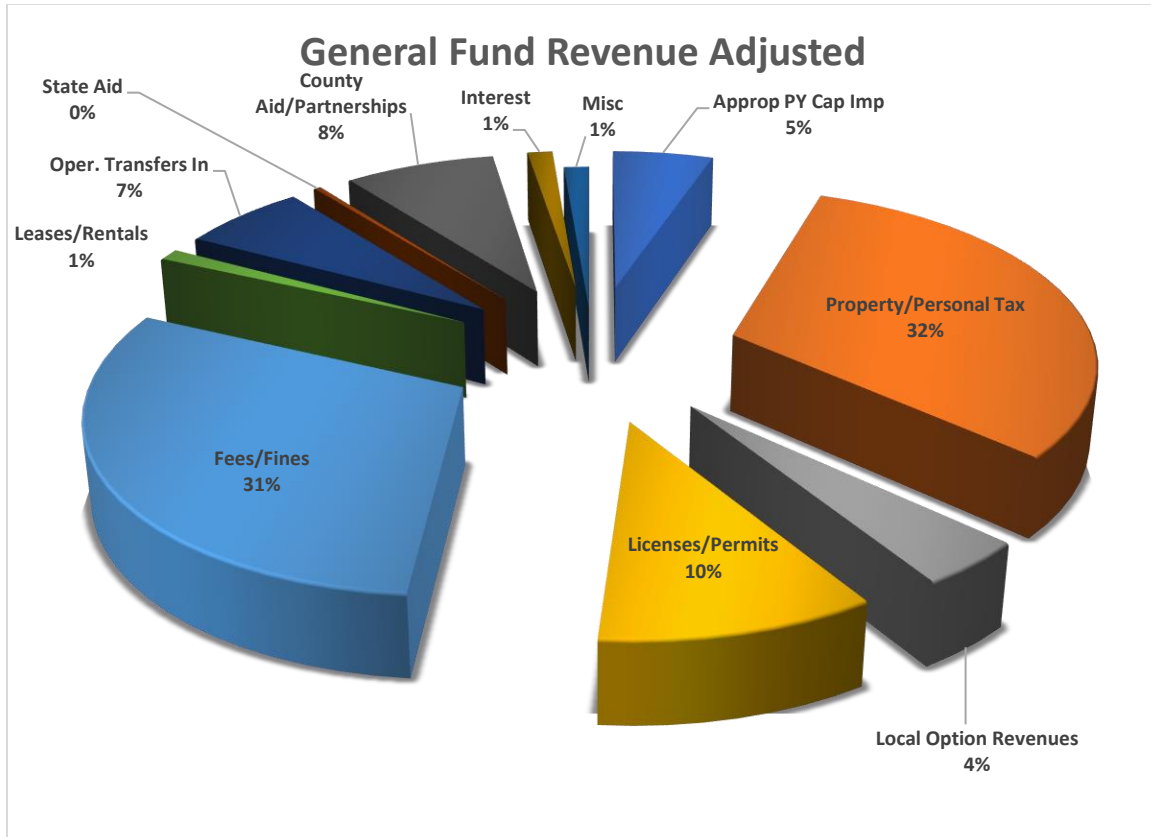


Figure 10. Adjusted Revenue Sources

Taxes known as ad valorem property taxes collected on real estate, personal property and vehicles account for 32%, or the majority of the general fund revenues, followed closely by fees and fines which substantially increased this year. Business licenses and building permits account for 10% of the general fund revenues which is less than last year. Operating transfers in account for a 7% increase.

Of the five largest revenue sources, some show slight or incremental increases over time. Fees and fines spiked this year due to the increase in solid waste collection and transportation fees. Property taxes have increased mostly due to new construction, remodels and resales. Tourism taxes continue to trend upward.

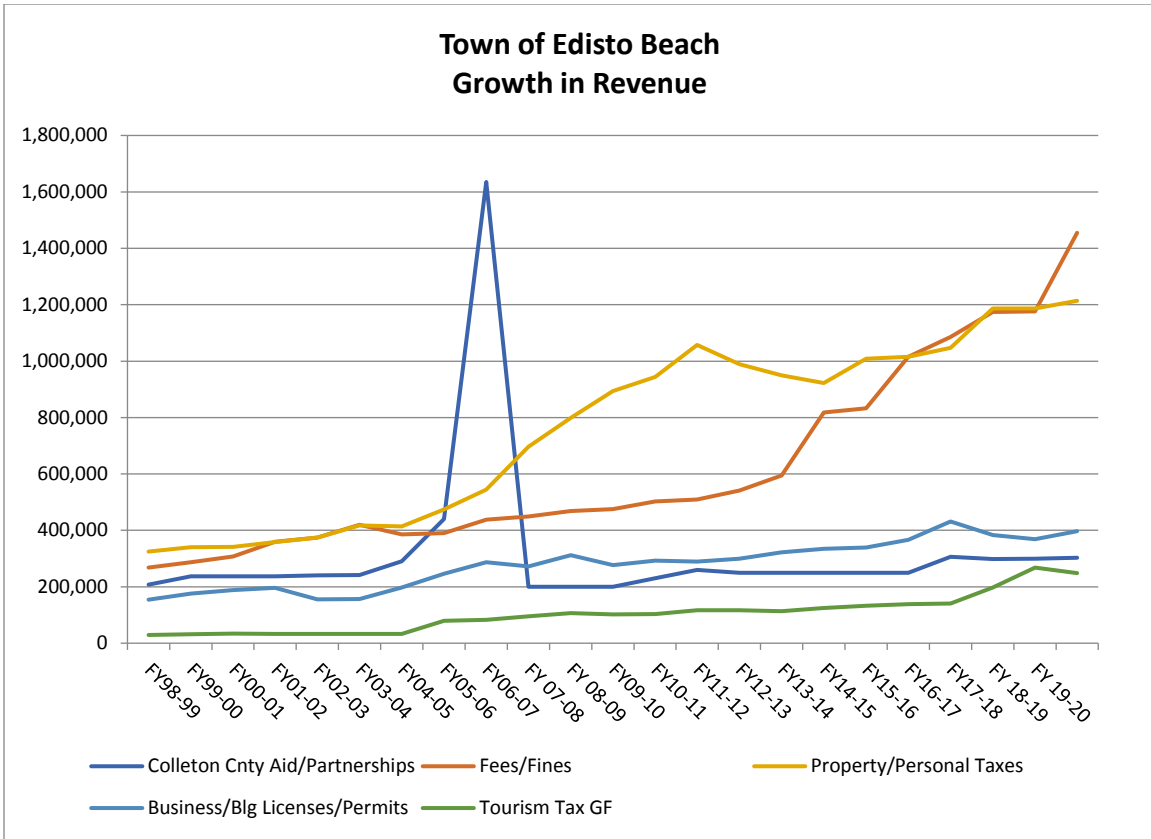


Figure 11. Growth in Revenue

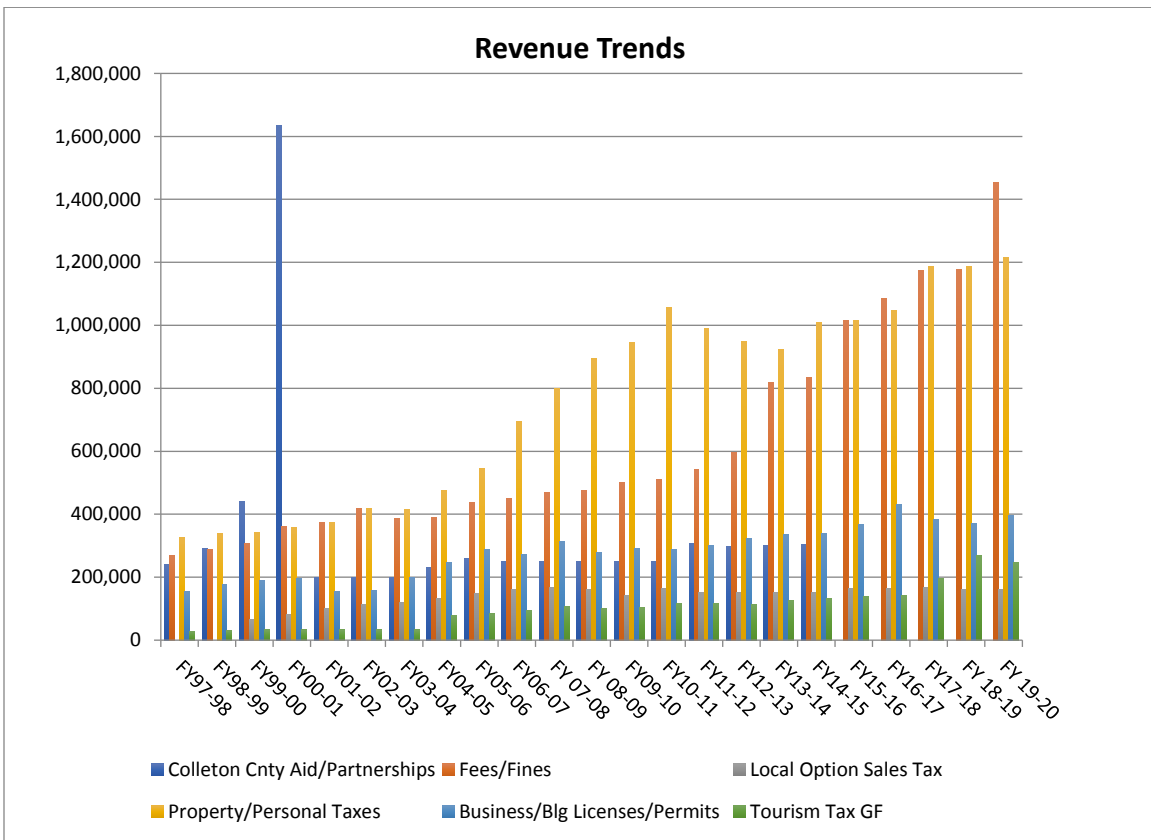


Figure 12. Revenue Trends

The Revenue line items are described in greater detail below.

Table 5. General Fund Revenue (Increase/Decrease)

	12-13	13-14	14-15	15-16	16-17	17-18	18-19	19-20	19-20
Revenue	Six Years	Five Years	Four Years	Three Years	Two Years	One Year			
	Prior	Prior	Prior	Prior	Prior	Prior	Amended	Proposed	Increase
	Actual	Actual	Actual	Actual	Actual	Actual	Budget	Budget	(Decrease)
Grant DPS	88,794	-	-	-	18,088	-	-	-	-
State Revenue (Hurricane)	-	-	-	-	288,338	20,422	-	-	-
FEMA 4286-Revenue (Matthew)	-	-	-	-	854,820	61,266	-	-	-
FEMA 4346-Revenue (Irma)	-	-	-	-	-	148,765	446,797	-	(446,797)
State 4346-Revenue	-	-	-	-	-	-	148,932	-	(148,932)
FEMA 4394 Revenue	-	-	-	-	-	-	33,771	-	(33,771)
State 4394 Revenue	-	-	-	-	-	-	11,257	-	(11,257)
Ocean Ridge Security Services	-	-	36,503	36,568	36,642	36,642	37,500	40,951	3,451
Appropriated PY Capital Improvements	-	-	-	-	-	-	-	200,000	200,000
Tourism Fund Bond Retire	125,000	125,000	125,000	125,000	125,000	125,000	125,000	125,000	-
Other Grant Revenue	-	-	-	-	-	2,216	-	-	-
Colleton County Aide	172,600	172,300	172,300	172,300	172,300	172,300	172,300	172,300	-
Colleton County Fire Aide	77,000	77,300	77,300	77,300	77,300	77,300	77,300	77,300	-
Colleton County Beach Aide	-	-	-	-	-	-	-	-	-
Local Acc. Tax 2%	325,905	367,960	413,761	414,231	414,615	425,489	464,000	450,000	(14,000)
Local Acc. 2% Restricted GF	-	-	-	-	-	50,000	100,000	100,000	-
Hospitality Tax 2%	162,478	166,607	174,346	186,230	193,346	203,340	240,000	240,000	-
Hospitality Restricted GF	81,239	83,304	87,173	93,115	96,673	101,670	120,000	100,000	(20,000)
Vehicle Property Tax	9,414	11,145	12,913	15,017	16,940	15,185	15,000	15,621	621

Town of Edisto Beach, South Carolina

FY 2019-20 Budget

Garbage Penalty	2,428	2,488	2,296	2,678	2,726	4,900	5,000	2,500	(2,500)
SCLGAG Reimbursement	40,580	6,312	1,251	-	-	-	-	-	-
Real Property Tax	903,596	881,439	954,630	958,631	988,541	1,133,879	1,126,000	1,152,636	26,636
Lost Property Tax Credit	92,799	70,971	63,079	68,509	71,691	71,852	71,000	71,000	-
Lost Mun Revenue	57,336	79,163	87,055	94,908	91,726	94,995	90,000	90,000	-
Delinquent Property Tax	28,763	21,998	32,545	31,576	30,568	24,910	36,883	33,116	(3,767)
Business License	145,456	142,438	158,549	167,586	225,683	195,094	200,000	200,000	-
Business License Rentals	127,208	129,838	130,978	118,198	117,120	120,174	105,000	118,000	13,000
Telecommunications License	7,934	7,702	6,260	6,460	5,894	5,715	7,000	7,000	-
2% Assessment Ins. Cos	150,180	158,586	156,849	163,495	168,675	174,419	165,000	175,000	10,000
Building Permits	49,856	52,577	41,851	70,715	80,994	60,926	55,000	70,000	15,000
Zoning Administration	2,650	2,445	1,825	2,965	1,775	1,750	2,000	2,500	500
Encroachment Permits	15	30	30	15	-	-	30	30	-
Court Administration	32,397	19,960	23,008	50,634	51,400	65,534	50,000	55,000	5,000
Parking Tickets	225	1,875	3,125	8,763	10,995	12,275	10,000	12,000	2,000
Operating Transfer In	-	6,908	-	-	-	-	-	-	-
Garbage User Fee	377,187	377,215	379,702	478,713	557,154	599,872	607,973	856,511	248,538
Garbage Cans	2,080	2,175	1,680	1,200	6,880	560	1,000	1,500	500
State Aid	8,944	8,928	8,928	8,928	9,373	9,348	8,928	9,340	412
Charleston County Aid	-	-	-	18,000	20,161	12,402	12,400	12,400	-
Alcohol Temp Permit Fee	11,050	12,150	9,300	15,650	22,050	21,000	15,000	12,000	(3,000)
Utilities Franchise Fees	121,614	130,959	139,901	136,909	133,696	131,657	136,000	135,000	(1,000)
CATV Franchise Fee	57,828	60,100	60,093	61,266	59,754	59,422	61,000	60,000	(1,000)
ATT Franchise Fee	1,096	2,138	6,061	12,212	14,895	15,547	14,000	15,547	1,547
ALLTEL Lease	24,600	24,600	29,520	29,520	29,520	29,520	29,520	29,520	-
Park Fees	8,801	10,645	15,375	19,829	15,624	14,874	21,000	28,000	7,000
Misc. Income	2,220	31,005	29,101	29,712	14,209	19,556	10,000	49,700	39,700
Interest Income	6,613	4,709	6,203	14,676	21,333	46,925	76,000	50,000	(26,000)
Rental Income	10,050	10,500	10,500	9,350	10,950	11,100	11,400	11,400	-
Fire Department Donations	1,420	920	2,134	1,300	220	20	500	500	-
Police Department Donations	-	900	1,515	1,700	1,100	500	4,300	1,690	(2,610)

Town of Edisto Beach, South Carolina

FY 2019-20 Budget

Event Sponsorship	4,500	4,500	2,753	5,750	5,000	7,500	-	-	-
Homestead Exemption	7,460	7,851	8,375	9,083	10,293	11,720	8,375	12,071	3,696
Merchants Inv. Tax	452	452	452	452	452	452	452	452	-
ATAX General Fund	37,882	41,925	45,961	45,022	43,992	45,145	48,000	48,000	-
ATAX 30% Fund	77,295	101,550	125,763	120,131	113,950	120,870	135,750	135,750	-
ATAX 65% Fund	167,472	220,025	272,487	260,285	246,891	261,884	294,125	294,125	-
									-
Subtotal	3,612,417	3,641,593	3,918,431	4,144,582	5,479,347	4,825,892	5,410,493	5,273,460	(137,033)

Property Taxes

The majority of the revenues received by the Town are from property taxes. The increase in property values is directly correlated to new construction, remodels and home sales. According to the Colleton County Assessor, new growth as of May 2019 was \$303,200 in the 4% class and \$3,004,000 in the 6% Class. This accounts for additional \$4,524.49 in new taxes and subject to appeal.

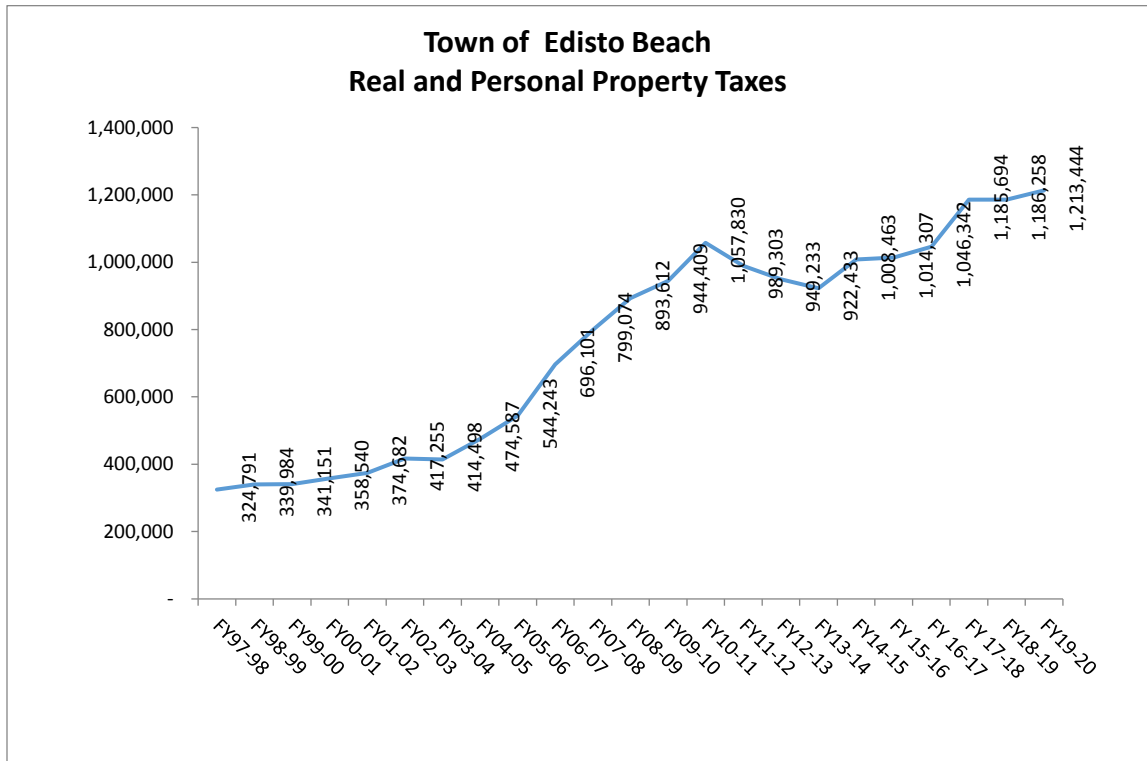


Figure 13. Property Tax Graph

Franchise Fees

Franchise fees are the rental costs paid by utilities that use the Town’s rights-of-way or other town property to transmit their services. Rights-of-way are valuable to a Town and cannot be given away to private companies free of charge. Franchise Fees are authorized by S.C. Code §5-7-30. A franchise is the extension of privilege for use of public property for a purpose for which the franchisee does not have a legal right in the absence of the governing body’s consent. The franchise fee is similar to a rental for use of public property and is not a tax. It may be negotiated and may be at a higher rate than a business license tax. A franchise fee may be granted by ordinance (S.C. Code §5-7-260)

Franchise Fees on Electricity-The Town has an existing electricity franchise agreement with South Carolina Electric and Gas. The current electric franchise agreement expires in **2029**. The electric company pays 3% of its gross receipts.

Franchise Fees on Cable- As of May 23, 2006, (the effective date of the Act), no municipality or county may issue a cable franchise pursuant to §58-12-30. All cable franchises must be issued by the Secretary of State. Prior to 2006, the Town utilized the Municipal Association of South Carolina cable television franchise management service to manage negotiating, transferring and determining franchisee’s compliance. The Town collects a franchise fee from Comcast who pays 5% of the gross receipts to the Town on a quarterly basis. In 2012-13, AT&T began offering U-Verse and pays a franchise fee of

5%. In 2015, the Town entered into an agreement with Local Government Services LLC to verify the accuracy of Comcast franchise fee submittals. This audit resulted in an increase in franchise fees from Comcast to correct for late fees that were not being considered in the calculations.

Franchise Fees on Water and Sewer-The Town owns and operates its own water and sewer utility. In an effort to boost general fund revenues with limited sources, enterprise funds (water and sewer) often charge franchise fees or administrative fees.

Franchise Fees on Solid Waste-The Town currently has no solid waste franchise fee. This fee would be passed on to the users (customers).

Franchise Fees on Telecommunications-The Town does not collect a franchise fee on telecommunications. The Town is allowed by law to collect \$100.00 per S.C. Code §58-9-2230.

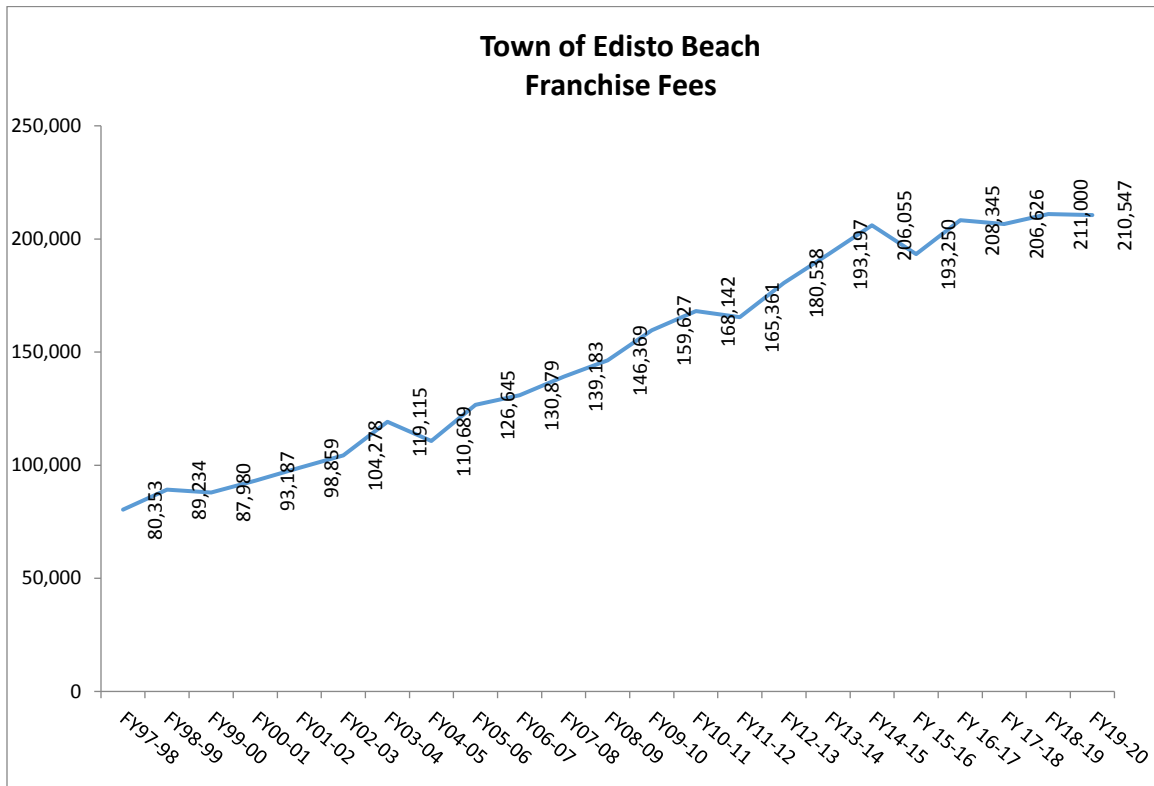


Figure 14. Franchise Fee Graph

Lease Agreements

This category accounts for revenues received from lease agreements. The Town has one lease agreement with Alltel. According to the lease agreement with Alltel, there is an escalator that occurs periodically. Annual rental revenue is currently \$29,520.

Local Government Fund

Looking at the history of the Local Government Fund (LGF) means looking at how the state has handled the collection and distribution of a number of local taxes starting as early as the 1920s. For the next 60 years, the state collected, on behalf of local governments, a patchwork of 11 separate taxes, each with its own complex distribution formula defined in separate pieces of legislation. Some were collected locally and remitted to the state treasurer to be sent back to the local governments. Often the General Assembly would divert a portion of the revenue to fund the state. In 1991, the General Assembly set out to simplify the Aid To Subdivisions and established the local government fund.

The revenue from seven tax sources: banks, beer, wine, gasoline, motor transport, alcohol permits after hours, and income taxes, go directly to the state general fund. Instead of local governments receiving revenues directly from these seven tax sources, the state prior to 2019 calculated the amount of revenue local governments receive based on 4.5 percent of the previous year’s state general fund base revenue. This was based on the percentage of revenue local governments received from these seven taxes in 1990. The state treasurer distributes revenue from the LGF quarterly to cities and counties. The amount distributed to cities and counties from their respective portions of the LGF is calculated on a per capita basis determined by the last official census figures. This means a city/town’s distribution is based on its percentage of municipal population. As some cities/towns’ population grow, their share of the LGF increases causing a corresponding decrease in non-growing cities/towns. In 2019, H 3137 was ratified changing the funding formula for the Local Government Fund. This amendment deletes the 4.5% requirement and the provision regarding mid-year cuts. The amendment provides the appropriation to the LGF must be adjusted by the same percentage that the GF revenues are projected to increase or decrease, but not to exceed 5%.

In FY 2008-09 the state reduced funding. Since FY 2011-12, the reduced rate has been fairly consistent.

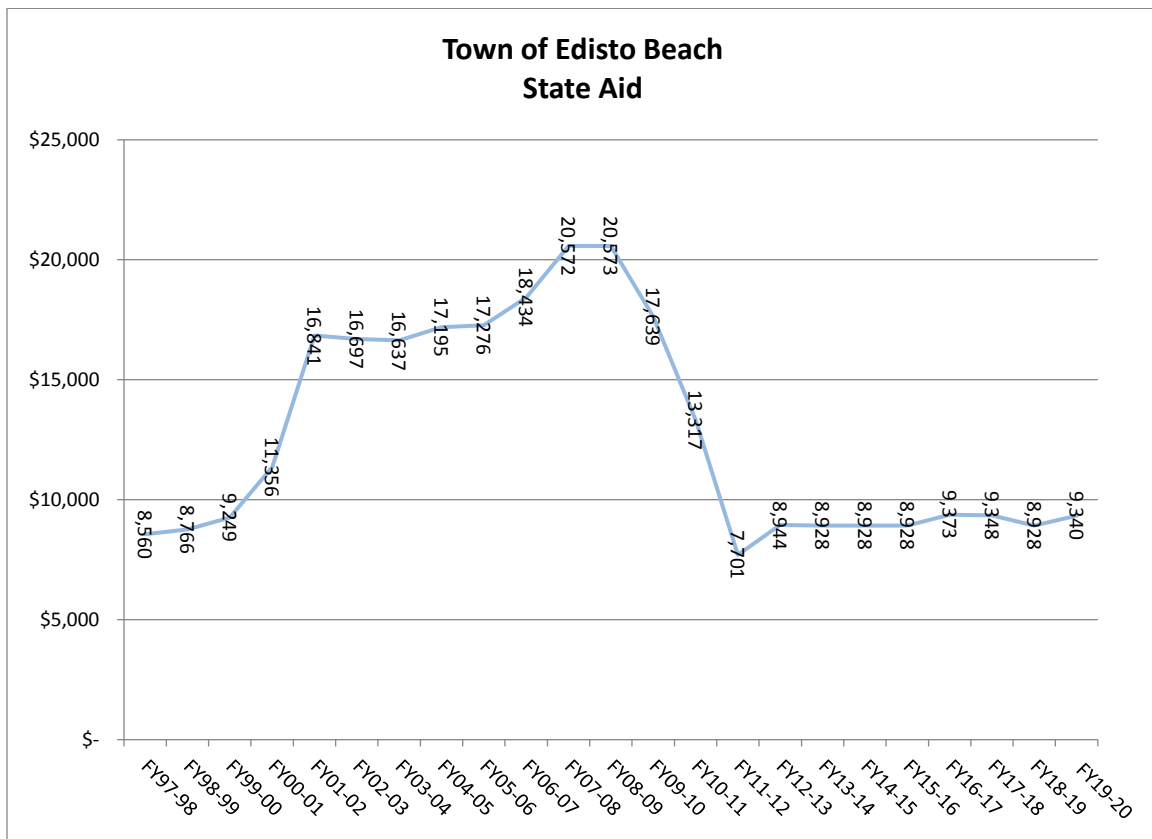


Figure 15. State Aid Graph

Municipal Court Fines

Fines are the monetary punishment meted out by municipal courts. Fine revenue, for offenses other than traffic violations is general revenue of the Town. The majority of revenues from fines (74%) is submitted to the state and must be used to construct and maintain roads, bridges and

culverts in Town and to enforce laws regulating the use of highways by motor vehicles. The Town has typically had good success in collecting court fines.

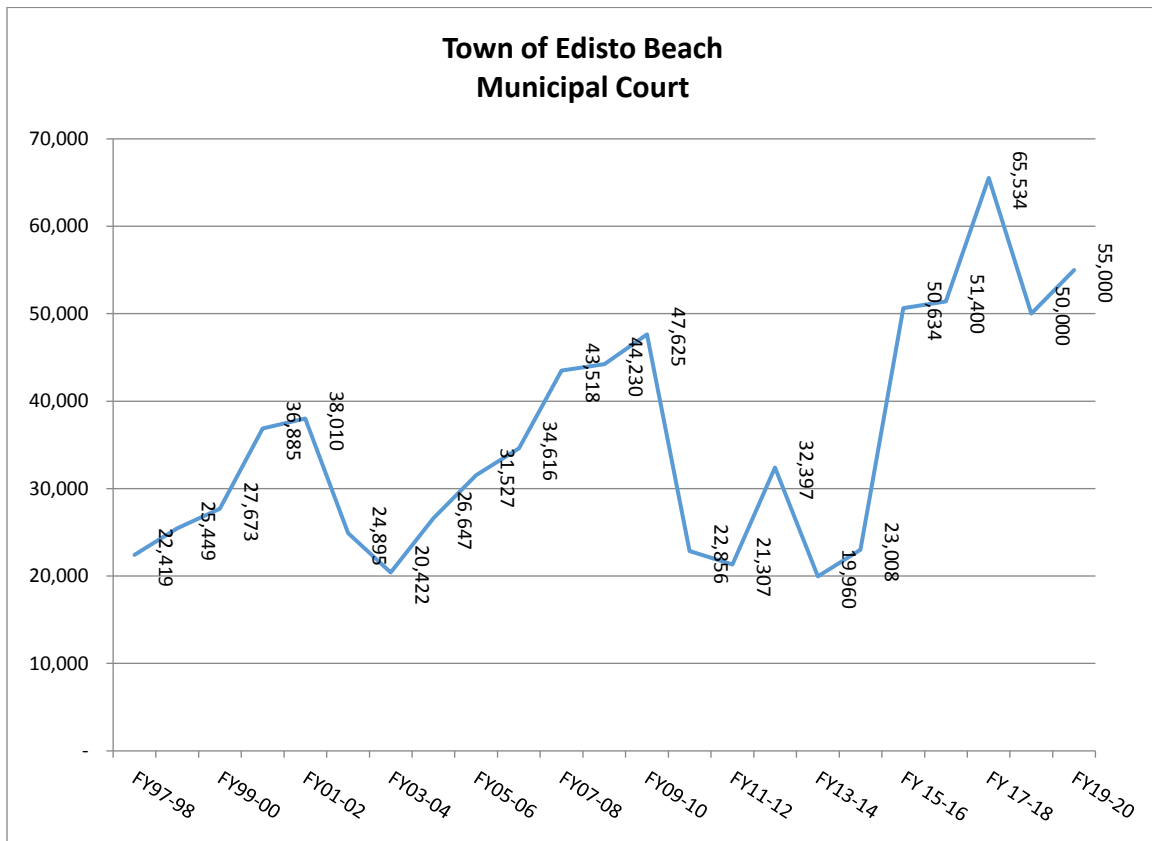


Figure 16. Municipal Court Fines Graph

General Fund Expenditures

Purpose- The purpose of the General Fund is to account for financial resources of the Town used in general operations such as public safety (police, fire, emergency management), public works (including parks and recreation), municipal court, and building administration. In addition, administrative functions including city management, legal services, and fiscal services are funded from revenue generated for the General Fund. Offsetting expenditures are captured in the General Fund Other to account for anticipated revenues in Special Funds such as the State Accommodations taxes and Local Accommodations taxes.

The General Fund operating budget for FY 2019-2020 totals \$5,233,760 and represents a decrease of \$133,426 or -2.5% from the previous year’s amended budget of \$5,406,886. Contingency funds are \$110,194.

General Fund	Amended Budget FY2018-19	Proposed Budget FY 2019-20
	\$5,406,886	\$5,273,460
% Change		-2.5%

Historical line items per department are listed in the chart below:

Table 6. General Fund Expenditures (Increase/Decrease)

Expenditures	Six Years	Five Years	Four Years	Three Years	Two Years	One Year	18-19	19-20	19-20
General Govt Operating	Prior	Prior	Prior	Prior	Prior	Prior	Amended	Proposed	Increase
	Actual	Actual	Actual	Actual	Actual	Actual	Budget	Budget	(Decrease)
Salaries	120,290	124,519	129,883	134,667	155,375	171,056	262,914	193,742	(69,172)
Mayor - Council	8,640	8,640	7,680	9,660	12,240	12,240	12,240	12,240	-
Retirement System	13,235	13,504	14,149	14,875	16,988	19,835	35,830	32,050	(3,780)
Payroll Taxes	10,778	11,169	11,463	12,049	14,166	14,665	21,782	15,757	(6,025)
Deferred Comp Expense	594	642	644	644	650	674	1,600	1,101	(499)
Printing Office Supplies	5,165	6,363	5,225	5,803	6,695	6,861	7,000	7,000	-
Janitorial Service	3,180	3,420	3,296	3,392	3,191	3,474	4,000	4,000	-
Postage	3,275	5,055	5,628	4,681	4,024	4,074	4,800	4,800	-
Membership & Dues	2,795	2,200	2,254	2,470	2,716	3,156	2,500	3,000	500
Meetings & Training	5,368	5,905	9,766	9,428	16,744	16,894	20,067	17,000	(3,067)
Elec Street Lights	26,803	25,136	27,418	27,307	26,442	28,571	28,000	28,000	-
Electricity Complex	10,541	14,559	11,322	11,028	10,933	10,800	11,900	11,500	(400)
Telephone	12,552	9,621	9,727	6,870	10,197	10,539	12,000	12,000	-
Equip Repairs Office	65	-	-	200	-	1,149	200	200	-
Maintenance Contracts	13,660	17,396	20,266	24,568	27,125	24,842	30,000	26,250	(3,750)
VC3	26,436	37,443	41,219	37,722	40,164	51,022	80,913	61,000	(19,913)
Prof Fees/Audit Miscellaneous	14,985	14,605	17,575	21,585	16,777	22,590	22,500	25,000	2,500
Codification Project	3,321	2,113	2,209	5,538	2,410	4,799	4,000	4,500	500
Advertising/Pub Notices	3,061	3,004	1,576	2,201	2,098	1,128	2,000	2,000	-
Insurance General	20,975	14,283	20,375	22,665	23,448	43,731	24,650	19,889	(4,761)
Insurance Staff Health	11,996	12,820	13,114	13,493	13,849	18,590	16,000	18,828	2,828
Insurance Auto	755	635	500	407	399	337	1,066	1,510	444
Christmas Bonus	4,600	6,000	5,950	5,500	5,950	6,250	6,714	6,714	-
Bank Charges	1,037	726	670	614	706	601	700	700	-
Miscellaneous Expense	3,437	7,940	3,753	8,640	8,226	4,028	9,000	9,000	-
Drug Testing	836	1,170	-	420	269	261	500	500	-
Gas & Oil	765	1,214	889	264	277	872	1,000	1,000	-
Vehicle Repair/Maintenance	31	225	6,625	4,593	6,431	6,874	5,500	6,000	500
Equip /Vehicle Depreciation	16,250	16,250	11,403	11,403	4,528	9,528	12,698	12,696	(2)
Garbage Contract	351,772	384,282	378,917	437,125	570,759	602,894	607,974	856,511	248,537
Highway 174 Litter Expense	-	-	-	3,455	11,210	13,595	12,400	12,400	-
Furniture & Fixtures	170	-	-	-	-	-	-	-	-
Office Machines/Software	4,497	5,165	5,169	5,717	5,197	5,450	7,000	7,000	-

Town of Edisto Beach, South Carolina

FY 2019-20 Budget

Building Maintenance	11,243	3,423	6,779	18,656	8,976	1,928	6,562	3,000	(3,562)
Property Purchase	102,173	-	-	-	-	180,428	-	-	-
Legal Fees	44,937	37,082	38,184	34,338	49,992	40,425	65,000	60,000	(5,000)
Bay Creek Waterfront Bond	173,450	176,085	173,505	175,925	173,000	175,075	175,075	175,075	-
Emergency Funds	216	1,043	3,185	4,724	996,964	276,232	266,625	5,000	(261,625)
Subtotal	1,033,884	973,637	990,318	1,082,627	2,249,116	1,795,468	1,782,710	1,656,963	(125,747)
Expenditures	Six Years	Five Years	Four Years	Three Years	Two Years	One Year			
General Govt Other	Prior	Prior	Prior	Prior	Prior	Prior	Amended	Proposed	Increase
	Actual	Actual	Actual	Actual	Actual	Actual	Budget	Budget	(Decrease)
Local Acc. Tax 2%	325,905	367,960	413,761	414,231	414,615	425,489	464,000	450,000	(450,000)
Hospitality Tax 2%	162,478	166,607	174,346	186,230	193,346	203,340	240,000	240,000	(240,000)
Police Grant Expense	-	-	-	-	18,088	-	-	-	-
ATAX 30% Fund	77,295	101,550	125,763	120,131	113,950	120,870	135,750	135,750	-
ATAX 65% Fund	167,472	220,025	272,487	260,285	246,891	261,884	294,125	294,125	-
Alcohol Fee	11,050	12,150	9,300	15,650	22,050	21,000	15,000	12,000	(3,000)
Computer Hardware/Software	18,944	8,556	13,945	12,585	13,967	11,887	12,323	11,000	(1,323)
CIP Miscellaneous	-	74,282	63,923	9,506	182,484	127,147	24,500	250,000	225,500
Subtotal	763,144	951,130	1,073,525	1,018,618	1,205,391	1,171,617	1,185,698	1,392,875	207,177
Expenditures	Six Years	Five Years	Four Years	Three Years	Two Years	One Year			
Police Department	Prior	Prior	Prior	Prior	Prior	Prior	Amended	Proposed	Increase
	Actual	Actual	Actual	Actual	Actual	Actual	Budget	Budget	(Decrease)
Salaries	264,123	291,362	293,164	275,592	299,873	298,467	345,696	339,154	(6,542)
Salaries Beach Patrol	-	-	-	2,537	4,257	3,244	4,304	-	(4,304)
Retirement	30,765	30,990	38,482	36,733	41,512	43,027	58,131	61,184	3,053
Payroll Taxes	20,437	23,828	23,573	21,850	23,843	22,852	29,661	26,902	(2,759)
Deferred Compensation	845	825	735	65	65	331	456	630	174
Printing & office Supply	1,387	1,837	1,941	2,659	1,045	2,411	3,000	3,500	500
Janitorial Service	62	-	-	-	-	1,060	1,100	1,200	100
Membership and Dues	300	330	465	435	480	460	1,000	1,000	-
Meeting, training, Travel	2,611	1,546	839	(343)	1,421	1,521	4,500	5,000	500
Insurance General	20,725	20,161	20,525	18,642	14,270	14,346	16,000	32,032	16,032
Insurance Staff Health	24,016	30,687	30,164	32,552	30,755	39,922	44,352	34,518	(9,834)

Town of Edisto Beach, South Carolina

FY 2019-20 Budget

Insurance Auto	7,983	7,603	6,491	5,970	5,402	3,761	6,696	4,402	(2,294)
Misc Expense	399	741	1,091	1,209	1,926	677	1,000	1,000	-
Psychological Exam	670	-	250	250	125	-	-	-	-
Gas, oil, minor Repair	30,777	35,563	25,797	17,438	17,645	22,270	30,500	30,500	-
Vehicle Repair and Maintenance	7,473	8,470	11,874	11,748	16,326	11,143	10,350	10,350	-
Uniforms	3,496	5,456	7,678	6,750	4,029	4,484	7,400	7,200	(200)
Equip/Vehicle Depreciation	42,458	57,716	65,462	54,520	76,623	85,413	76,306	88,314	12,008
Furniture & Fixtures	-	-	-	212	440	-	500	500	-
Equipment Purchases	45,821	5,065	1,782	28,566	3,220	25	5,000	5,000	-
Pagers & Communications	868	5,589	6,321	5,763	5,948	6,416	7,302	5,750	(1,552)
Digital Camera System	-	-	-	2,992	2,720	3,007	3,500	3,500	-
Radio Purchase & Repair	64,375	1,631	(416)	1,865	2,017	2,304	4,156	4,156	-
Building Maintenance	6,314	1,947	363	794	98	238	1,500	1,500	-
Expenditures from Donation	-	385	2,225	-	-	-	500	1,690	1,190
Ocean Ridge Security Services	-	-	36,247	36,568	36,642	36,642	37,500	40,951	3,451
Subtotal	575,905	531,732	575,053	565,367	590,682	604,021	700,410	709,933	9,523
									-
Expenditures	Six Years	Five Years	Four Years	Three Years	Two Years	One Year	18-19	19-20	19-20
Municipal Court	Prior	Prior	Prior	Prior	Prior	Prior	Amended	Proposed	Increase
	Actual	Actual	Actual	Actual	Actual	Actual	Budget	Budget	(Decrease)
									-
Salaries	42,784	43,808	43,493	44,347	39,104	30,173	38,000	38,086	86
Municipal Judge Expense	6,800	6,600	6,800	6,400	6,200	6,000	7,000	7,000	-
Jury Expense	140	110	110	150	160	160	500	500	-
Retirement	4,535	4,611	4,741	4,905	4,520	3,642	4,891	7,015	2,124
Payroll Taxes	3,908	4,082	4,075	4,124	3,712	2,949	3,449	3,449	-
Deferred Compensation	-	-	-	-	75	315	-	390	390
Membership and Dues	120	120	195	170	220	75	175	175	-
Meetings & Training	1,118	531	810	713	694	1,990	2,000	2,000	-
Court Adm Fees	20,412	9,193	13,920	27,374	32,254	36,719	33,190	30,000	(3,190)
Insurance General	500	564	471	375	266	460	300	300	-
Insurance Staff Health	5,107	5,342	5,465	5,622	5,756	6,086	6,336	6,726	390
Miscellaneous	721	194	363	470	391	52	700	700	-
Public Defender	-	-	-	-	-	-	900	900	-
									-
Subtotal	86,145	75,155	80,443	94,650	93,352	88,621	97,441	97,241	(200)
									-

Town of Edisto Beach, South Carolina

FY 2019-20 Budget

Expenditures	Six Years	Five Years	Four Years	Three Years	Two Years	One Year	18-19	19-20	19-20
Fire Department	Prior	Prior	Prior	Prior	Prior	Prior	Amended	Proposed	Increase
	Actual	Actual	Actual	Actual	Actual	Actual	Budget	Budget	(Decrease)
Salaries	287,977	267,016	287,692	277,112	328,252	313,720	382,324	373,629	(8,695)
Volunteer Expenses	1,860	1,310	2,700	4,000	3,700	3,700	3,700	3,700	-
Retirement	31,892	33,388	37,037	37,047	44,928	44,657	53,716	67,402	13,686
Payroll Taxes	24,391	22,142	23,147	22,867	26,207	25,920	35,000	28,582	(6,418)
Membership and Dues	-	220	165	-	52	678	922	922	-
Meeting, training, Travel	2,499	2,160	1,734	1,471	510	15	1,950	1,950	-
Fire Engine Maintenance	17,003	16,824	10,854	-	-	1,176	10,000	10,000	-
Equipment Repairs	1,740	2,393	7,959	1,803	1,631	4,122	5,255	3,055	(2,200)
Professional Fees	-	275	-	-	30	965	500	965	465
Equipment Testing	5,011	3,073	3,711	10,015	600	7,353	9,300	17,162	7,862
Hydrant Testing/Maintenance	-	-	-	-	398	3,567	5,150	6,130	980
Physicals	3,111	7,496	7,813	4,076	5,876	232	300	300	-
Ins. General	18,925	20,561	20,271	17,658	16,536	13,086	14,500	22,252	7,752
Insurance Staff Health	9,476	9,793	19,962	16,833	29,839	30,934	38,016	43,932	5,916
Insurance Auto	8,168	7,602	7,279	6,797	6,284	5,872	6,900	5,737	(1,163)
Propane	-	43	-	-	22	18	100	100	-
Miscellaneous	585	975	1,655	1,482	1,614	1,872	3,342	4,230	888
Gas, oil, minor Repair	10,854	8,432	7,883	5,807	4,683	5,401	11,000	6,000	(5,000)
Vehicle Maintenance	2,374	1,003	655	587	315	2,365	1,740	1,740	-
Sm. Tools & Supplies	435	898	2,458	5,846	4,488	6,416	5,673	5,700	27
Compressor Maintenance	-	384	-	-	1,167	1,273	1,272	711	(561)
Uniforms	1,910	7,335	5,180	2,916	2,922	3,680	3,200	4,500	1,300
Turnout Gear	3,230	3,829	-	258	360	5,219	3,392	4,887	1,495
Equip/Vehicle Depreciation	61,136	61,627	80,410	77,006	82,180	81,700	81,700	82,300	600
Station Maintenance	4,776	5,081	4,846	11,086	8,563	3,021	9,000	4,041	(4,959)
Office Equip/Software	289	2,079	796	999	220	153	470	750	280
Equipment Purchases	781	-	764	910	1,066	6,647	2,885	6,970	4,085
Pagers & Communications	4,133	3,215	2,920	3,668	4,110	7,246	6,000	10,937	4,937
Radio Purchase & Repair	897	576	2,052	2,405	1,933	-	6,209	1,553	(4,656)
Subtotal	503,453	489,730	539,943	512,649	578,486	581,008	703,516	720,137	16,621
Expenditures	Six Years	Five Years	Four Years	Three Years	Two Years	One Year	18-19	19-20	19-20

Town of Edisto Beach, South Carolina

FY 2019-20 Budget

Safety & Wellness	Prior Actual	Prior Actual	Prior Actual	Prior Actual	Prior Actual	Prior Actual	Amended Budget	Proposed Budget	Increase (Decrease)
Employee Physicals	861	1,362	775	1,746	2,932	467	3,000	3,000	-
HBV Vaccinations	-	135	-	342	1,734	342	1,700	1,700	-
Flu Vaccinations	225	200	200	625	189	50	200	200	-
Pneumonia Vaccinations	-	-	-	-	600	2,828	600	600	-
Subtotal	1,086	1,697	975	2,713	5,455	3,687	5,500	5,500	-
Expenditures	Six Years	Five Years	Four Years	Three Years	Two Years	One Year	18-19	19-20	19-20
Public Works	Prior Actual	Prior Actual	Prior Actual	Prior Actual	Prior Actual	Prior Actual	Amended Budget	Proposed Budget	Increase (Decrease)
Salaries	86,944	88,714	84,939	90,611	92,235	124,965	133,697	132,620	(1,077)
Salary Mosquito Control	2,370	878	675	1,305	1,253	1,009	5,000	5,000	-
Retirement	9,216	9,404	9,200	9,916	10,559	15,133	19,266	19,110	(156)
Payroll Taxes	6,990	7,042	6,831	7,257	7,037	8,943	10,228	10,145	(83)
Deferred Comp	-	-	-	-	-	340	220	420	200
Insurance General	7,375	6,439	6,055	5,755	4,817	4,585	5,000	4,698	(302)
Insurance Staff Health	15,460	16,024	16,391	16,863	17,321	25,832	25,774	25,104	(670)
Insurance Auto	2,070	1,794	1,389	938	842	710	900	814	(86)
Christmas Decorations	2,498	6,374	1,068	5,677	-	2,661	5,000	5,000	-
Miscellaneous	519	334	158	123	-	291	500	800	300
Gas, oil, minor Repair	9,637	9,077	6,383	4,270	4,050	4,850	10,000	8,000	(2,000)
Vehicle Repair & Maintenance	2,200	233	826	16	2,411	2,774	3,500	4,000	500
Equipment Repairs	2,497	4,357	3,156	1,596	1,474	3,546	3,500	5,500	2,000
Sm. Tools & Supplies	970	807	1,216	924	959	1,827	2,000	2,000	-
Uniforms	2,106	2,123	2,262	2,429	3,007	3,922	3,000	3,000	-
Equip/Vehicle Depreciation	22,920	25,392	28,310	28,310	21,000	19,310	19,310	12,863	(6,447)
Street Imp/Repairs	2,633	7,912	2,286	5,738	5,793	9,436	6,000	6,000	-
Street Grading Contract	8,176	6,320	6,900	10,565	4,325	8,500	13,680	14,500	820
Beach Access Maintenance	1,475	1,598	1,500	240	1,629	264	1,500	1,500	-
Mosquito Chemicals	5,024	5,437	235	5,660	6,527	8,144	9,700	10,000	300
Equipment Purchases	1,041	3,803	1,625	2,000	581	1,754	2,000	2,000	-
Public Signs	9,920	6,040	1,857	5,553	6,544	4,828	3,000	3,000	-
Parks and Recreation	2,218	9,350	20,477	19,556	26,344	30,279	1,500	5,000	3,500
Bay Creek _Park	-	-	-	-	-	1,709	29,404	31,000	1,596

Town of Edisto Beach, South Carolina

FY 2019-20 Budget

Pagers & Communications	843	904	525	617	417	1,629	1,300	1,300	-
Subtotal	205,102	220,356	204,264	225,919	219,125	287,241	314,979	313,374	(1,605)
Expenditures	Six Years	Five Years	Four Years	Three Years	Two Years	One Year	18-19	19-20	19-20
Building Department	Prior	Prior	Prior	Prior	Prior	Prior	Amended	Proposed	Increase
	Actual	Actual	Actual	Actual	Actual	Actual	Budget	Budget	(Decrease)
									-
Salaries	131,550	131,991	126,766	140,793	153,149	137,546	149,200	175,459	26,259
Retirement	14,031	13,839	13,485	15,404	17,137	16,729	21,718	27,301	5,583
Payroll Taxes	10,960	10,472	9,918	11,618	12,190	10,011	12,025	13,423	1,398
Def Comp Expenses	-	-	46	343	285	156	260	350	90
Office Supplies	698	1,638	1,606	1,745	1,964	2,054	1,650	1,650	-
Memberships & Dues	655	538	642	500	810	1,192	800	800	-
Meetings & training	4,909	8,022	6,425	10,077	5,894	7,194	7,800	7,800	-
GIS	527	428	428	432	-	-	-	-	-
Insurance General	3,020	2,990	2,528	1,790	1,506	1,684	1,670	1,670	-
Insurance Staff Health	14,212	15,099	13,603	16,406	16,311	17,174	18,255	18,828	573
Insurance Auto	1,523	1,297	1,184	1,054	899	761	900	900	-
Miscellaneous	820	999	2,910	2,514	449	1,988	2,000	2,000	-
Gas, oil, minor Repair	3,369	4,190	2,508	1,418	1,589	1,599	2,000	2,000	-
Vehicle Repair & Maintenance	742	2,119	726	59	710	787	700	700	-
Uniforms	-	482	-	-	425	(51)	1,000	500	(500)
Equip/Vehicle Depreciation	6,709	6,709	2,715	7,940	7,938	8,796	9,009	9,712	703
Small Tools	31	-	185	9	-	139	150	150	-
Pagers & Communications	2,438	2,407	1,965	1,829	2,463	1,977	2,700	4,000	1,300
Subtotal	196,194	203,220	187,640	213,931	223,719	209,736	231,837	267,243	35,406
									-
Expenditures	Six Years	Five Years	Four Years	Three Years	Two Years	One Year	18-19	19-20	19-20
Contingency	Prior	Prior	Prior	Prior	Prior	Prior	Amended	Proposed	Increase
	Actual	Actual	Actual	Actual	Actual	Actual	Budget	Budget	(Decrease)
									-
General Gov Contingency	-	-	-	-	-	-	384,796	110,194	(274,602)
TOTAL	3,364,913	3,446,657	3,652,161	3,716,474	5,165,322	4,748,100	5,406,886	5,273,460	(133,426)

Service or significant changes within the General Fund are listed below:

Table 7. General Fund Service Changes

General Fund Service Changes	Amount	Account
Adm-Adjust Adm. Manager Salary 2%/remove finance positions that was included for training	(69,172)	4100.1010
General Govt Other-Capital Improvements (Listed in the next table)	250,000	4110.6500
General Fund-Replace 5 computers (5 laptops)	11,000	4110.6310
Police-Promotion of one officer to Corporal/Chief 2% increase	4,575	4200.1010
Fire-Added Assistant Fire Chief	49,000	47.00.1010
Building-Added notebook for field work	1,300	4800.9080
Total	246,703	

Prior year funds are used to pay for items that are non-recurring. These items are listed below:

Table 8. General Fund Capital Improvements

Capital Projects

ADM-Bike Path Repair /recreation master plan	85,000
ADM-Phone System	12,000
ADM-Architectural Plan Town Facility	50,000
ADM-Turtle friendly lighting	(0)
ADM -Arc/Billow Street Drainage Engineering Study	30,000
Fire-Fire Department Remodel	60,000
Fire-Hydrant Ice Blasting	13,000
Total	250,000

Portions of the bike path are in disrepair. An internal assessment determined approximately \$578,000 was needed to repair the 3.65 miles of bike paths on Edisto Beach. The Town is applying for grant funds to maximize funding for this repair. In addition, these funds are being used to match grant funds to consolidate several recreational master plans into one cohesive plan.

The Town’s current phone system is being upgraded to a Voice over Internet Protocol (VOIP) system.

Space is not sufficient to house all of Town staff and additional space is needed. Several employees are being housed off site and some out of the corporate limits. In order for the Town to apply for the 2022 Colleton County capital project sales tax monies, an architectural plan is needed.

Phase two of turtle friendly lighting is being implemented. The cost of this phase is an increase in the monthly lease charges.

An engineering study is needed to determine a solution to an ongoing drainage problem on Arc and Billow Street.

The Fire Department is being remodeled to add a hall which will allow staff to access the restroom without having to walk through another bunk room. The Volunteer Fire Department is also donating funds for this project.

The following graphs compare historical expenditures and/or budgets by department by year.

Table 9. General Fund Department Budget Comparison Graph

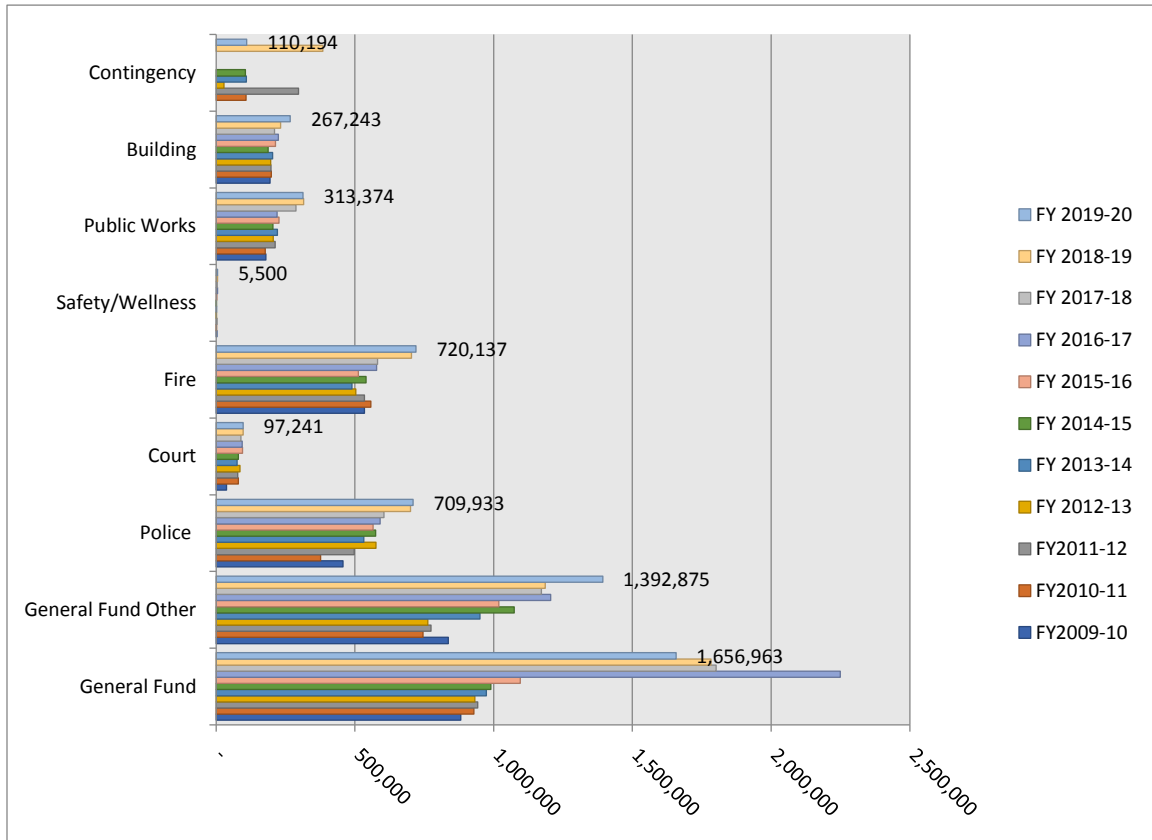
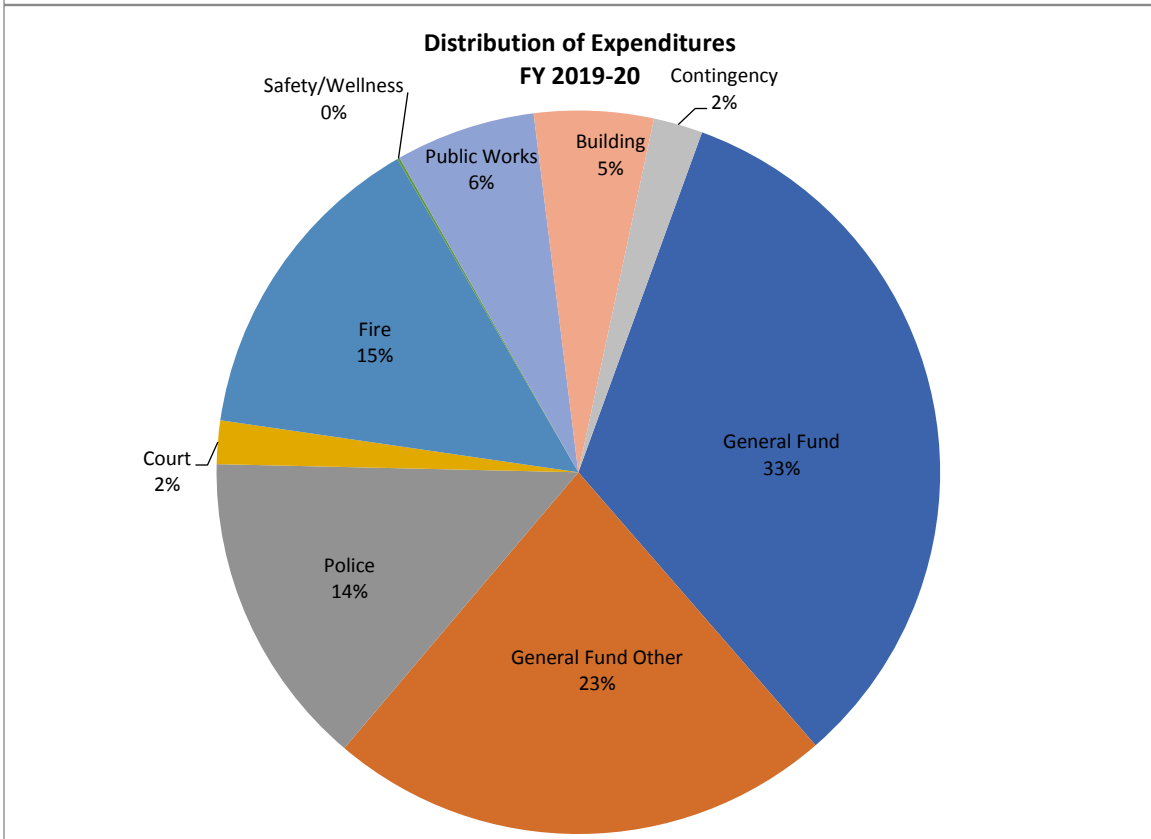
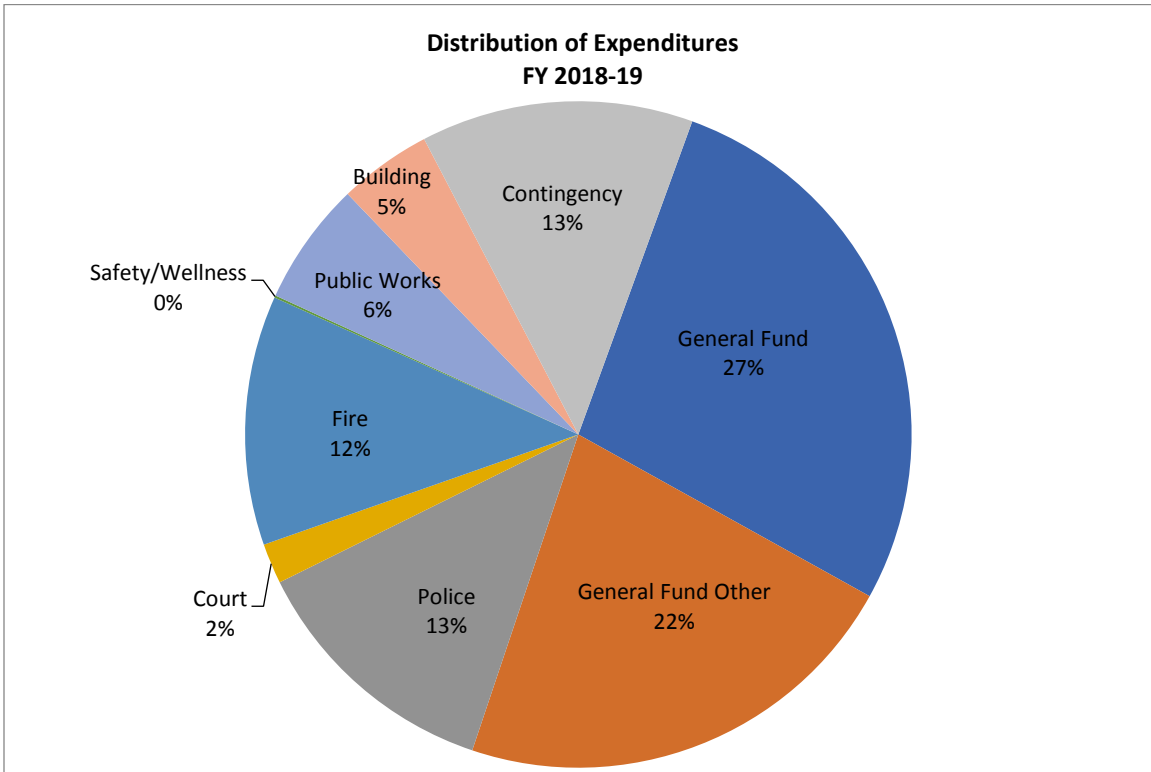


Table 10. General Fund Department % Change

Department Budget	FY16-17 Actual	FY17-18 Actual	FY18-19 Amended	FY19-20 Proposed	Difference	% Change
Administration	2,249,116	1,802,169	1,782,709	1,656,963	(125,746)	-7.1
General Gov't Other	1,205,391	1,171,618	1,185,698	1,392,875	207,177	17.4
Police	590,682	604,021	700,410	709,933	(9,523)	-1.4
Municipal Court	93,351	88,622	97,441	97,241	(200)	-0.2
Fire	578,486	581,007	703,516	720,137	16,621	2.3
Safety and Wellness	5,455	3,687	5,500	5,500	0	0
Public Works	219,125	287,240	314,979	313,374	(1,605)	-0.5
Building	223,719	209,737	231,837	267,243	35,406	15.2
Contingency	0	0	384,796	110,194	(274,602)	-71.4
Total	5,165,322	4,748,100	5,406,886	5,273,460	(133,426)	-2.47

Comparatively, most Department's operating costs from fiscal year 2018-19 to 2019-20 remained the same. Most of the difference was a result of an amendment in the 2018-19 budget to pay for Hurricanes Florence and Michael damages. The fire and building departments were higher due to an added position and an increase in salary for a position respectively.

Seventy-five percent (75%) of general fund expenses are directly related to operations and providing services to the citizens of Edisto Beach. The 23% labeled, general fund other, are offsetting accounts for Special Funds such as ATAX and Local Accommodations, that have restricted uses, are not used for general operations and services and are not funded by property taxes but through tourism related services. Capital expenses were removed to more accurately depict tourism related offsetting expenses. The graphs below provide a snapshot of how FY 2018-19 expenditures compare to FY 2019-20 expenditures.



Salary adjustments based on various departmental pay for performance increases are included in the table below.

Table 11. General Fund Salaries

Department Salaries	FY 2018-19	FY 2019-20	Difference
Administration	262,914	193,742	(69,172)
Police Department	345,696	339,154	(6,542)
Municipal Court	38,000	38,086	86
Fire Department	382,324	373,629	(9,695)
Public Works	133,697	132,620	1,077
Building Department	149,200	175,459	26,259
Total			(57,987)

Note: FY2018-19 was artificially elevated due to overtime for storms and the addition of a position in administration to train a new financial/budget analyst.

General Fund Debt

Debt (General Fund)

State Code limits the amount of general obligation debt that a unit of government can issue up to the eight percent (8%) of the total assessed value of taxable property located within that government's boundaries without a referendum. General obligation debt is defined as any indebtedness that is secured in whole or part by a pledge of property taxes. The Town may incur General Obligation debt over the eight percent (8%) limit when approved by a majority vote in a referendum as authorized by law. Based on the estimated total 2018 assessed value of \$52,270,480, the legal debt margin for the Town of Edisto Beach is \$4,181,384. The Town's current General Obligation debt is \$0.

In FY 2007-08, a General Obligation Bond was issued for the Town of Edisto Beach for \$2,700,000 to purchase the Bell Buoy property. Maturity of the bond is April 1, 2037. Interest rates range from 4.3% due April 1, 2015; 4.5% due April 1, 2020; 5% due April 1, 2026; 4.8% due April 1, 2032 and 5% due April 1, 2037. The resulting interest at term is \$2,450,929. Because the General Obligation Bond was approved by referendum, it does not apply to the Town's 8% debt limit.

The Standard and Poor's General Obligation Bond Rating for the Town was re-evaluated in 2015. The Town maintained an A++ rating for General Obligation Bond while most other governmental agencies received a lower rating. The Town was recently re-evaluated in May 2017 for its revenue bond and maintained an A+ rating. An A Rating on Standard and Poor's means the Town has a strong capacity to meet financial commitments, but is somewhat susceptible to adverse economic conditions and changes in circumstances. A re-evaluation should be forthcoming next year.

Special Funds

State Accommodations Fund

A two percent (2%) local accommodations tax on transient rental property (less than 90 days continuous rental) is imposed by the state and credited to the municipality in which it is collected as authorized by S.C. Code §12-36-2630 (3). Allocation of the funds is specified under Title 6, Chapter 4 of the South Carolina Code of Laws. The first \$25,000 goes to the General Fund. After this initial allocation, 65% goes to the ATAX 65% Fund, 30% goes to the ATAX 30% Fund and 5%

goes to the general fund of the municipality. The ATAX 65% and ATAX 30% must be used for tourism-related activities.

A seven-member advisory board appointed by the Council is required to make recommendations if more than \$50,000 is received for the ATAX 65% Fund. The seven-member board must consist of at least two members from the hospitality lodging industry, two members at-large, two members from the hospitality industry and one member to represent cultural organizations.

The Town of Edisto Beach designated the Chamber of Commerce to manage and direct expenditures of the ATAX 30% monies according to an Ordinance adopted on July 11, 1985, as amended September 10, 1988, to the provisions of the Code of Laws of South Carolina Title 6, Chapter 4. The Chamber submits its budget to the Council for approval.

According to State Code, ATAX monies can only be used for the following: "Tourism-related expenditures" include:

- advertising and promotion of tourism so as to develop and increase tourist attendance through the generation of publicity;
- promotion of the arts and cultural events;
- construction, maintenance, and operation of facilities for civic and cultural activities including construction and maintenance of access and other nearby roads and utilities for the facilities;
- the criminal justice system, law enforcement, fire protection, solid waste collection, and health facilities when required to serve tourists and tourist facilities. This is based on the estimated percentage of costs directly attributed to tourists;
- public facilities such as restrooms, dressing rooms, parks, and parking lots;
- tourist shuttle transportation;
- control and repair of waterfront erosion, including beach renourishment; and
- operating visitor information centers.

The ATAX 65% allocations are decided by the board and approved by Town Council. The fund balance is \$447,729. The projected income for FY 2019-2020 is \$294,125.

Table 12. ATAX Budget Comparison

Budget Comparison	FY15-16	FY16-17	FY17-18	FY18-19	FY19-20	% Change
ATAX General Fund	45,022	43,992	47,625	48,000	48,000	0
ATAX 30% Fund	120,131	113,950	135,750	135,750	135,750	0
ATAX 65% Fund	260,285	246,891	294,125	294,125	294,125	0

Fiscal Year 2019-2020 encumbered and special projects are listed below:

Table 13. ATAX Budget

ATAX 65%	Project	Amount
Current Balance		447,729
Revenues FY 2019-20		294,125
PY Encumbered	Chamber Marketing (expanded off season)	(50,000)
PY Encumbered	Bell Bond Debt	(50,000)
PY Encumbered	Beach Patrol (Remaining last year)	(1,787)
PY Encumbered	Beach Patrol	(9,500)
PY Encumbered	Heritage Building	(17,232)
PY Encumbered	BBQ Festival	(4,792)

PY Encumbered	Edisto Beach Patrol-Code Enforcement Officers	(21,242)
	ENDING BALANCE	\$587,301

Alcohol Permit Fund

This is a special fund that can only be used for designated purposes. These funds are collected from temporary permits issued for the possession, consumption and sale of alcoholic liquor permits after hours.

The revenue may be used only by the municipality or county for the following purposes according to S.C. Code §61-6-2010:

- capital improvements to tourism-related buildings including, but not limited to, civic centers, convention centers, coliseums, aquariums, stadiums, marinas, parks, and recreational facilities;
- purchase or renovation of buildings which are historic properties as defined in Section 60-12-10(4) and;
- festivals that have a demonstrable and significant impact on tourism;
- local youth mentor programs to serve juvenile offenders under the jurisdiction of the family court;
- contributions to matching funds necessary for a local government or entity to receive funding from the Legacy Trust Fund pursuant to Chapter 22, Title 51;
- contributions to a redevelopment authority pursuant to Chapter 12, Title 31;
- acquiring fee and less than fee interest in land while it is still available to be held in perpetuity as wildlife preserves or believed to be needed by the public in the future for active and passive recreation uses and scenic easements, to include the following types of land: ocean, harbor, and pond frontage in the form of beaches, dunes, and adjoining backlands; barrier beaches; fresh and saltwater marshes and adjoining uplands; land for bicycle paths; land protecting existing and future public water supply, well fields, highway buffering and aquifer recharge areas; land for wildlife preserves; and land for future public recreational facilities;
- nourishment, renourishment (resanding), and maintenance of beaches;
- dune restoration, including the planting of grass, sea oats, or other vegetation useful in preserving the dune system;
- maintenance of public beach access;
- capital improvements to the beaches and beach-related facilities, such as public parking areas for beach access; dune walkovers and restroom facilities, with or without changing rooms, at public beach parks; and
- construction and maintenance of drainage systems.

The fund balance is \$28,878. The projected income is \$12,000.

Table 14. Alcohol Permitting Tax Budget Comparison

Budget Comparison	FY15-16	FY16-17	FY17-18	FY 18-19	FY19-20	% Change
Alcohol Permitting	15,650	22,050	15,000	15,000	12,000	-20%

Fiscal Year 2018-19 encumbered and special projects are listed below:

Table 15. Alcohol Permitting Tax Budget

Alcohol Permitting	Project	Amount
--------------------	---------	--------

Town of Edisto Beach, South Carolina		FY 2019-20 Budget
Current Balance		28,878
Revenues FY 2019-20		12,000
FY 2019-20	Watersports Shark Tournament	(2,000)
FY 2019-20	Billfish Tournament	(10,000)
FY 2019-20	Shag Festival	(10,000)
FY 2019-20	"Cookin on the Creek"	(15,000)
	Ending Balance	3,878

Local Accommodations Fund

The Local Accommodations Tax Act, effective July 1, 1997, authorizes, by positive majority vote imposing a cumulative maximum 3% accommodations tax in a municipality. The tax is levied on gross proceeds from rental or charges for accommodations furnished to transients (period of 30 days or less) as provided by S.C. Code §12-36-920(A). Revenue from the tax must be kept in a separate fund and used for specified tourism related purposes. The Town enacted the Local Accommodations Tax Ordinance on May 14, 1998.

The revenue generated by the local accommodations tax must be used exclusively for the following purposes according to S.C. Code §6-1-530:

- tourism-related buildings including, but not limited to, civic centers, coliseums, and aquariums;
- tourism-related cultural, recreational, or historic facilities;
- beach access, renourishment, or other tourism-related lands and water access;
- highways, roads, streets, and bridges providing access to tourist destinations;
- advertisements and promotions related to tourism development; or
- water and sewer infrastructure to serve tourism-related demand.

The fund balance is \$1,306,158. Of this, \$1,128,774 is in a fund dedicated for beach preservation. The projected income for FY 2019-2020 is \$450,000.

Table 16. Local Accommodations Tax Budget Comparison

Budget Comparison	FY15-16	FY16-17	FY17-18	FY18-19	FY19-20	% Change
Local Accommodations	414,231	414,615	430,000	450,000	450,000	0

Fiscal Year 2019-2020 encumbered and special appropriations are listed below:

Table 17. Local Accommodations Tax Budget

Local Accommodations	Project	Amount
Current Balance		1,306,158
Revenues FY 2019-20		450,000
Prior Year Encumbered	Beach Preservation	(1,128,774)
FY2019-20	Bell Bond Debt	(50,000)
FY2019-20	Beach Preservation	(200,000)
FY2019-20	General Fund (Tourism Related)	(100,000)
FY2019-20	CSE-Hurricane Florence Report	(11,000)
FY2019-20	Groin Repair Monitoring (CSE)	(48,486)
FY2019-20	Burley Lyons Park	(2,875)
FY2019-20	Beach Monitoring (Year 1 and Year 2)	(50,634)
	Ending Balance	164,389

Council decided in FY 2009-2010 to earmark \$200,000 of these funds each year to go towards beach preservation. Although 50% of the fund can be used for operations, only \$100,000 was designated for tourism related operations in FY 2018-19. New legislation is still pending that would allow accommodations funding be used for flooding issues. If this occurs, Administration recommends Council consider setting funds aside to address future drainage issues.

Hospitality Fund

The Local Hospitality Tax Act, June 1, 1998, authorized by positive majority vote, imposed a cumulative maximum 2% hospitality tax in Edisto Beach. The tax is levied on gross proceeds from sales of prepared meals and beverages sold in establishments or sold in establishments licensed for on-premises consumption of alcoholic beverages, beer or wine. The revenue is kept in a separate fund and used for tourism related purposes. The Town collects these funds no later than the 20th of each month. (Ordinance 4-9-1998)

The revenue generated by the hospitality tax must be used exclusively for the following purposes according to S.C. Code §6-1-730:

- tourism-related buildings including, but not limited to, civic centers, coliseums, and aquariums;
- tourism-related cultural, recreational, or historic facilities;
- beach access and renourishment;
- highways, roads, streets, and bridges providing access to tourist destinations;
- advertisements and promotions related to tourism development; or
- water and sewer infrastructure to serve tourism-related demand.

The fund balance is \$229,671. The projected revenues for FY 2019-2020 are \$240,000. Fifty percent of the revenues from hospitality taxes are transferred into the general fund for tourism related Town services.

Table 18. Hospitality Tax Budget Comparison

Budget Comparison	FY15-16	FY16-17	FY17-18	FY18-19	FY19-20	% Change
Hospitality	186,230	193,346	180,000	200,000	240,000	20%

Fiscal Year 2017-18 encumbered and special appropriations are listed below:

Table 19. Hospitality Tax Budget

Hospitality Fee	Project	Amount
Current Balance		229,671
Revenues FY 2018-19		240,000
FY 2019-20	Bell Bond Debt	(25,000)
FY 2019-20	Code Red	(5,000)
FY 2019-20	Hospitality Restricted GF	(100,000)
FY 2019-20	Sign Branding	(15,000)
	Ending Balance	324,671

General Vehicle/Equipment Fund

A vehicle/equipment replacement schedule was established in 1998. Funds are annually dedicated to this fund to replace fixed assets. The fund balance is \$935,553. The projected revenue for FY 2019-2020 is \$205,885. The Police Department plans to replace a Kubota next year.

Depreciation Schedule

General Fund Vehicle/Equip Replacement Schedule	
General	12,696
Police	88,314
Fire	82,300
Building	9,712
Public Works	12,863
Annual Total	205,885

Fiscal Year 2019-2020 encumbered and special appropriations are listed below:

Table 20. General Fund Vehicle Equipment Fund Budget

Vehicle Equipment Fund	Description	Amount
Current Balance		935,553
General Fund (ADM)	Depreciation	12,696
Police Department	Depreciation	88,314
Fire Department	Depreciation	82,300
Building Department	Depreciation	9,712
Public Works	Depreciation	12,863
Fire Department	Refurbish 1999 E-1 Ladder Truck	(262,723)
Police Department	Replace Kubota	(12,500)
Public Works	2010 Ford F-150	(21,723)
	Ending Balance	844,492

Utility Vehicle/Equipment Fund

A utility vehicle/equipment replacement schedule was established in 1998. Funds are annually dedicated to this fund to replace fixed assets. The fund balance is \$657,586. The revenue for FY 2019-20 is \$46,632.

Depreciation Schedule

Utilities Vehicle/Equip Replacement	
Water Vehicle/Equip. Replacement Fund	23,316
Sewer Vehicle/Equip. Replacement Fund	23,316
Annual Total	46,632

The following are replacements or new equipment, scheduled to be purchased:

Table 21. Utilities Vehicle Equipment Budget

Vehicle Equipment Fund	Description	Amount
Current Balance		657,586
Water Fund	Depreciation	23,316
Sewer Fund	Depreciation	23,316

Water/Sewer	3" Mud Hog (1995)	(2,500)
Water/Sewer	3" Mud Hog (2001)	(1,921)
	Ending Balance	699,797

Water System Renewal and Replacement Fund

This fund was established to replace and renovate items in the water system. The current fund balance is \$396,528. The projected revenue for FY 2019-2020 is \$140,000. According to the updated rate study, a Capital Improvement Plan needs to be not only developed but funded.

Table 22. Water R&R Budget

Water System R&R	Description	Amount
Current Balance		396,528
Revenues FY 2019-20		140,000
PY2019-20	Arnold Ellison	(26,088)
PY2019-20	ESP Specialty Inspections	(16,361)
PY2019-20	American Engineering Rate Study	(10,000)
	Ending Balance	484,079

Sewer System Renewal and Replacement Fund

This fund was established to replace and renovate items in the sewer system. The current fund balance is \$170,322. The projected revenue for FY 2019-2020 is \$30,000. The sewer rates were not adjusted in 2018-2019, but will need to be increased in 2019-2020 by 5%.

Table 23. Sewer R&R Budget

Sewer System R&R	Description	Amount
Current Balance		170,322
Revenues FY 2019-2020		30,000
FY 2019-20	81 Gun Bluff Pump House Rehab	(10,800)
FY 2019-20	Lift Station C Manholes	(35,000)
FY 2019-20	Lift Station Pompano Rehab	(46,000)
FY 2019-20	Aerators Wastewater Treatment Facility	(6,000)
	Ending Balance	102,522

Firefighter's Insurance and Inspection Fund

In 1907, the S.C. General Assembly passed legislation creating the Firemen's Insurance and Inspection Fund for "the betterment and maintenance of skilled and efficient fire departments within the county." Commonly referred to as "1 percent money," revenue for the Fund comes from a 1 percent tax assessed and collected on fire insurance premiums written in the state for buildings or structures for which taxes are collected.

Annually, the State Department of Insurance assesses, collects and accounts for this tax money. The state treasurer sends each county its portion of the funds. In turn, the county treasurers distribute the money to all fire departments based on total assessed value of the county that constitutes a fire department's response or coverage area.

Fire departments must spend their 1 percent money in one of three approved categories: retirement and insurance, training and education, and recruitment and retention.

Fire department members, not management, determine how to spend the money within the three categories. Each fire department member, regardless of rank, has an equal vote. To approve a proposed expenditure, 51 percent of the entire fire department membership must vote to approve it. Expenditure requests must be accompanied by detailed information and support documents that provide evidence of eligibility.

Once the fire department members approve an expenditure exceeding \$100, they must submit evidence of the department's approval along with support documentation to both a local board of trustees, as well as the supervising trustees of the South Carolina State Firemen's Association. All fire departments must maintain a local board of trustees for the Firemen's Insurance and Inspection Fund. State law dictates who serves on the board. (SC Code of Laws, Section 23-9-310)

This multi-step review ensures the proposed expenditure is eligible under one or more of the three approved expenditure categories. If the proposed expenditure meets the defined eligibility requirements, the local and state boards must approve the expenditure.

A municipal council cannot require the use of the 1 percent money to cover expenditures such as retirement, health insurance or training paid for other departments out of general operating funds. As trustees for the funds, the municipality must include the 1 percent money in its municipal audit as a special fund.

Once the local and state boards approve the expenditure, the county treasurer can release the funds to the department for the proposed purpose.

The fund balance is \$13,591.

Volunteer Firefighter Fund

For auditing purposes, the Volunteer Firefighters formed a committee and developed a budget for the volunteer firefighter fund. Revenues primarily come from special events, T-Shirt sales, vending sales, and donations. Expenditures are regulated by the Volunteer Department Bylaws and voted on by members of the Volunteer Fire Department. Membership in the volunteer fire department is critical to maintaining ISO ratings which impacts fire insurance premiums of each property owner.

The fund balance is \$74,504. As a quasi-department of the Town, Council must review and approve the annual budget submission.

Civic Center Fund

Town Council entered into an agreement with Colleton County to manage the operation of the Civic Center. A new fund was established to account for the revenues and expenditures of this endeavor. Direct assistance from Colleton County in the amount of \$47,085 is budgeted. The Town anticipates receiving \$27,050 in revenues. Expenditures are budgeted for \$74,147. The Town leases three rooms in the building and has a steady clientele of weekly rentals. The Town is negotiating leasing an additional room.

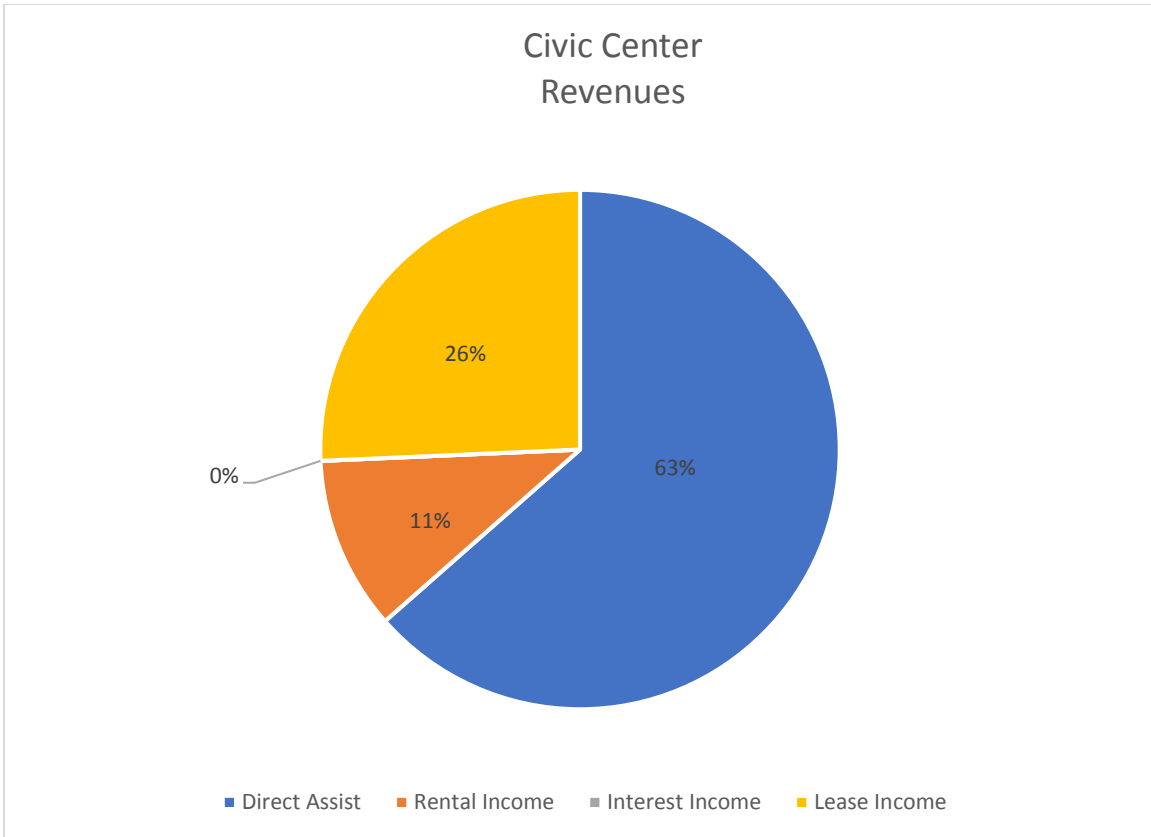


Figure 17. Civic Center Revenues

Proprietary Funds

Enterprise Funds

Enterprise funds are used to account for operations that are financed and operated in a manner similar to private business enterprises. The intent is that the cost of providing goods or services to the general public and other local governments on a continuing basis will be financed and recovered primarily through user charges. Annual budgets are established for the water and sewer funds.

Water Fund

A water user fee finances the water operations. Fees are collected semiannually. The fee is based on increasing volumetric rates for increased consumption. This places the cost for the operation of the system on the high-end user. The rate was increased in June 2017 by 15% to begin accruing funds sufficient to fund the water system improvement project on the water system as recommended by the rate study. The second 15% increase was implemented June 2018. The chart below provides a comparison between the current rates and the new rates.

Table 24. Water Rates

	2018-19 0-24,000	2019-20 0-24,000	2018-19 24,000-48,000	2019-20 24,000-48,000	2018-19 48,000-72,000	2019-20 48,000-72,000	2018-19 72,000+	2019-20 72,000 +
Residential	\$188.42	\$216.68	\$2.10	\$2.42	\$2.35	\$2.69	\$2.62	\$3.01
Business/docks	\$188.42	\$216.68	\$4.17	\$4.81	\$4.69	\$5.40	\$5.23	\$6.02

Town of Edisto Beach, South Carolina

FY 2019-20 Budget

Outside Town	\$468.61	\$433.39	\$7.15	\$8.23	\$8.04	\$9.25	\$8.94	\$10.28
State Park	\$774.78	\$890.99	\$6.28	\$7.22	\$7.04	\$8.09	\$7.83	\$9.00
Irrigation	\$188.42	\$216.68	\$4.17	\$4.81	\$4.69	\$5.40	\$5.23	\$6.02

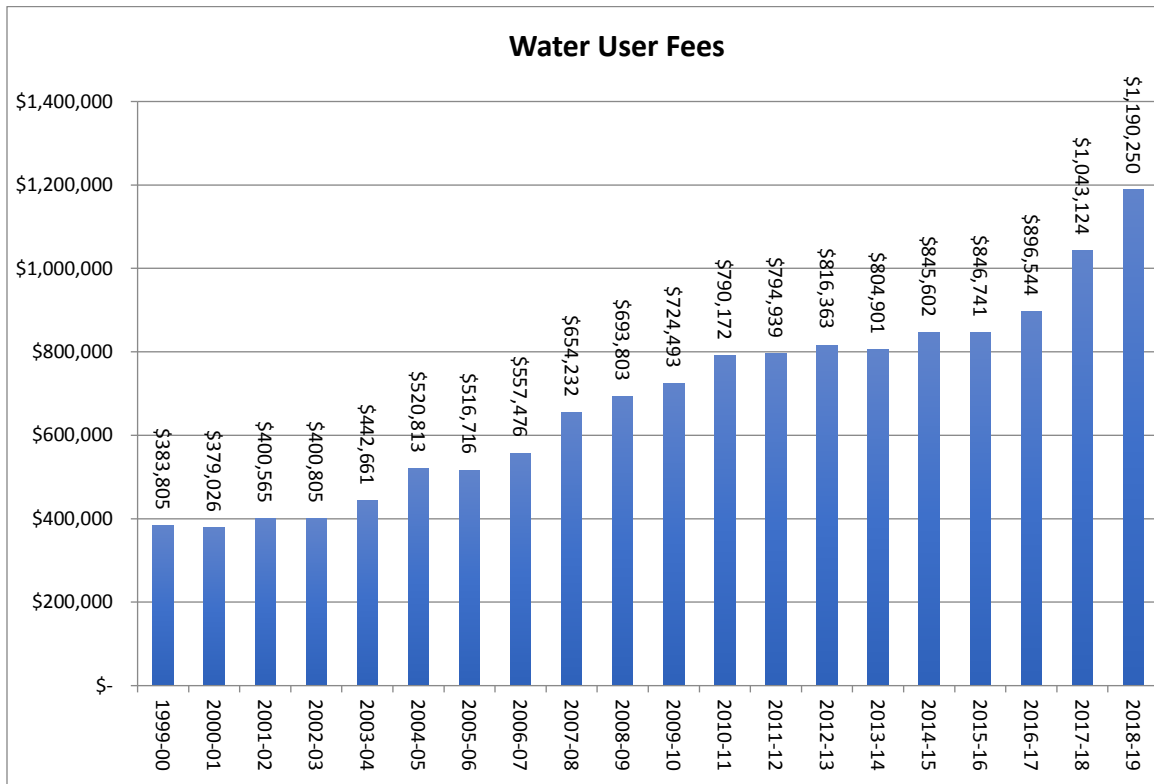
Water Fund revenues are listed in the following table:

Table 25. Water Fund Revenues (Increase/Decrease)

Revenue	Six Years	Five Years	Four Years	Three Years	Two Years	One Year	18-19	19-20	19-20
	Prior	Prior	Prior	Prior	Prior	Prior		Proposed	Increase
	Actual	Actual	Actual	Actual	Actual	Actual	Budget	Budget	(Decrease)
Water Department									
State Match	-	-	-	-	3,294	-	-	-	-
FEMA Revenue	-	-	-	-	9,881	-	-	-	-
Appropriated Prior Year	-	-	-	-	-	-	50,000	-	(50,000)
Water System User Fee	816,363	804,903	845,602	846,741	896,544	1,043,124	1,190,250	1,368,784	178,534
Tap in Fee	4,350	7,250	6,000	5,500	10,500	12,500	12,000	15,000	3,000
Reconnect Fee	2,110	1,350	800	1,150	600	1,000	2,000	1,000	(1,000)
Penalty	5,269	4,594	4,577	4,606	4,335	7,712	6,430	6,000	(430)
Insurance Reimbursement	-	-	-	-	-	-	-	-	-
Interest Income	2,173	1,808	2,819	7,004	11,595	15,662	25,000	24,000	(1,000)
Bonded Interest Income	33	10	8	7	153	55,744	100,000	30,000	(70,000)
Miscellaneous Income	5,699	1,600	174	1,398	1,272	865	979	1,000	21
Rental Income	-	-	-	-	-	150	-	-	-
Subtotal Water Department	835,997	821,515	859,980	866,406	938,174	1,136,757	1,386,659	1,445,784	59,125

The chart below depicts the historical progression of water user fees.

Water Fund User Fees



Based on historical trends and a relatively fixed number of commercial and residential accounts, the total revenue from user fees is projected at \$1,368,784 for FY 2019-20. There is \$140,000 budgeted for transfer into the R & R Fund.

The following table provides historical and current water fund operating budget information and % increases and decreases.

Table 26. Water Fund Expenditures (Increase/Decrease)

Water Department									
Expenditures	Six Years	Five Years	Four Years	Three Years	Two Years	One Year	18-19	19-20	19-20
	Prior	Prior	Prior	Prior	Prior	Prior		Proposed	Increase
	Actual	Actual	Actual	Actual	Actual	Actual	Budget	Budget	(Decrease)
Salaries and Wages	160,326	175,112	177,947	179,144	206,396	202,265	217,500	228,473	10,973
Mayor/Council	2,880	2,880	2,560	3,220	4,080	4,080	4,080	4,080	-
Retirement System	17,188	18,624	23,595	7,732	46,477	28,439	28,405	36,186	7,781
Payroll Taxes	12,984	14,234	14,296	14,933	16,677	15,270	17,125	17,789	664
Def Comp Expense	198	239	247	247	249	263	320	220	(100)
Printing/Office Supplies	736	1,220	806	761	1,126	770	1,200	1,000	(200)
Janitorial Service	390	428	412	414	390	531	420	420	-
Postage	1,188	1,071	2,141	1,187	1,129	1,384	1,000	1,000	-
Membership dues	799	1,020	487	597	632	535	700	700	-
Meetings & training	3,859	2,653	3,917	2,876	5,714	3,032	4,000	4,000	-
Electricity	45,388	46,219	44,382	43,273	44,024	43,201	48,000	90,000	42,000
Telephone	4,292	3,829	3,144	2,789	3,251	3,880	3,600	3,600	-
Maintenance Contracts	774	1,793	2,111	2,230	1,538	1,596	2,000	2,000	-
VCR3	2,945	4,680	5,153	4,715	5,021	5,972	5,200	6,003	803
Prof Fees/Audit, Miscellaneous	18,121	3,887	2,023	9,720	5,862	4,413	2,920	3,000	80
Custodian fees	1,000	1,185	1,185	1,185	1,238	2,489	1,625	2,000	375
Insurance General	13,245	14,235	17,108	15,315	16,710	16,937	17,000	17,700	700
Health Insurance Expense	18,948	22,302	21,367	20,873	24,186	26,333	25,000	25,104	104
Insurance Auto	1,641	1,356	1,226	1,199	1,290	1,254	1,400	1,800	400
2017 Bond Costs	-	-	-	-	-	217,919	-	-	-
Bank Charges	109	27	118	6	4	675	100	100	-
Miscellaneous Expense	86	627	549	755	9,468	(8,445)	1,000	1,000	-
Vehicle Gas & Oil	7,522	7,790	6,687	5,444	5,388	7,228	9,000	9,000	-
Vehicle Repair & Maintenance	2,857	1,345	2,187	1,580	1,253	2,154	2,000	2,000	-
DHEC User Fee	17,683	17,918	17,685	17,697	17,709	17,740	18,805	19,000	195
Uniforms	396	842	306	234	321	246	750	500	(250)
GWS Maintenance Agreement	17,765	17,765	17,765	19,719	19,719	19,719	21,900	21,900	-
Sys Repair Maintenance	16,319	21,664	25,069	25,718	35,631	50,379	28,000	32,850	4,850
Sys Supplies & Sm Tools	4,201	4,819	5,987	3,001	5,090	5,993	5,000	5,000	-
Meters & meter supplies	11,718	9,836	14,587	11,513	11,506	18,045	18,000	12,000	(6,000)

Town of Edisto Beach, South Carolina

FY 2019-20 Budget

Chemicals	23,341	23,138	10,048	14,711	17,138	16,524	25,000	49,000	24,000
Lab Tests	3,323	3,235	3,122	3,124	2,841	4,114	4,500	7,500	3,000
Equipment Purchases	1,647	1,084	1,132	1,500	(670)	1,139	1,500	1,500	-
Equipment Repair	3,017	1,863	2,442	830	2,990	5,751	3,000	3,000	-
Pipe, Hydrants Connections	4,913	2,450	5,454	1,177	755	163	5,000	5,000	-
2012 W/S Revenue Bond P&I	54,325	53,794	53,356	52,919	52,450	51,780	91,780	91,780	-
2017 W/S Rev Bond P/I	-	-	-	-	-	240,267	420,000	420,000	-
Office Machines/Software	540	646	646	680	650	690	800	800	-
Complex Building Maintenance	110	109	476	83	100	-	500	500	-
Pagers & Communication	2,353	2,951	2,830	2,195	2,292	2,579	2,700	2,700	-
Building Maintenance	1,404	3,335	568	1,044	1,086	1,143	2,000	2,000	-
Legal Fees	4,104	2,777	4,720	2,952	4,028	20,895	8,000	8,000	-
Subtotal	484,635	494,982	499,841	479,292	575,739	1,039,342	1,050,830	1,140,205	89,375
Expenditures	Six Years	Five Years	Four Years	Three Years	Two Years	One Year	18-19	19-20	19-20
Water Department Other	Prior	Prior	Prior	Prior	Prior	Prior		Proposed	Increase
	Actual	Actual	Actual	Actual	Actual	Actual	Budget	Budget	(Decrease)
Amortization Expense	10,504	6,347	6,347	6,347	6,347	2,023	-	-	-
Equip/Vehicle Depreciation	35,602	31,966	21,145	21,975	21,541	23,735	21,814	23,316	1,502
Depreciation Expense	117,086	125,317	90,747	85,364	78,095	77,041	-	-	-
Renewal/Replacement	65,792	-	140,000	140,000	140,000	140,000	140,000	140,000	-
Computer Hardware/Software	2,281	1,074	1,291	1,513	1,000	1,519	927	-	(927)
CIP Miscellaneous	-	-	-	150,000	-	-	-	-	-
Subtotal	231,265	164,704	259,530	405,199	246,983	244,318	162,741	163,316	575
Expenditures	Six Years	Five Years	Four Years	Three Years	Two Years	One Year	18-19	19-20	19-20
Water Contingency	Prior	Prior	Prior	Prior	Prior	Prior		Proposed	Increase
	Actual	Actual	Actual	Actual	Actual	Actual	Budget	Budget	(Decrease)
Water Contingency	-	-	-	-	-	-	52,654	142,263	89,609
Subtotal	-	-	-	-	-	-	52,654	142,263	89,609
WATER FUND TOTAL	715,900	659,686	759,371	884,491	822,722	1,283,660	1,266,225	1,445,784	179,559

The following chart provides a historical snapshot of the water fund operating budget.

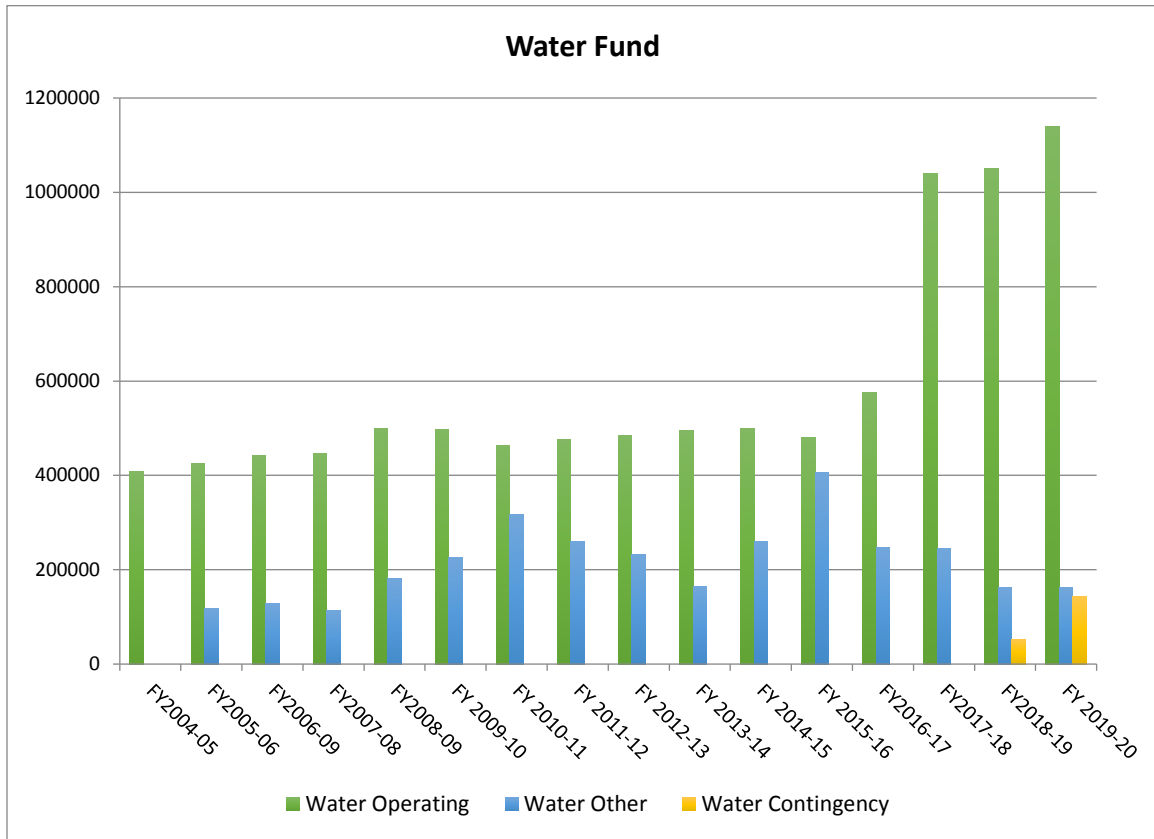


Figure 18. Water Fund Budget Comparison

The chart below breaks the water fund budget information down into categories. Forty-three percent of the total budget is directly spent on operations. Thirty five percent of the total budget goes towards revenue bond debt.

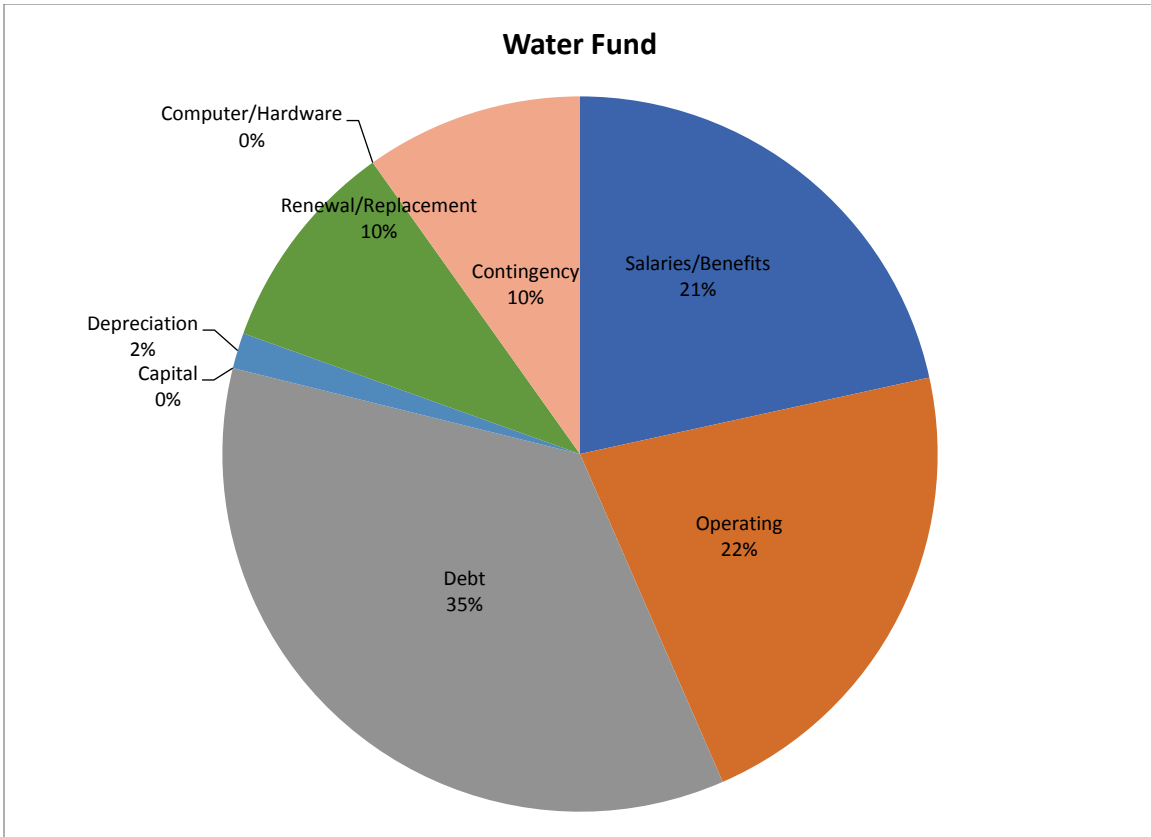


Figure 19. Water Fund Budget Graph

Water Fund Budget Highlights

The water fund total budget is \$1,445,784. This includes \$142,263 in contingency funds and debt service of \$91,780 in principal and interest payments for the 2012 revenue bonds and \$420,000 in principal and interest on the 2017 revenue bonds. Budget highlights are indicated in the table below:

Table 27. Water Fund Budget Highlights

Funding Source	Description	Amount
Water User Fees	15% rate increase	178,534
Water User Fees	2012 Revenue Bond	92,780
Water User Fees	2017 Revenue Bond	420,000
Water User Fees	Renewal and Replacement	140,000
	Total	831,314

Accrued prior year funds are \$1,284,640.

Sewer Fund

A sewer user fee finances the sewer operations. Fees are collected semiannually. The fee is based on water consumption. The minimum fee is billed semi-annually in advance for the period beginning June 1 and for the period beginning December 1. Sewage use in excess of the minimum is billed in arrearage for the period ending May 31 and the period ending November 30 respectively. The current rates are \$208.37 for 0 gallons to 6,000 gallons and \$3.47 for each 1,000 gallons over 6,000 gallons.

Sewer Fund Revenues

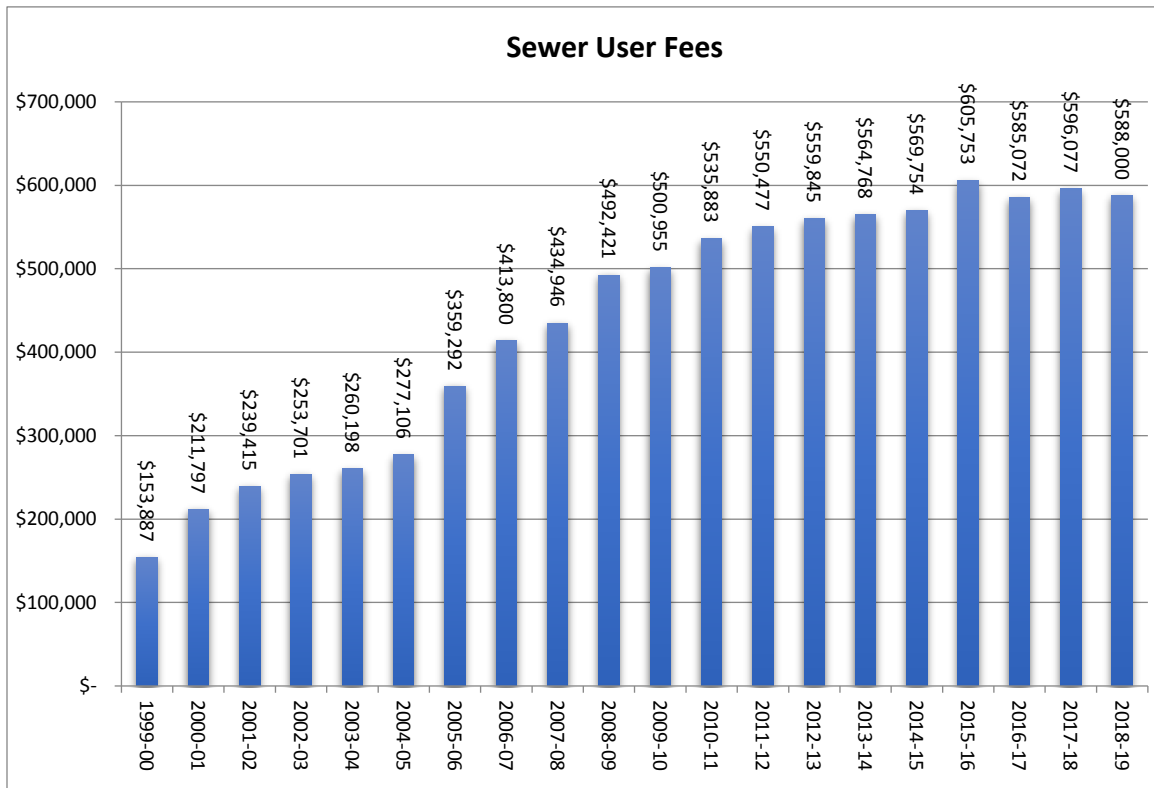
Table 28. Sewer Fund Revenues (Increase/Decrease)

Revenue	Six Years	Five Years	Four	Three	Two	One Year	FY18-19	FY19-20	FY19-20
Sewer Department	Prior	Prior	Years	Years	Years	Prior		Proposed	Increase
	Actual	Actual	Prior	Prior	Prior	Actual	Budget	Budget	(Decrease)
Appropriated Prior Year	-	-	-	-	-	-	55,000	-	(55,000)
Sewer System User Fee	559,845	564,768	569,754	605,753	585,072	596,077	588,000	588,000	-
Grease Trap Fee	2,000	2,000	1,980	1,944	2,000	2,000	2,600	2,000	(600)
Tap in Fee	2,500	5,000	5,000	5,000	-	2,500	7,500	5,000	(2,500)
Reconnect Fee	324	400	250	250	100	150	300	300	-
Penalty	2,914	2,379	2,857	2,844	2,480	3,358	3,000	3,000	-
Interest Income	1,194	779	1,220	2,799	4,578	9,729	16,000	9,000	(7,000)
Miscellaneous Income	-	-	156	228	196	-	-	-	-
Other Income	-	-	-	-	-	150	-	-	-
Subtotal Sewer Department	568,777	575,326	581,217	618,818	594,426	613,964	672,400	607,300	(65,100)

The last rate increase was in June 2015 by 5%. Based on historical trends and a relatively fixed number of commercial and residential accounts, this revenue source is projected at \$588,000 for FY 2019-20.

The graph below depicts the historical progression of sewer user fees.

Sewer Fund User Fees



The Sewer Fund budget is \$607,300. This includes a contingency of \$36,609.

Accrued prior year funds are \$704,298.

The table below provides historical and current sewer fund operating budget information and amount of increase or decrease.

Table 29. Sewer Fund Expenditures (Increase/Decrease)

Sewer Department	12-13	13-14	14-15	15-16	15-16	17-18	18-19	19-20	19-20
Expenditures	Six Years	Five Years	Four Years	Three Years	Two Years	One Year			
	Prior	Prior	Prior	Prior	Prior	Prior		Proposed	Increase
	Actual	Actual	Actual	Actual	Actual	Actual	Budget	Budget	(Decrease)
Overhead Costs									
Salaries and Wages	160,327	175,112	177,948	179,145	206,397	202,266	217,500	228,473	10,973
Mayor/Council	2,880	2,880	2,560	3,220	4,080	4,080	4,080	4,080	-
Retirement system	17,187	18,623	23,594	7,731	46,455	28,439	28,405	36,186	7,781
Payroll Taxes	12,982	14,232	14,294	14,932	16,676	15,269	17,125	17,789	664
Def Comp Expense	198	239	247	247	249	263	320	220	(100)
Printing/Office Supplies	736	1,220	806	761	942	760	1,200	1,000	(200)
Janitorial Services	390	428	412	414	390	531	420	420	-
Postage	1,188	1,071	1,183	1,187	1,129	1,367	1,000	1,000	-
Membership dues	757	1,040	582	472	617	610	700	700	-
Meetings & training	3,542	6,446	2,264	1,884	3,036	1,825	4,000	4,000	-
Electricity	41,312	42,902	49,625	51,155	51,999	52,703	52,000	52,000	-
Telephone Expense	996	1,005	1,074	818	950	1,125	1,500	1,500	-
Maintenance Contracts	774	1,793	2,111	2,230	1,538	1,596	2,000	2,000	-
VCR3	2,945	4,680	5,152	4,715	5,021	5,972	5,200	6,003	803
Prof Fees/Audit, Miscellaneous	5,558	1,660	1,688	2,020	17,297	2,500	2,500	2,500	-
Insurance General	14,795	16,068	19,030	16,932	18,197	17,452	20,000	17,700	(2,300)
Health Insurance Expense	18,947	22,302	21,367	20,887	24,186	26,091	25,000	25,104	104
Insurance Auto	1,641	1,356	1,226	1,199	1,290	1,254	1,400	1,800	400
Bank Charges	15	25	91	-	-	15	100	100	-
Miscellaneous Expense	12	475	256	442	9,434	(8,575)	1,000	500	(500)
Vehicle Gas & Oil	8,311	8,552	6,693	5,444	6,267	7,861	8,000	8,000	-

Town of Edisto Beach, South Carolina

FY 2019-20 Budget

Vehicle Repair & Maintenance	2,696	1,264	2,158	512	1,248	2,118	2,000	1,500	(500)
DHEC User Fee	1,128	1,065	1,190	1,190	1,190	1,190	1,500	1,200	(300)
Uniforms	396	842	306	216	315	246	750	750	-
Sys Repair Maintenance	12,988	14,439	27,654	35,421	38,950	21,358	34,000	35,000	1,000
Sys Supplies & Sm Tools	5,437	4,996	4,816	5,639	3,975	4,565	5,000	5,000	-
Chemicals	8,023	7,298	13,552	13,601	24,867	8,486	25,000	25,000	-
Lab Tests	6,639	7,737	10,270	15,707	14,360	10,749	19,000	19,000	-
Equipment Purchases	2,223	2,856	1,734	3,000	2,747	1,902	3,000	3,000	-
Equipment Repair	4,023	4,735	3,856	4,584	5,376	2,128	5,000	5,000	-
Office Machines/Software	540	646	646	680	650	690	800	800	-
Complex Building Maintenance	110	109	476	83	100	-	500	500	-
Pagers & Communication	1,601	1,683	1,452	947	1,462	1,954	1,800	1,800	-
Building Maintenance	1,391	3,381	619	1,813	1,573	2,123	2,000	4,000	2,000
Legal Fees	63,877	2,777	4,720	2,952	4,028	4,000	4,000	4,000	-
CMOM Program									
Subtotal	406,565	375,937	405,652	402,180	516,991	424,913	497,800	517,625	19,825
Expenditures	Six Years	Five Years	Four Years	Three Years	Two Years	One Year	18-19	19-20	19-20
Sewer Department	Prior	Prior	Prior	Prior	Prior	Prior		Proposed	Increase
	Actual	Actual	Actual	Actual	Actual	Actual	Budget	Budget	(Decrease)
Equip/Vehicle Depreciation	33,614	33,280	22,460	20,485	20,048	17,300	21,814	23,316	1,502
Depreciation Expense	69,023	71,544	72,817	67,889	66,304	59,140	-	-	-
Renewal/Replacement	60,793	-	50,000	100,000	-	60,000	60,000	30,000	(30,000)
Computer Hardware/Software	2,281	1,074	1,291	1,513	1,000	1,519	927	-	(927)
CIP Miscellaneous	161,751	3,375	-	-	25,501	4,697	55,000	-	(55,000)

Town of Edisto Beach, South Carolina

FY 2019-20 Budget

Subtotal	327,462	109,273	146,568	189,887	112,853	142,656	137,741	53,316	(84,425)
Expenditures	Six Years	Five Years	Four Years	Three Years	Two Years	One Year	18-19	19-20	19-20
Sewer Contingency	Prior	Prior	Prior	Prior	Prior	Prior		Proposed	Increase
	Actual	Actual	Actual	Actual	Actual	Actual	Budget	Budget	(Decrease)
Sewer Contingency	-	-	-	-	-	-	18,759	36,609	17,850
Subtotal	-	-	-	-	-	-	18,759	36,609	17,850
SEWER TOTAL FUND	734,027	485,210	552,220	592,067	629,844	567,569	654,300	607,550	(46,750)

The following chart provides a historical snapshot of the sewer fund operating budget:

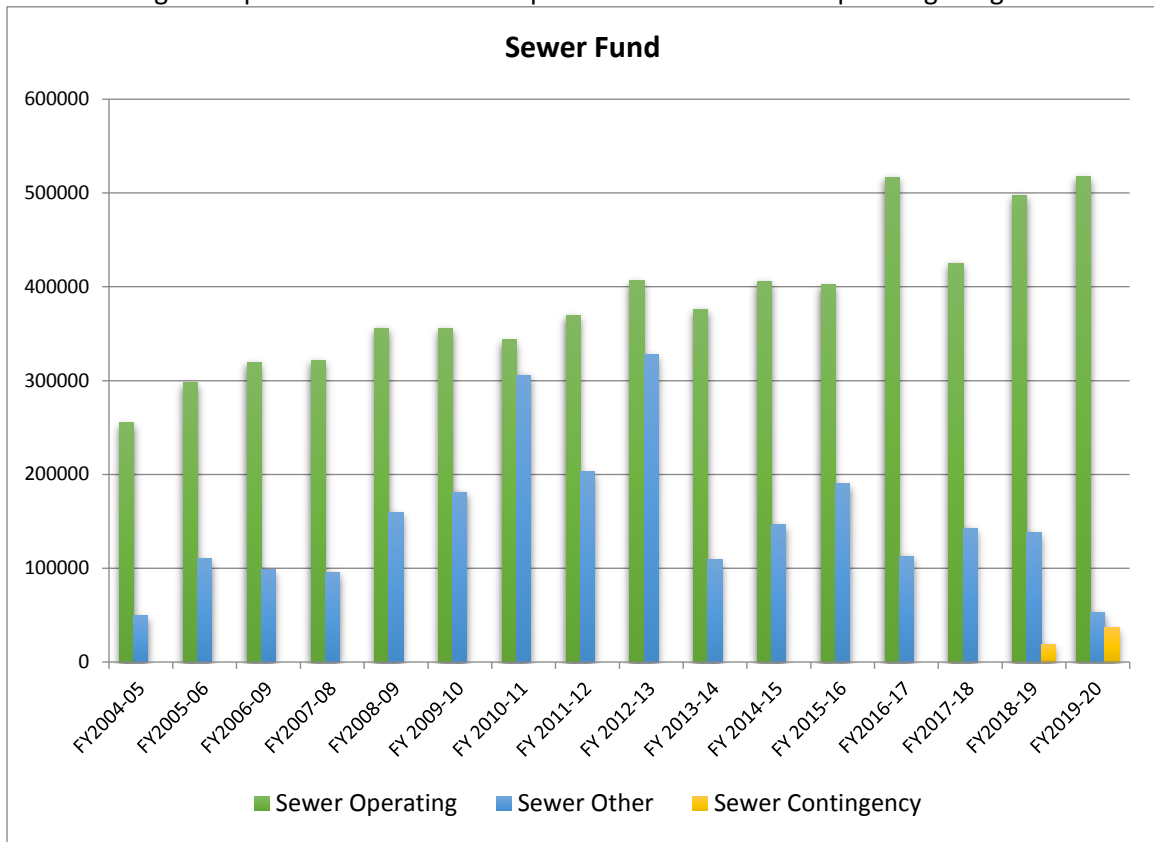


Figure 20. Sewer Fund Budget Comparison Graph

The chart below breaks the sewer fund budget information down into categories. Eighty-five percent of the total budget is spent on operations.

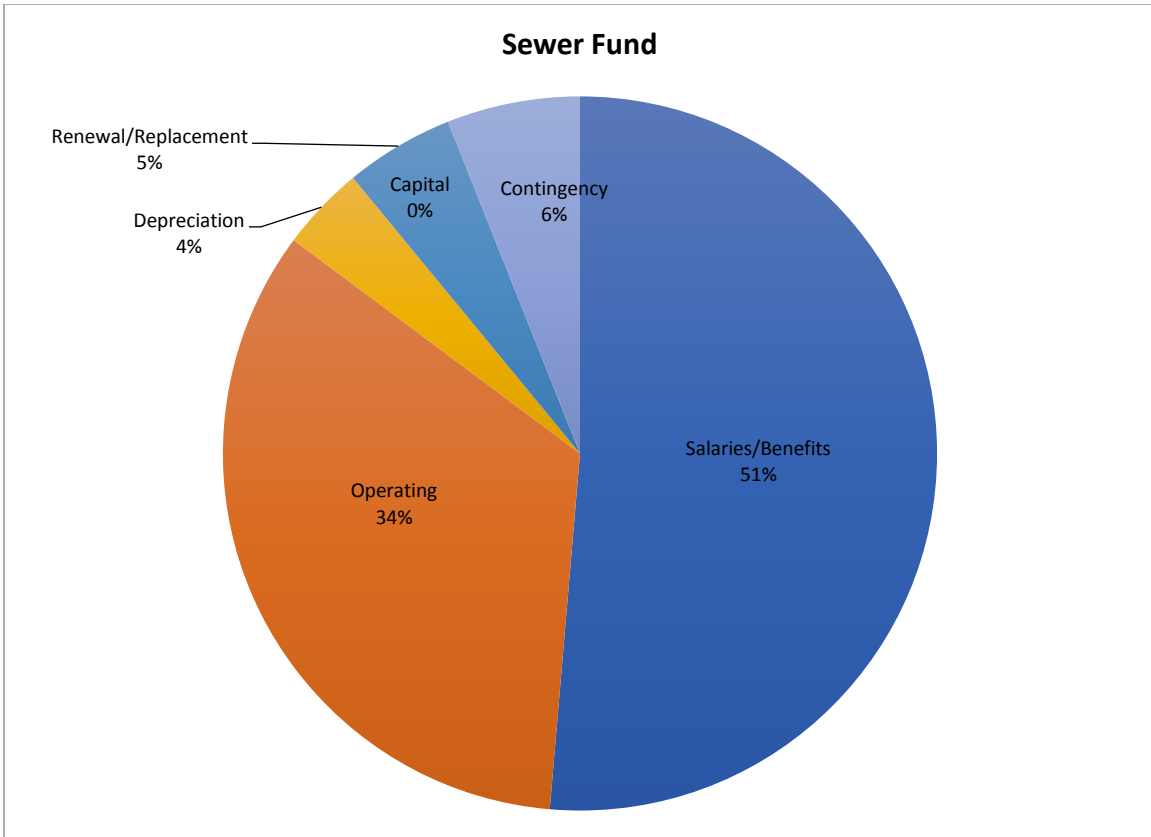


Figure 21. Sewer Fund Budget Graph

Highlighted changes are listed below.

Table 30. Sewer Fund Budget Highlights

Funding Source	Description	Amount
Sewer User Fees	Renewal and Replacement	30,000
	Total	30,000

Sewer and Water Capital Improvement Plan

Projects identified during the year are input into a Capital Improvement Plan and this plan is reviewed and updated semi-annually. American Engineering has recommended that a CIP for Utilities be funded by the Council. This will be developed and presented to Council.

Table 31. Utilities Capital Improvement Plan (Unfunded)

**Town of Edisto Beach Capital Improvement Plan (CIP)
Capital Project Expenditures Budget Estimates**

Sewer Capital Improvement Plan

Priority #	Item Description	Category	Estimate	Year
1	Lift Station C	Sewer	\$35,000.00	FY 2019-20
2	Lift Station Pompano	Sewer	\$46,000.00	FY 2019-20
5	Lift Station Docksite	Sewer	\$22,000.00	FY2022-23
3	Lift Station A	Sewer	\$116,000.00	FY 2020-21
4	Lift Station Summerwinds	Sewer	\$98,000.00	FY2020-21
6	Lift Station Ridge	Sewer	\$40,000.00	FY2022-23
7	Lift Station Bay Creek	Sewer	\$6,000.00	FY2022-23
8	Lift Station Lee Street	Sewer	\$40,000.00	FY2023-24
9	Lift Station Cheehaw	Sewer	\$30,000.00	FY2023-24
10	Lift Station Fat Jacks	Sewer	\$48,000.00	FY2023-24
11	Replace aerators with energy efficient	Sewer	\$51,000.00	TBD
Subtotal			\$497,000.00	

Water Capital Improvement Plan

Priority #	CIP Item Description	Category	Estimate	Year
1	Booster Pump Upgrades	Water	\$100,000.00	FY 2019-20
2	Fort Street Water Lines	Water	\$120,000.00	TBD
3	Bay Point Water Lines	Water	\$75,000.00	TBD
4	Dorothy Street Water Lines	Water	\$75,000.00	TBD
5	Cheehaw Street Water Lines	Water	\$75,000.00	TBD
6	Automated Read Meters	Water	\$550,000.00	TBD

Subtotal \$995,000.00

Debt (Enterprise Fund)**Debt (Enterprise Fund)**

The Town renegotiated the Town's Revenue Refunding and Improvement Bonds, Series 1999, when interest rates were at an extremely low level. The Series 2012 bonds were negotiated for a 30-year term that closes in 2042. The amount of the Series 2012 bonds is \$1,675,000 with annual payments of \$88,794 and a principle payment of \$35,000 due every year until 2016. The net interest rate is 3.2%. Debt service funding in the amount of \$94,935.83 from the Series 1999 bonds was transferred into the Series 2012 to fund the new Debt Service Reserve Fund. The \$125,355 currently on deposit with US Bank, the trustee, will be used to pay future debt service. The cumulative savings of refunding the Series 1999 Bond was \$181,726.06. Edisto Beach received a net present value benefit of \$97,384.85 in the transaction. This transaction essentially reduced the Town of Edisto Beach's debt by 8.813% on the Series 1999 Bonds. The cost of issuance was \$68,536.39 distributed as follows:

Series 2012 Bond Distributions	Description	Amount
US Bank	Trustee/Paying Agent Services	1,000
US Bank	Escrow Agent	350
US Bank	Custody Fee	350
Howell Linkous & Nettles, LLC	Bond Counsel Services	25,000
Howell Linkous & Nettles, LLC	Disclosure Counsel Services	12,500
Howell Linkous & Nettles, LLC	Expenses	500
Duffie Law Firm, PA	Town Attorney Services	7,500
Philip B. Seaton	Underwriter's Counsel	5,000
S & P Financial Services, LLC	Rating Agency	10,000
Financial Press LLC	Electronic posting and printing	2,436.39
Alluvion Securities	CUSIP's	400
Alluvion Securities	DTC	500
Alluvion Securities	Clearing Services	3,000
	Total	68,536.39

Revenue debt must be payable solely from a revenue-producing project or from a special source, which source does not involve revenues from any tax or license. It is not subject to the 8% debt limit. Revenue bonds may include water, sewer, waste disposal, natural gas, electrical generation and distribution, hospitals, piers, docks, terminals, airports, toll roads, markets, auditoriums and other publicly owned enterprises. At closing, \$429,099 was transferred to Enterprise Bank as custodian for the Series 2012 Construction Fund. The construction fund for this bond is closed.

The Town issued \$7,255,000 combined water and sewer system revenue bonds series 2017 in June 2017 for the Water Improvement Project. The bond interest rates vary from 2% to 3.7% with various terms. The final maturity term is January 15, 2047.

Table 32. 2017 Bond Distributions

Series 2017 Bond Distributions	Description	Amount
Raymond James and Oppenheimer	Trustee/Paying Agent Services	47,157.50
Howell Linkous & Nettles, LLC	Disclosure Counsel	17,500

Town of Edisto Beach, South Carolina		FY 2019-20 Budget
Howell Linkous & Nettles, LLC	Bond Counsel	55,000
Municipal Advisors Group of Boston	Financial Advisor (Structuring)	77,616
Municipal Advisors Group of Boston	Financial Advisor (financial, regulatory and supplemental disclosure and due diligence)	15,196.50
Haynsworth Sinkler Boyd, P.A.	Underwriter's Counsel	20,000
S & P Financial Services, LLC	Rating Agency	18,000
American Engineering	Rate Study	8,900
Financial Press LLC	Electronic posting and printing	1,706.72
K Eve McCoy, C.P.A	Procedures	4,000
	Total	265,076.72

Each year, the water and sewer system analytics must be updated and reported on EMMA[®]. The EMMA[®] website is funded and operated by the Municipal Securities Rulemaking Board (MSRB), the self-regulatory organization charged by Congress with promoting a fair and efficient municipal securities market. EMMA[®] is designated by the U. S. Securities and Exchange Commission as the official source for municipal securities data and disclosure documents. The website provides free public access to objective municipal market information and interactive tools for investors, municipal entities and others. EMMA[®] supports municipal market transparency but is not a platform for buying or selling bonds. The Electronic Municipal Market Access website, or EMMA[®], is the official repository for information on virtually all municipal securities. EMMA provides free public access to official disclosures, trade data, credit ratings and other resources and tools for understanding the municipal securities market. EMMA[®] is an award-winning website, recognized by the National Federation of Municipal Analysts and the National Association of State Treasurers' State Debt Management Network. The Municipal Securities Rulemaking Board (MSRB) operates the EMMA[®] website under authority granted by the U.S. Securities and Exchange Commission (SEC).

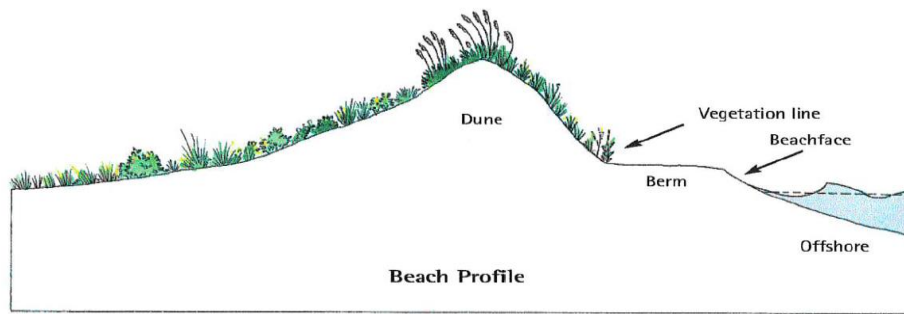
Projects

Storm Damage Reduction Project

In 2001, the Town Council decided to not “kick the can down the road”, and began working on a stable funding source with the United States Army Corps of Engineers (USACE). This process involved developing the Town's Hurricane and Storm Damage and Reduction Project. This project received Congressional approval in 2014. Even though the project was authorized, it did not receive obligated funds (\$22.2 M) until appropriated in 2018. The cost share is 65% fed/35% local for the initial construction and 50%/50% on subsequent nourishments. The cost share for storm damages is 100% federal. Currently we pay 75% fed/25% local if funding is available.

The approved plan is known as the National Economic Development (NED) plan. It consists of construction of a 15-foot North American Vertical Datum 1988 (NAVD) dune and top width of 15 feet beginning at the northern end of the project and extending southward along the beach for 16,530 feet in length. This varies from one to two feet higher than what was placed on the beach after Hurricane Irma. This dune will be fronted by a berm (the beachfront) at an elevation of 7-feet

NAVD 88, which is consistent with the height of the beachfront as it is now.



The first 7,740 feet (blocks 1-9) of berm would have a width of 75 feet. The width would taper to 50 feet over the remaining length of the berm. The width of each end of the berm would taper to match the existing beach profile. Beginning at the southern end, the dune would transition to an elevation of 14 feet NAVD 88 and a top width of 15 feet that extend around the end of the island for 5,290 feet (Block 33 to end of island at Bay Point). No berm would be constructed in front of this dune because the existing beach profile provides an adequate berm. The groins have already been lengthened and would not be included in this storm reduction improvement. Houses built to code have the first level of living area above this elevation and should not have blocked views. Markers showing dune heights will be placed at beach accesses for reference.

The initial project included the inlet reach and the Town has asked this be removed. The groin portion of the project as initially proposed was completed by the Town in 2017. All beach accesses in the proposed project area have been marked with a line showing dune height.

Water Improvement Project

The Town of Edisto Beach water supply comes from groundwater wells in the Santee Limestone aquifer. This water supply has elevated levels of chloride, fluoride, and sodium concentrations that affect taste and may cause corrosion in the distribution system and residential plumbing and appliances. The water improvement project was implemented to reduce the mineral content in the water and provide adequate supply to meet high seasonal demands during the summer tourist season which far exceed the demands during the winter months. The project consists of combining reverse osmosis water treatment with additional supply and storage to resolve the dual problems of water quality and water supply.

The project site is located at 2502 Lee Street. Three new 10-inch wells approximately 580 feet deep with submersible pumps, variable frequency drive motors and transmission lines connecting the three wells to the water improvement facility have been installed. The plant will house three reverse osmosis treatment skids each with a permeate capacity of 320 gallons per minute for a combined treatment capacity of 1,200 gallons per minute, including a 20% blend with raw well water, chemical systems, motor control center, emergency generator, high service pumps, control room including a supervisory control and data acquisition (SCADA) computer control system, office and restroom. The water treatment discharge line consists of approximately 1,900 feet of line into the Atlantic Ocean and is marked with a buoy. A concrete clearwell has been constructed under the treatment plant building to provide additional storage of 300,000 gallons. Automatic control valves will be installed on the fill line of both the existing elevated storage tank and the ground storage tank to control the filling of the tanks for water demand.

E-1 Ladder Truck Refurbishment

May 29, 2019 marks the first day of a 100-day project to refurbish and rebuild components of the Town's E-One Ladder Truck. A 75' Quint truck has been loaned to the Town by the firm refurbishing the E-1. Earlier this year, Town Council approved the refurbishment and rebuilding of the Town's ladder truck in order to extend its usable life and provide maximum value to the citizens it serves. The price of the project is \$262,273.

Hurricanes

The Town continues to work with the Federal Emergency Management Agency to obtain reimbursements and closure of projects. To date one project has been closed.

Budget Highlights

Budgets

General Fund	5,273,460
Water Fund	1,445,784
Sewer Fund	607,300
Civic Center Fund	74,147
Total	7,400,169

Some factors impacting the budget are:

General Fund Revenues:

- The Town’s total millage rate is increasing by .36% from 23.44 to 23.52 mills. This was a banked millage cap that expires this year.
- Requested additional funds from Colleton County for municipal aid (\$24,700) and fire services (\$15,000). This request was not approved.
- Most FEMA funds have been reimbursed. The State has appropriated funds for reimbursement of the local cost share for Hurricane Florence.
- Adjusted Ocean Ridge Security Services to include Police salary adjustments and benefits.
- Adjusted Garbage User Fees for new rates and included rollback costs.
- Tourism Taxes continue to fluctuate depending on businesses in operation.
- New construction continues to trend upward as well as property values.

General Fund Expenditures:

- A 2.0% increase in retirement contributions is included to offset pension liability. 1% is being covered by the State.
- Health insurance was increased by 5%.
- 2% increase Administrative Manager
- 2% increase Police Chief/add Corporal Rank and adjusted pay
- An Assistant Fire Chief position has been added to address Fire Department succession plan
- Balanced replacement schedule to reflect actual funds

General Fund Service Changes	Amount	Account
ADM-Salaries Adjust Adm. Manager Salary 2%/remove finance position that was included for COOP training	(69,172)	4100-1010
General Govt Other-Capital Improvements (Listed in the next table)	250,000	4110.6500
General Govt Other-Replace 5 laptops/1 notebook/2 iPad	11,000	4110.6310
Police-Promotion of one officer to Corporal/Chief 2% increase	4,575	4200.1010
Fire-Added Assistant Fire chief	49,000	4700.1010
Building-Added notebook for field work	1,300	4800.9080
Total	246,703	

Capital Projects

FD-Remodel (PYF)	60,000
------------------	--------

Town of Edisto Beach, South Carolina

FY 2019-20 Budget

FD-Hydrants Ice Blasting and Painting 20 Hydrants (PYF)	13,000
ADM-Bike Path Repair (PYF) (Grant Match)	85,000
ADM-Phone System (PYF)	12,000
ADM-Architectural Plan Town Facility (GF) (For next CPST round)	50,000
PW-Arc/Billow Street Engineer Study (PYF)	30,000
ADM-Turtle Safe Lighting (Phase 2) GF	0
PW-Yacht Club Drainage (Staff)	0
Total	250,000

PYF-Prior Year Funds

GF-General Funds

CPST-Capital Project Sales Tax

The volunteer fire department voted to appropriate \$50,000 for the fire station remodel.

Prior Year Funds

General Fund	3,774,263
Water Fund	1,284,640
Sewer Fund	704,298

Contingencies

General Fund	110,194
Water Fund	142,263
Sewer Fund	36,609

General Fund & Special Appropriations:

Item	Amount	Fund
Chamber Marketing	50,000	ATAX 65% PY
Beach Patrol	9,500	ATAX 65% PY
Beach Patrol Code Enforcement	21,242	ATAX 65% PY
Beach Patrol	1,787	ATAX 65% PY
Heritage Building	17,232	ATAX 65% PY
Cookin on the Creek	4,792	ATAX 65% PY
Beach Preservation (PY)	1,128,774	Local Accommodations PY
Beach Preservation	200,000	Local Accommodations
Burley Lyons Park	2,875	
Bell Bond Debt	175,000	Local Acc. Fund \$50,000 ATAX PY Encumbered \$50,000 Hospitality Funds \$25,000 General Fund \$50,000
General Fund (Tourism related)	100,000	Local Accommodations
Hurricane Florence Report	11,000	Local Accommodations PY
Beach Monitoring (2 Years)	50,634	Local Accommodations PY
Groin Repair Monitoring	48,486	Local Accommodations PY
Watersport Shark Tournament	2,000	Alcohol Permitting PY
Billfish Tournament	10,000	Alcohol Permitting
Shag Fest	10,000	Alcohol Permitting
Cookin on Creek	15,000	Alcohol Permitting

Town of Edisto Beach, South Carolina**FY 2019-20 Budget**

Code Red	5,000	Hospitality
General Fund (Tourism Related)	100,000	Hospitality
Sign Branding	15,000	Hospitality
Refurbish 1999 E-1 Ladder Truck	262,723	Vehicle Equipment Fund PY
Replace Kubota	12,500	Vehicle Equipment Fund
Replace 2010 Ford F-150	21,723	Vehicle Equipment Fund

Water Fund

1. The water rates were increased by 15% in May 2019 to fund the Series 2017 bond issue. The first increase was May 2017. The need to increase the rate by 15% was verified by a rate review.

Sewer Fund

1. The sewer rates were not increased in FY 2018-19.

Water and Sewer Fund Capital Improvements, New Services, Other

Service	Amount	Funding Source
Arnold Ellison	26,088	Water R & R PY
ESP Specialty Inspections	16,361	Water R & R PY
American Engineering Rate Study	10,000	Water R & R PY
81 Gun Bluff	10,800	Sewer R & R PY
Lift Station Pompano	46,000	Sewer R & R PY
Lift Station C	35,000	Sewer R & R PY
Aerators Wastewater Treatment Facility	6,000	Sewer R & R

The Town of Edisto Beach has made remarkable progress completing major projects regardless of being impacted by three repetitive Hurricanes.

Our accomplishments can be attributed to the hard-work and due diligence of our excellent staff who work for and serve the community known as Edisto Beach. This includes those who volunteer to serve on boards and committees and those who challenge us to look beyond the obvious to solve the challenges of the Town.

This coming year, we plan to move out of recovery mode and begin working on long overdue maintenance and new projects that have been placed on hold. We are excited by the future of Edisto.

I am extremely grateful for the opportunity to work for the Town of Edisto Beach and serve the citizens of Edisto Beach.

Respectfully,

Iris Hill
Town Administrator