

TOWN OF EDISTO BEACH Annual Budget 2020-21



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Town of Edisto Beach, South Carolina

Mayor



Jane S. Darby

Town Council



**Mayor Pro Tempore
Crawford Moore**



**Council
Susan Hornsby**



**Council
Jerome Kizer**



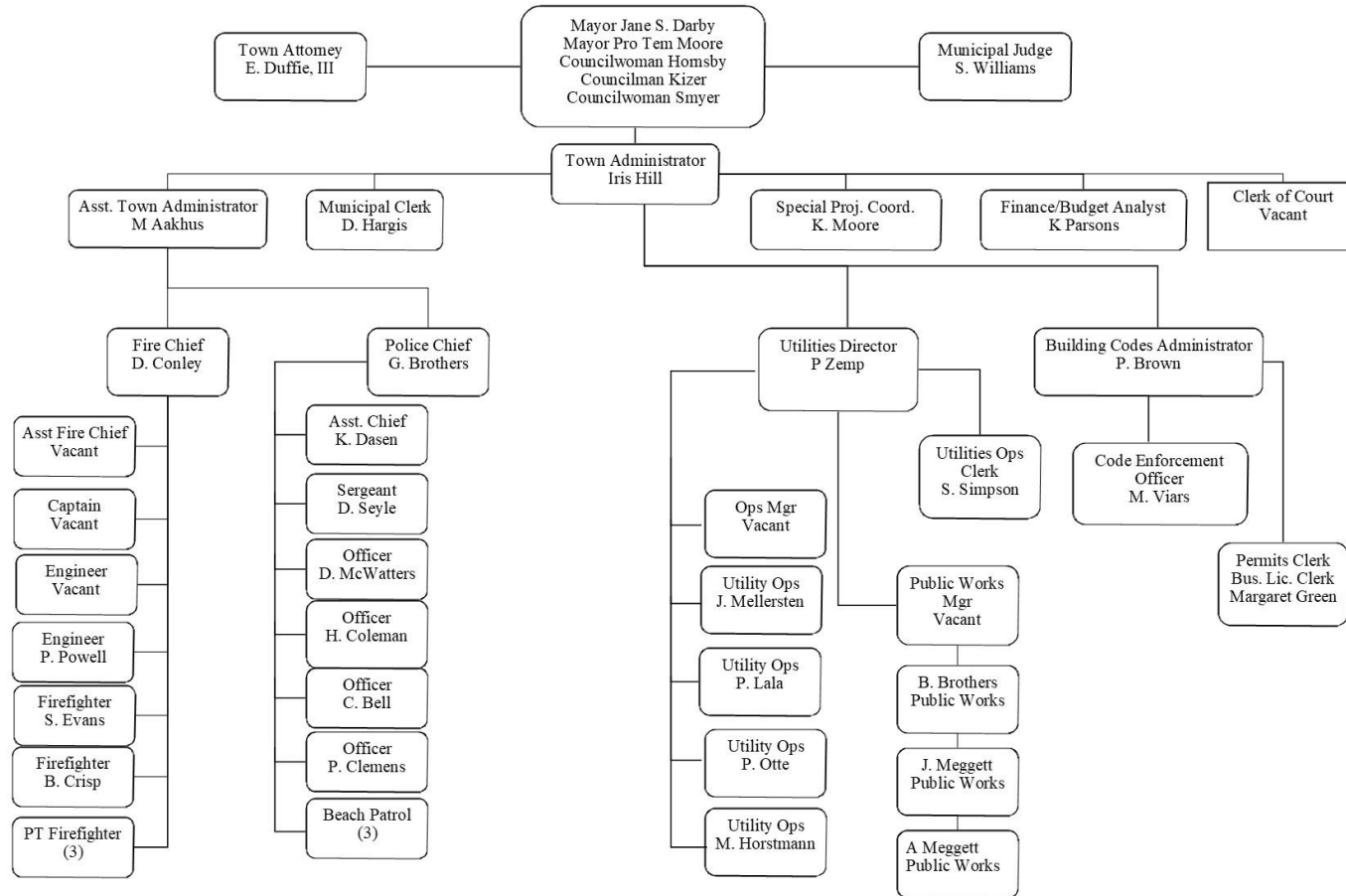
**Council
Patti Smyer**

Organizational Chart

Town of Edisto Beach

ORGANIZATIONAL CHART

06/08/2020



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, 2020

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 2020-21 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, unfunded mandates (pension liabilities), and impacts from Covid-19 guides us to proceed with caution.

The budget for all funds is \$7,686,245 including a General Fund budget of \$5,473,150. This represents an overall budgetary increase of \$178,047.00 (2.37%) and a General Fund increase of \$102,303.00 (1.90%) from the amended FY 2019-2020 operating budget.

The budget includes a millage adjustment. The current millage is 23.52 and the adjusted millage rate is 24.07. Real property assessments are \$54,210,801. One mill equals \$54,210.

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 Actual	\$5,434,191	\$1,346,805	\$609,997	\$85,489	\$7,476,482
FY 2019-20 Amended	\$5,370,847	\$1,448,404	\$614,800	\$74,147	\$7,508,198
FY 2020-21 Proposed	\$5,473,150	\$1,501,238	\$629,260	\$82,597	\$7,686,245

In January 2020, Town Council held a planning retreat to set goals that guide Town Services. These goals are listed on page 9.

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.
- ❖ **Recession.** The current recession is the shortest and deepest on record. It is expected to be followed by an extended recovery before the economy manages to regain its pre-pandemic levels of production and employment.
- ❖ **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 2020-2021 is 1.9%.
- ❖ **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 most 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 go 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.

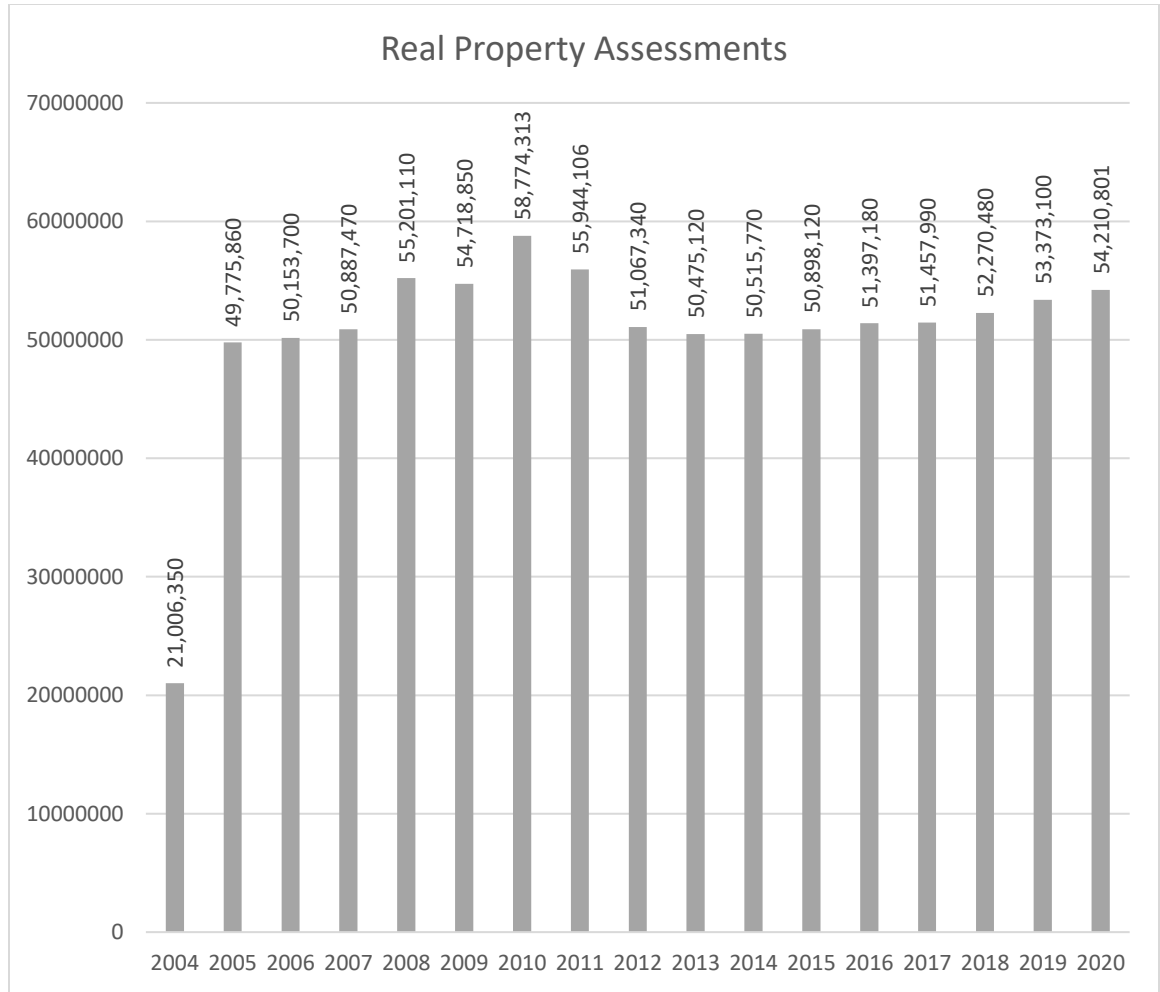


Figure 1. Assessments (Real Property)

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, 2019 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, on additional carts only, were increased this year. The solid

waste rate for each homeowner remained at \$299.00 per year and additional cans increased from \$105.50 to \$179.00 per year.

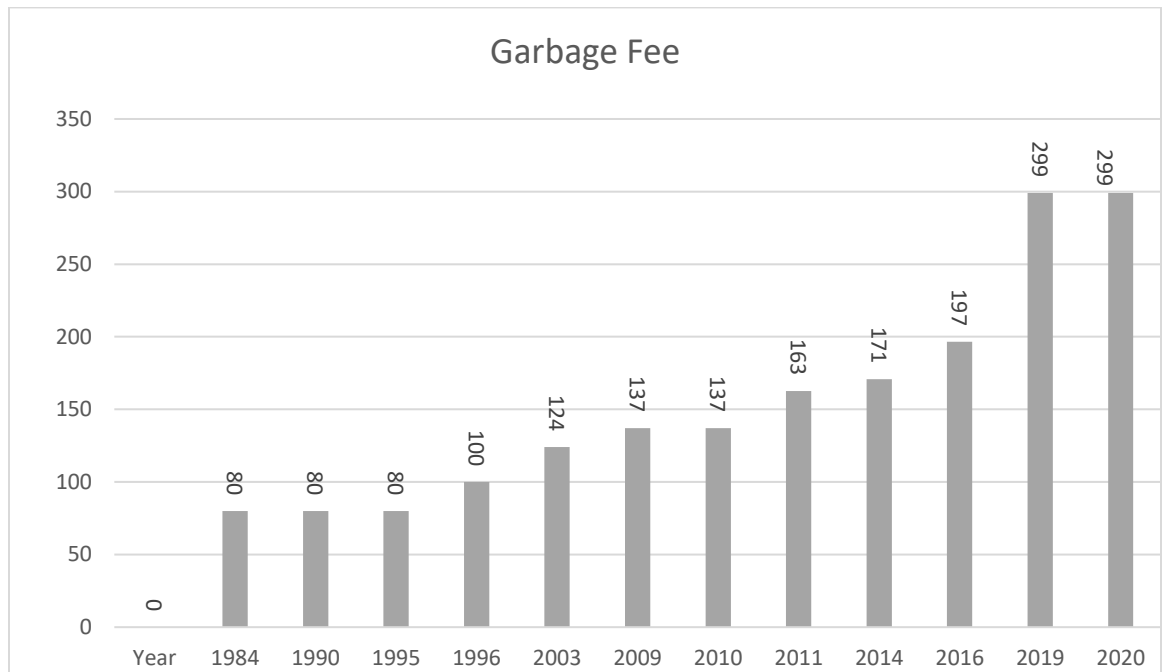


Figure 2. Garbage Fees

- ❖ **Wage adjustments.** Step increases for additional certifications (that are job applicable) are built in and management encourages staff to utilize continuing education. Other increases were merit based.
- ❖ **Employee benefits.** We are in the fifth year of a seven-year adjustment in the South Carolina Retirement employer contribution rates. The General Assembly waived the increase this year due to COVID 19.
- ❖ **Unfunded Pension Liability.** In FY 2020-21, the Town included an unfunded retirement liability of \$2,999,645 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, an accountant has been working with staff on accounting principles. An assistant Fire Chief position was added to the budget last year to provide continuity of operations in the Fire Department but has yet to be filled.
- ❖ **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. Phase 2 is scheduled to begin in June 2020 and will consist of piloting three different types of lighting to determine which works best

for the Town. Town Council also passed a plastic bag ban that was implemented on January 1, 2020.

- ❖ **Beach Access / Parking.** The Town has installed parking wheel stops at several beach accesses and will continue this effort of delineating parking spaces to ease congestion and unsafe parking habits. The Town will also be designating golf cart only parking areas within existing beach accesses to maximize both vehicular and golf cart parking.
- ❖ **Policy Updates.** Over the next year Town staff will be reviewing and updating the personnel manual and the Police and Fire Standard Operating Guidelines. New policies will cover virtual meetings, telework, and managing pandemics.

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. This is also the closer beach to communities such as Summerville and Walterboro. The Town is using photometrics to better assess tourist numbers and on-street and off-street parking. Day visitors present a unique issue 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 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 consider a partnership with the United States Army Corps of Engineers (USACE) as a future funding mechanism. If this does not come to fruition, some alternate method of funding will need to be identified. Most previously used funding avenues are no longer offered. Specifically, the concern with the USACE project is having the financial capacity to provide the required 35% initial match. The USACE has offered to loan the money to the Town at a variable interest rate for a to be determined number of years. Another funding source option could be accessing a debt millage to pay off borrowed funds. The Town is requesting more time from the USACE to consider funding alternatives.
- ❖ **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 awarded a contract to an engineering firm to complete a study on the Billow/Arc Street drainage system to determine a corrective solution. The Utilities department plans to develop a routine stormwater maintenance program, lagoon management program, unpaved road clearing and filling schedule and bike path maintenance program.
- ❖ **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. The Town has recently partnered with South Carolina Sea Grant Consortium, the University of South Carolina, and the

College of Charleston to conduct a sea level rise adaptation report. This report, which includes a vulnerability, consequences, and adaptation public planning session (VCAPS) and tidal GIS data is expected to be complete this fiscal year.

- ❖ **Sewer Upgrades.** The Town continues to battle issues with Lift Stations A and B during heavy use periods or rain events. One or both stations will need to be connected to the wastewater treatment facility by force main which will be costly. American Engineering is currently gathering information to propose updates to the system.
- ❖ **Town Hall Complex.** Town Hall office space and parking are inadequate. Coast Architects have been awarded a contract to conduct a phase one conceptual design which will be presented to the Colleton County Capital Sales Tax Commission for consideration.
- ❖ **Parks, Recreation and Trails Master Plan.** The Town has been awarded grant funding to conduct a Parks, Recreation and Trails Master Plan and has selected Toole Design firm to conduct the plan. Components of the master plan project include an existing conditions inventory and analysis, a public participation and visioning workshop, stakeholder interviews, open house, park and Tract M design concepts, wayfinding signage recommendations, bike trail and beach access point recommendations and a phasing and implementation schedule.

Basis of Budgeting

All 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 \$912,191.

We have a balanced budget with an anticipated fund balance of \$4,217,933.

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.

A (COLA) was implemented in February 2020, with a 2% increase. Salary adjustments for performance are included in this budget.

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

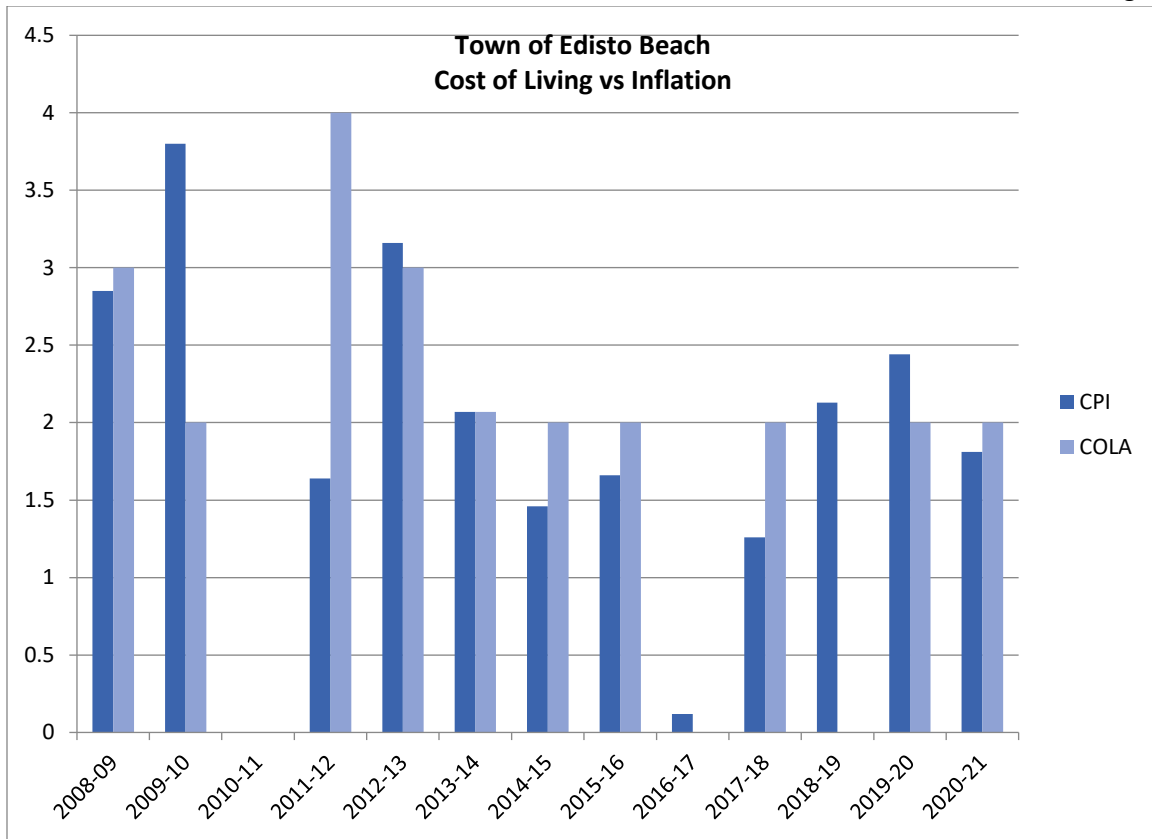


Figure 3. Cost of Living versus Inflation

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 2021, health insurance costs will increase by 5% to \$554.42/month. 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 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.

The Town keeps citizens and visitors updated on events and news happening on Edisto Beach through the website, www.townofedistobeach.com. The Town is constantly monitoring the pulse of Edisto Beach to determine what services are needed and where improvements can be made. CodeRED from Onsolve is a critical component during severe weather events and is utilized to keep residents apprised of emergency situations and support services. After obtaining feedback from the public, the Town’s website has been updated.

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 projects such as beach access and park improvements. Grant opportunities continue to be aggressively pursued by all Departments.

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
Building Department	US Dept of Interior and US Fish and Wildlife Svc.	Turtle Friendly Lighting	\$50,000	\$0
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		\$105,500	\$19,875

Millage rate

The millage rate increased from 23.52 mills to 24.07 mills using 0.55% 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 1.81% from Calendar Year 2019 to Calendar Year 2020. The population of Edisto Beach increased by 0.25%. Adding these two components together yields a millage cap of 2.06% 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
FY 20-21	23.52	1.81	0.25	2.06	-0.55	8.31

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 0.02407
<hr/> Town Taxes	<hr/> \$529.54

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.

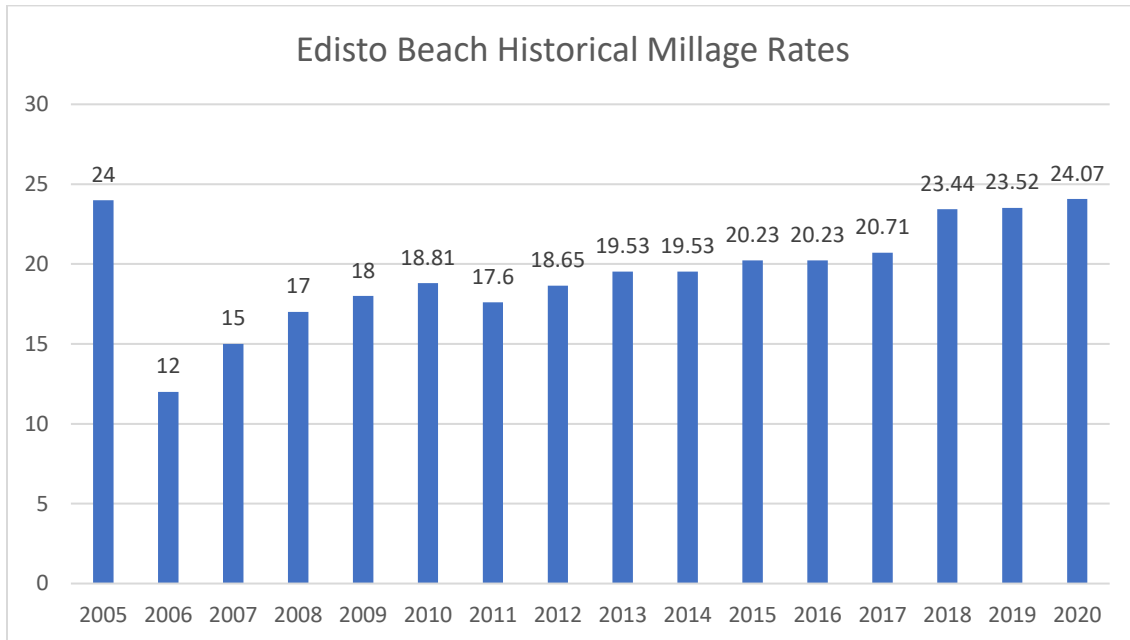


Figure 4. Historical Millage Rates

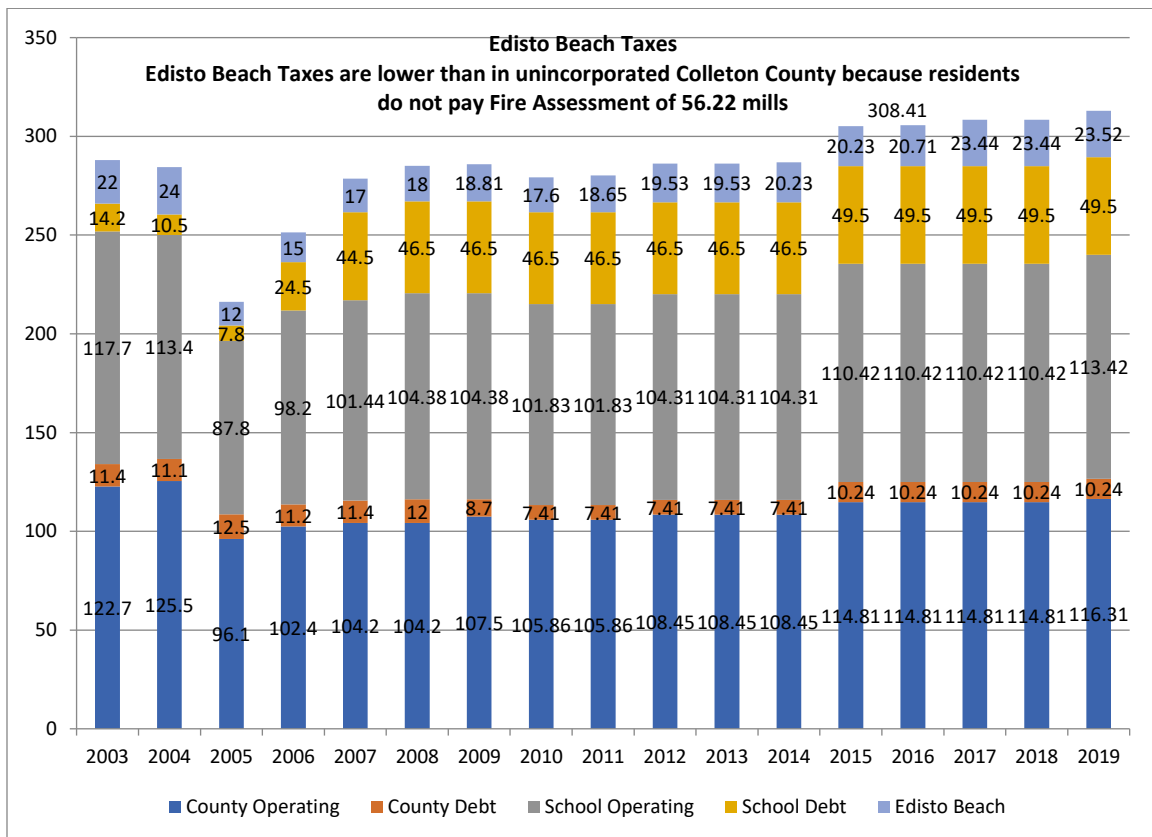


Figure 5. Historical Tax Rates

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 following this policy with a balance of \$912,191. The fund balance as of May 30, 2020 is \$4,193,422.

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 Town 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 \$7,962,944 are invested in the South Carolina Local Government Investment Pool (LGIP) which yields a higher interest rate. The current interest rate is 1.0014%. 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 1.00%, below last year's rate of 2.45%. The rate in 2008 was 2.8%.

LGIP Monthly Rates

Month	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
July	0.28	0.71	1.08	2.07	2.41
August	0.30	0.70	1.06	2.10	2.27
September	0.35	0.78	1.08	2.09	2.17
October	0.40	0.77	1.10	2.26	2.07
November	0.39	0.78	1.12	2.31	1.92
December	0.49	0.86	1.24	2.39	1.84
January	0.57	0.90	1.35	2.43	1.80
February	0.63	0.92	1.44	2.43	1.74
March	0.70	0.97	1.68	2.47	1.58
April	0.67	1.01	1.88	2.45	1.39
May	0.69	1.01	1.94	2.53	
June	0.70	1.07	2.01	2.50	

Figure 6. 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 2020-21 are \$5,473,150, a 1.9% increase from the FY 2019-20 amended budget. Despite budgeting a 5% decrease in accommodations tax revenue and a 10% decrease in hospitality tax revenue due to the uncertain financial impacts of Covid-19 over the next year, anticipated revenues still increased due to property tax revenue, garbage user fee increases, and anticipated proceeds from the sale of a piece of equipment. All other revenues remained 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.

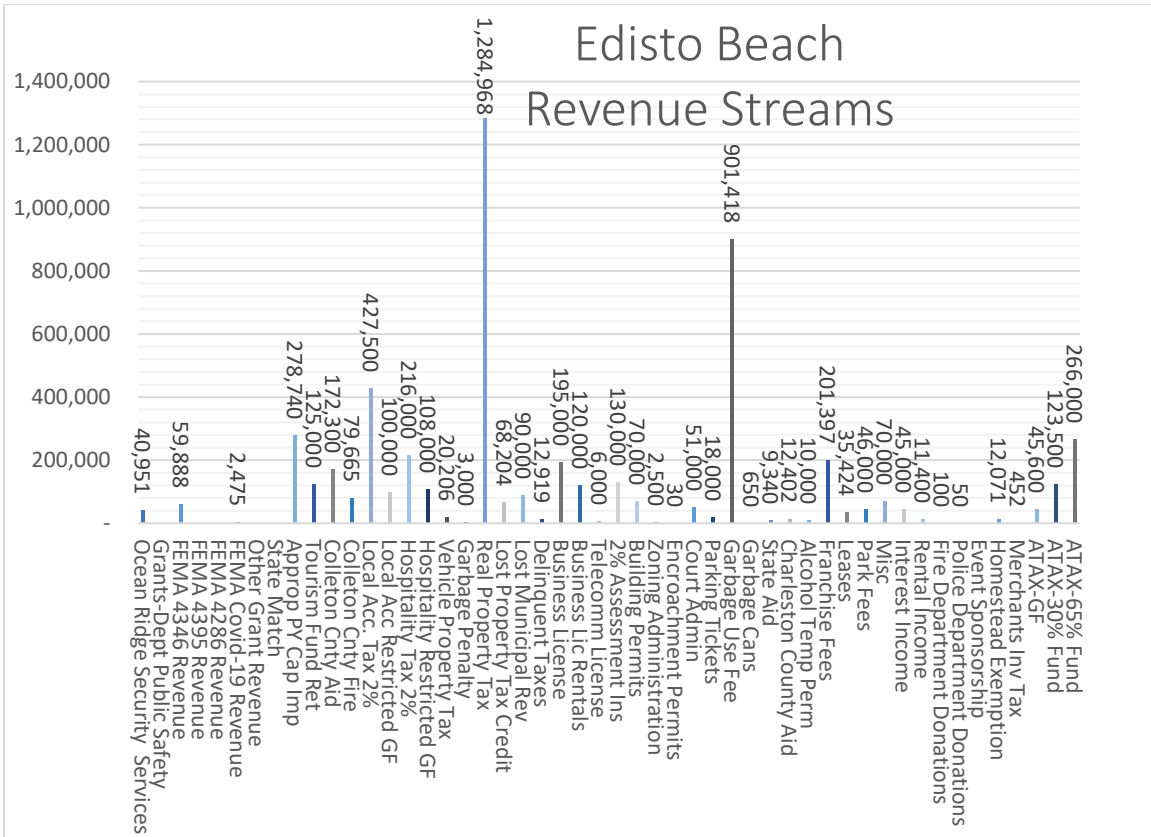


Figure 3. Revenue Streams

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.

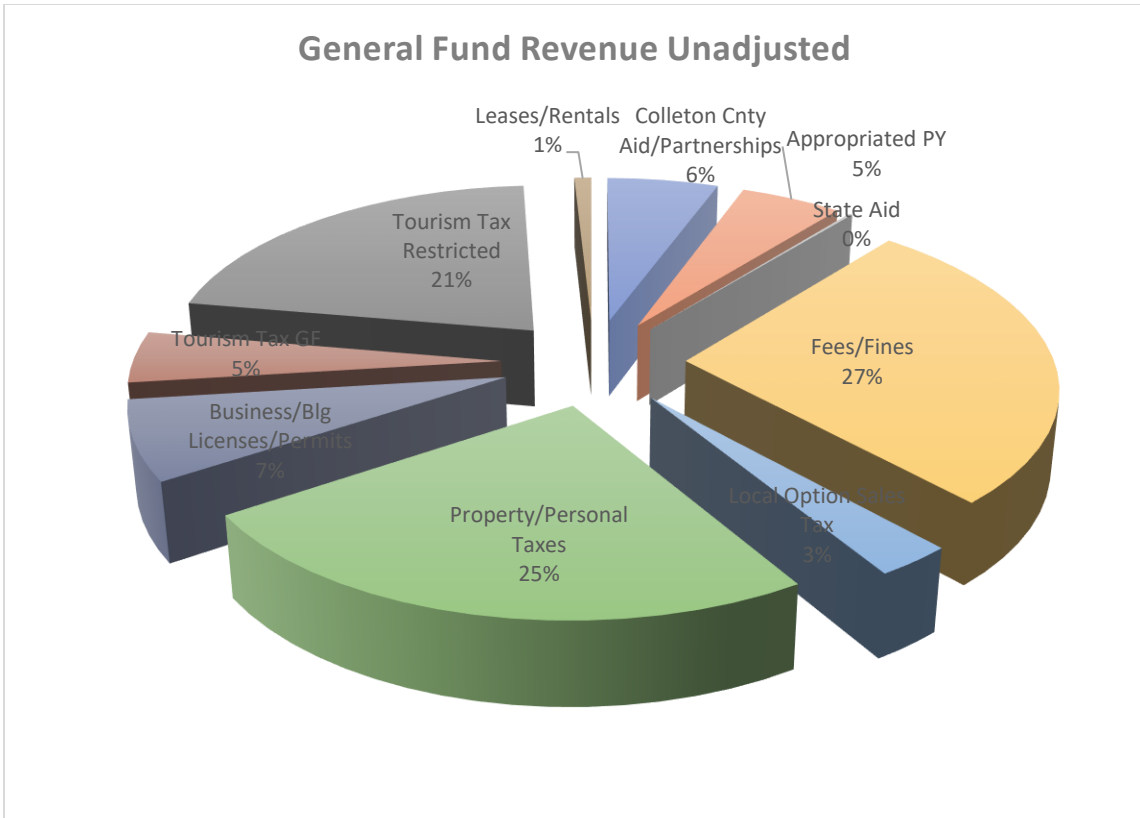


Figure 4. Unadjusted Revenue

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 can be used for operational purposes.

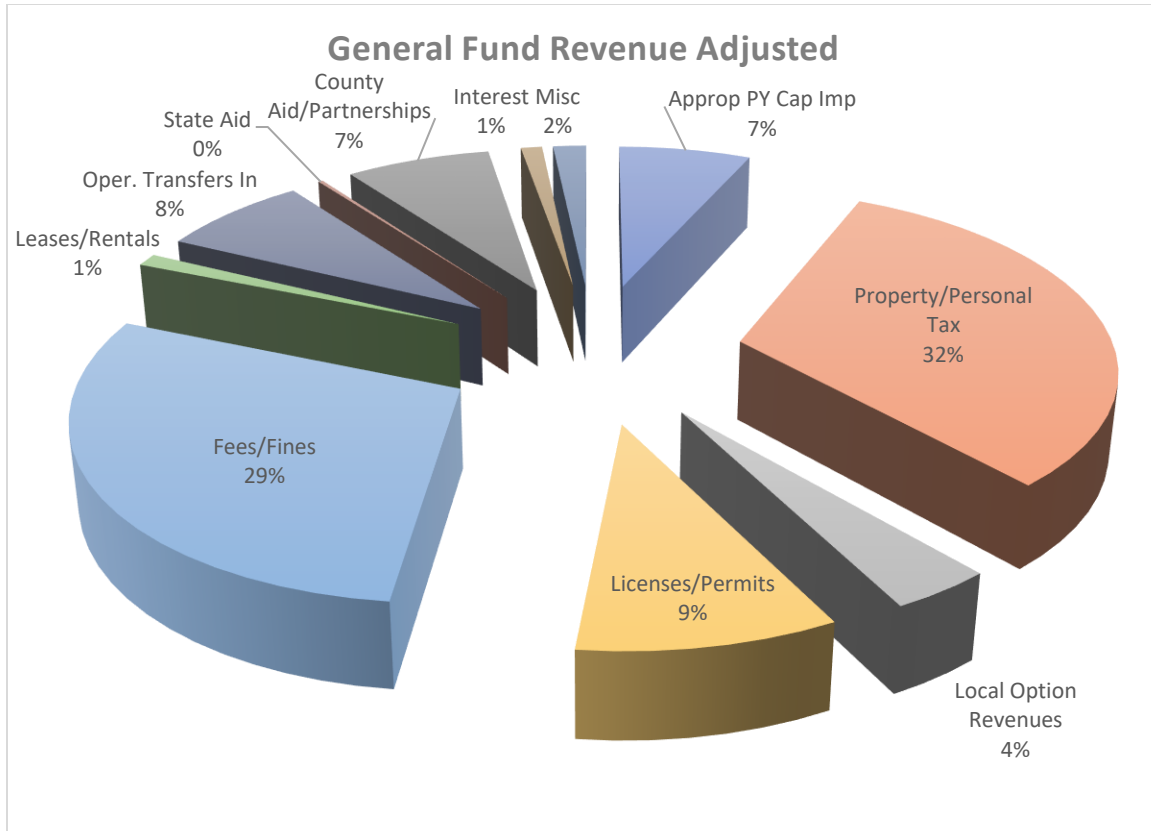


Figure 5. Adjusted Revenue Sources

Taxes known as ad valorem property taxes collected on real estate, personal property and vehicles account for 32%, or most of the general fund revenues, followed closely by fees and fines which substantially increased this year. Business licenses and building permits account for 9% of the general fund revenues which is less than last year. Operating transfers in account for an 8% 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, however this year might be an exception due to the uncertainty of Covid-19.

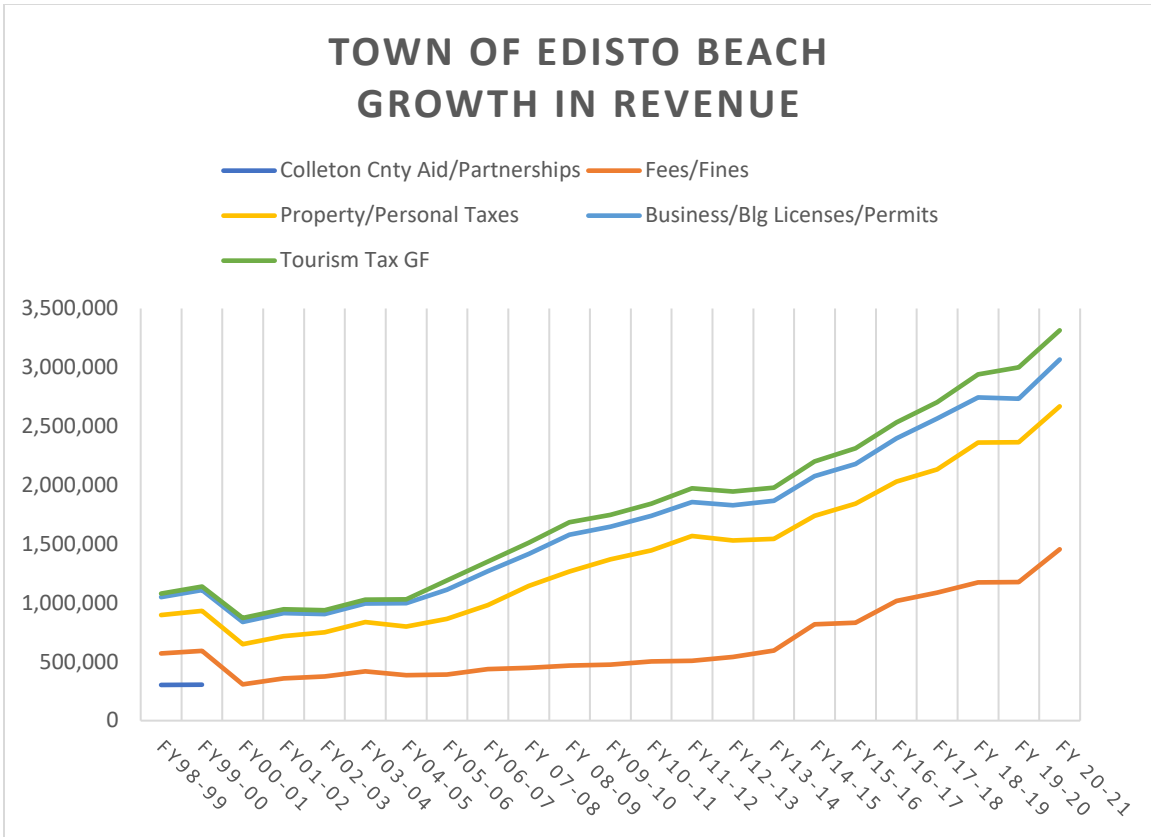


Figure 6. Growth in Revenue

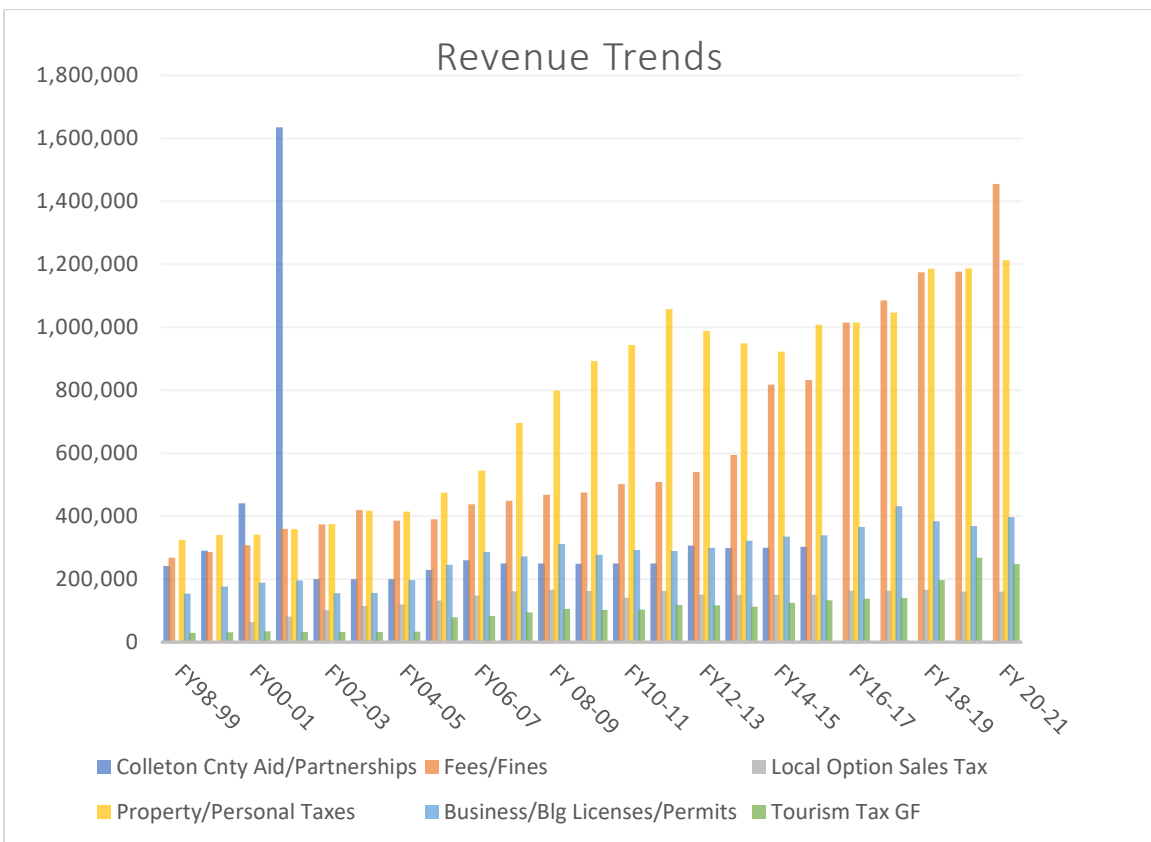


Figure 7. Revenue Trends

The Revenue line items are described in greater detail below.

Table 5. General Fund Revenue (Increase/Decrease)

	14-15	15-16	16-17	17-18	18-19	19-20	20-21	20-21
Revenue	Five Years	Four Years	Three Years	Two Years	One Year			
	Prior	Prior	Prior	Prior	Prior	Last Year's	Proposed	Increase
	Actual	Actual	Actual	Actual	Budget	Budget	Budget	(Decrease)
Grant DPS	-	-	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	-	59,888	59,888
State 4346-Revenue	-	-	-	-	148,932	-	-	-
FEMA 4394 Revenue	-	-	-	-	33,771	-	-	-
State 4394 Revenue	-	-	-	-	11,257	-	-	-
Covid-19 FEMA	-	-	-	-	-	-	2,475	2,475
SCDOT Revenue	-	-	-	-	-	-	-	-
Ocean Ridge Security Services	36,503	36,568	36,642	36,642	37,500	40,951	40,951	-
Approp PY Capital Improve	-	-	-	-	-	200,000	278,740	78,740
Tourism Fund Bond Retire	125,000	125,000	125,000	125,000	125,000	125,000	125,000	-
SCDHEC Bch Monitoring	-	-	-	-	-	-	-	-
Other Grant Revenue	-	-	-	2,216	-	-	-	-
Other Donations	-	-	-	-	-	-	-	-
Colleton County Aide	172,300	172,300	172,300	172,300	172,300	172,300	172,300	-

Colleton County Fire Aide	77,300	77,300	77,300	77,300	77,300	77,300	79,665	2,365
Colleton County Beach Aide	-	-	-	-	-	-	-	-
Local Acc. Tax 2%	413,761	414,231	414,615	425,489	464,000	450,000	427,500	(22,500)
Local Acc. 2% Restricted GF	-	-	-	50,000	100,000	100,000	100,000	-
Donations Sand Fencing	-	-	-	-	-	-	-	-
Hospitality Tax 2%	174,346	186,230	193,346	203,340	240,000	240,000	216,000	(24,000)
Hospitality Restricted GF	87,173	93,115	96,673	101,670	120,000	100,000	108,000	8,000
Vehicle Property Tax	12,913	15,017	16,940	15,185	15,000	15,621	20,206	4,585
Garbage Penalty	2,296	2,678	2,726	4,900	5,000	2,500	3,000	500
SCLGAG Reimbursement	1,251	-	-	-	-	-	-	-
Real Property Tax	954,630	958,631	988,541	1,133,879	1,126,000	1,152,636	1,284,968	132,332
Lost Property Tax Credit	63,079	68,509	71,691	71,852	71,000	71,000	68,204	(2,796)
Lost Mun Revenue	87,055	94,908	91,726	94,995	90,000	90,000	90,000	-
Delinquent Property Tax	32,545	31,576	30,568	24,910	36,883	33,116	12,919	(20,197)
Business License	158,549	167,586	225,683	195,094	200,000	200,000	195,000	(5,000)
Business Lic Rentals	130,978	118,198	117,120	120,174	105,000	118,000	120,000	2,000
Telecommunications Lic	6,260	6,460	5,894	5,715	7,000	7,000	6,000	(1,000)
2% Assessment Ins. Cos	156,849	163,495	168,675	174,419	165,000	175,000	130,000	(45,000)
Building Permits	41,851	70,715	80,994	60,926	55,000	70,000	70,000	-
Zoning Administration	1,825	2,965	1,775	1,750	2,000	2,500	2,500	-
Encroachment Permits	30	15	-	-	30	30	30	-
Court Administration	23,008	50,634	51,400	65,534	50,000	55,000	51,000	(4,000)
Parking Tickets	3,125	8,763	10,995	12,275	10,000	12,000	18,000	6,000

Operating Transfer In	-	-	-	-	-	-	-	-
Garbage User Fee	379,702	478,713	557,154	599,872	607,973	856,511	901,418	44,907
Garbage Cans	1,680	1,200	6,880	560	1,000	1,500	650	(850)
State Aid	8,928	8,928	9,373	9,348	8,928	9,340	9,340	-
Charleston County Aid	-	18,000	20,161	12,402	12,400	12,400	12,402	2
Alcohol Temp Permit Fee	9,300	15,650	22,050	21,000	15,000	12,000	10,000	(2,000)
Utilities Franchise Fees	139,901	136,909	133,696	131,657	136,000	135,000	127,850	(7,150)
CATV Franchise Fee	60,093	61,266	59,754	59,422	61,000	60,000	58,000	(2,000)
ATT Franchise Fee	6,061	12,212	14,895	15,547	14,000	15,547	15,547	-
Alltel Lease	29,520	29,520	29,520	29,520	29,520	29,520	35,424	5,904
Verizon Lease	-	-	-	-	-	-	-	-
Park Fees	15,375	19,829	15,624	14,874	21,000	28,000	46,000	18,000
Misc. Income	29,101	29,712	14,209	19,556	10,000	49,700	70,000	20,300
Interest Income	6,203	14,676	21,333	46,925	76,000	50,000	45,000	(5,000)
Rental Income	10,500	9,350	10,950	11,100	11,400	11,400	11,400	-
Fire Department Donations	2,134	1,300	220	20	500	500	100	(400)
Police Department Donations	1,515	1,700	1,100	500	4,300	1,690	50	(1,640)
Event Sponsorship	2,753	5,750	5,000	7,500	-	-	-	-
Video Poster Advertising	-	-	-	-	-	-	-	-
Homestead Exemption	8,375	9,083	10,293	11,720	8,375	12,071	12,071	-
Merchants Inv. Tax	452	452	452	452	452	452	452	-
ATAX General Fund	45,961	45,022	43,992	45,145	48,000	48,000	45,600	(2,400)
ATAX 30% Fund	125,763	120,131	113,950	120,870	135,750	135,750	123,500	(12,250)

ATAX 65% Fund	272,487	260,285	246,891	261,884	294,125	294,125	266,000	(28,125)
								-
Subtotal	3,918,431	4,144,582	5,479,347	4,825,892	5,410,493	5,273,460	5,473,150	(137,033)

Property Taxes

Most 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 2020 was \$255,000 in the 4% class and \$8,074,400 in the 6% Class. This accounts for additional \$11,634 in new taxes and subject to appeal.

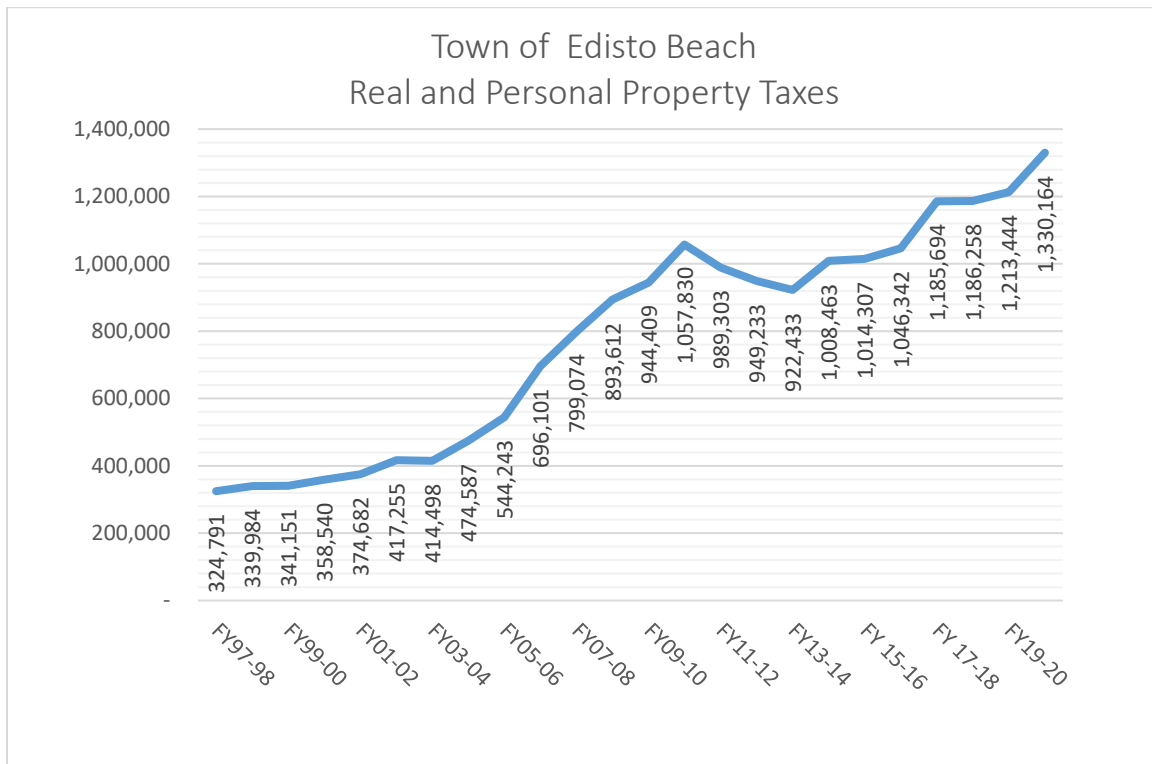


Figure 8. Property Tax Graph

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 like 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 Dominion Energy. The current electric franchise agreement expires in **2029**. Town Council voted this year to increase the electric companies franchise fee from 3% to 5% 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. To boost general fund revenues with limited sources, enterprise funds (water and sewer) often charge franchise fees or administrative fees. The Town does not currently access any franchise or administrative fee for water.

Franchise Fees on Solid Waste-The Town currently has no solid waste franchise or administration 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.

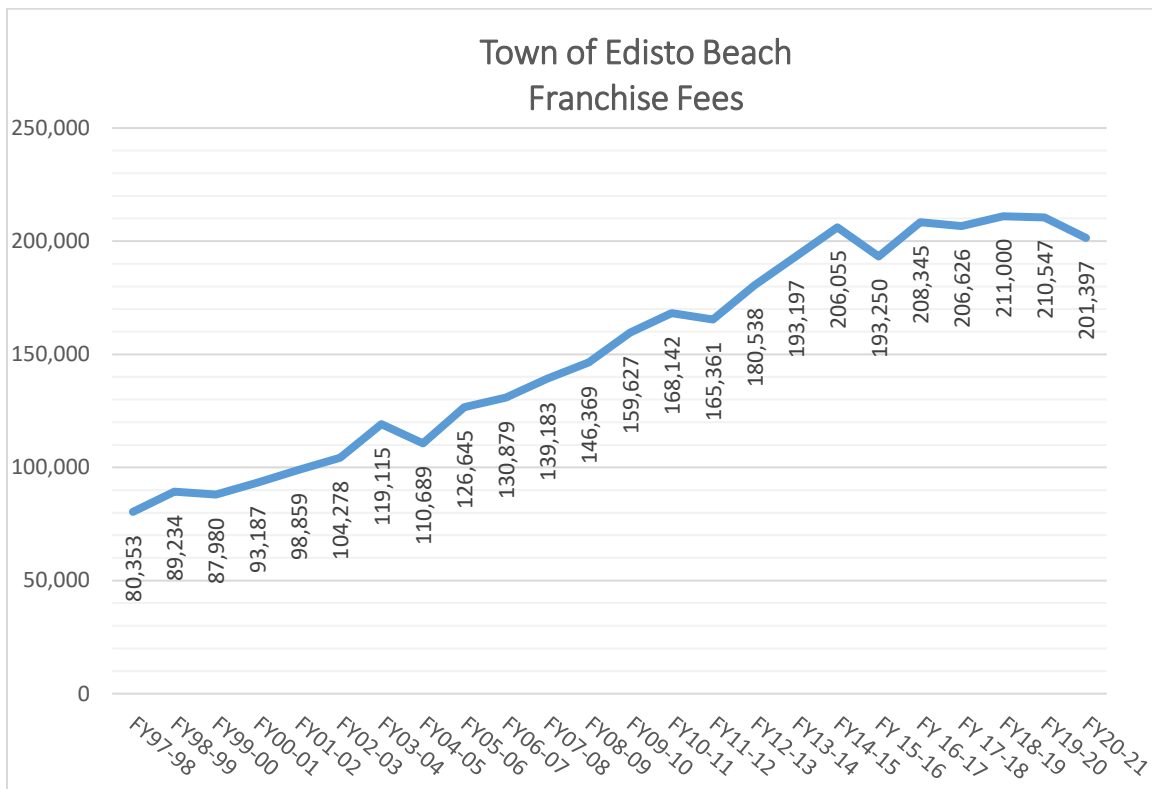


Figure 9. Franchise Fee Graph

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 \$35,424.

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 several 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 aid to governmental 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 relatively consistent.

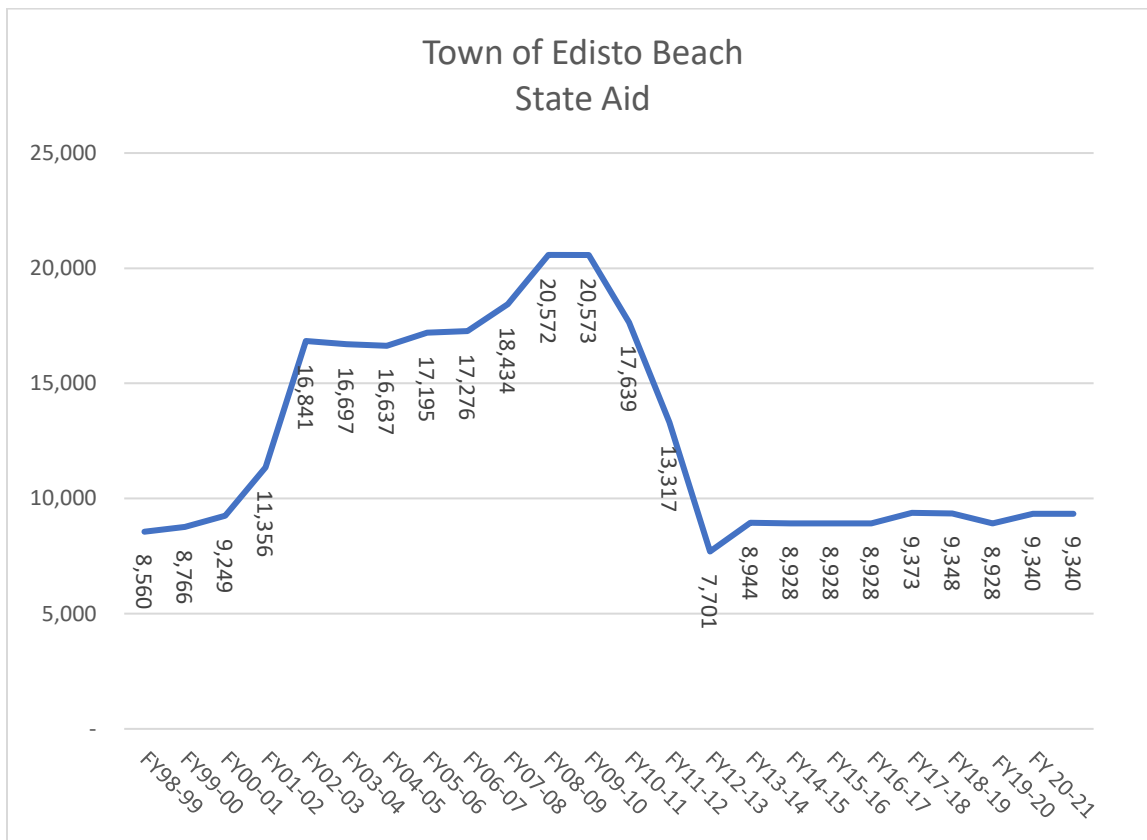


Figure 10. State Aid Graph

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.

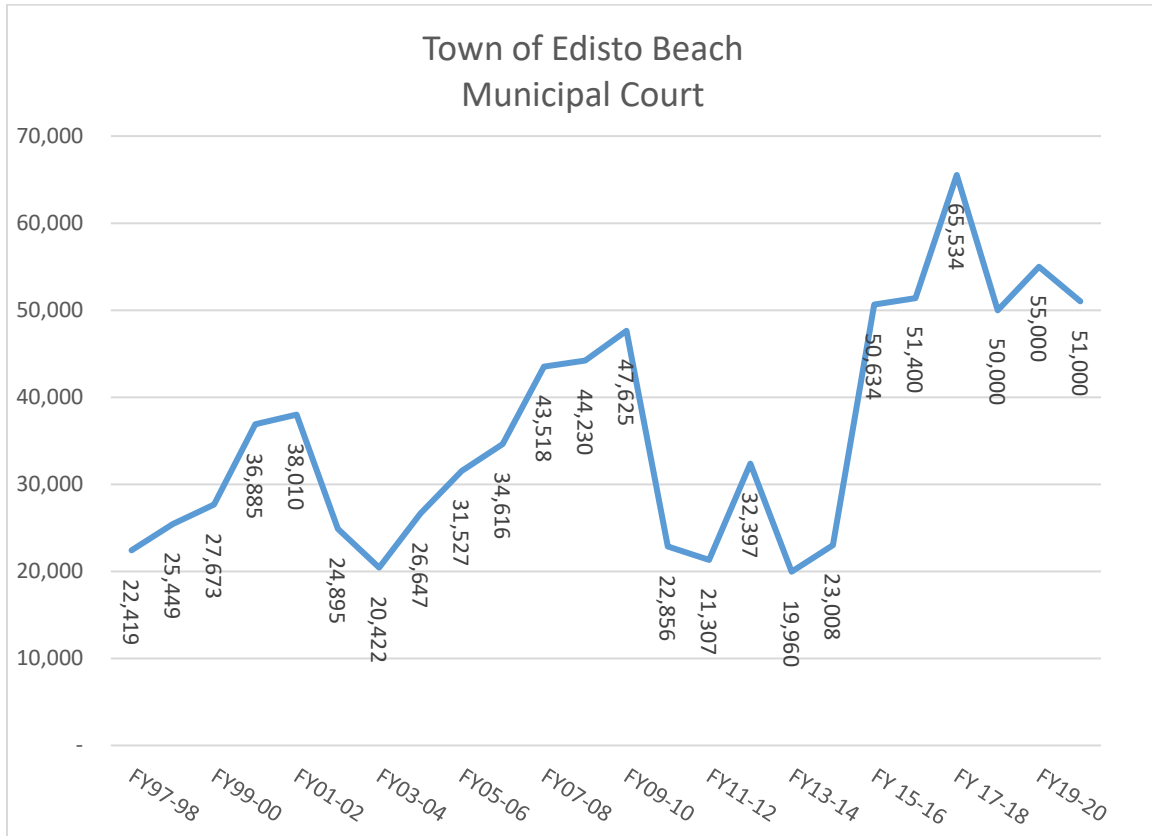


Figure 11. Municipal Court Fines Graph

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 category 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 2020-2021 totals \$5,473,150 and represents an increase of \$102,203 or 1.9% from the previous year’s amended budget of \$5,370,847. Contingency funds are \$151,747.

General Fund	Amended Budget FY2019-20	Proposed Budget FY 2020-21
	\$5,370,847	\$5,473,150
% Change		1.90%

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

Table 6. General Fund Expenditures (Increase/Decrease)

	14-15	15-16	16-17	17-18	18-19	19-20	20-21	20-21
Expenditures	Five Years	Four Years	Three Years	Two Years	One Year			
General Govt Operating	Prior	Prior	Prior	Prior	Prior	Amended	Proposed	Increase
	Actual	Actual	Actual	Actual	Actual	Budget	Budget	(Decrease)
Salaries	129,883	134,667	155,375	171,056	166,574	198,679	215,708	17,029
Salary - Water Sewer		-	-	-		-		-
Mayor - Council	7,680	9,660	12,240	12,240	12,240	12,240	12,240	-
Retirement System	14,149	14,875	16,988	19,835	22,943	34,928	35,510	582
Payroll Taxes	11,463	12,049	14,166	14,665	15,308	16,189	17,438	1,249
Deferred Comp Expense	644	644	650	674	968	1,101	3,089	1,988
Printing Office Supplies	5,225	5,803	6,695	6,861	5,580	7,000	6,500	(500)
Janitorial Service	3,296	3,392	3,191	3,474	3,239	4,000	3,500	(500)
Postage	5,628	4,681	4,024	4,074	2,838	4,800	4,800	-
Membership & Dues	2,254	2,470	2,716	3,156	2,646	3,000	2,750	(250)
Moving	-	-	-	-	-	-	-	-
Housing Allowance	-	-	-	-	-	-	-	-
Meetings & Training	9,766	9,428	16,744	16,894	18,666	17,000	13,000	(4,000)
Elec Street Lights	27,418	27,307	26,442	28,571	23,805	28,000	28,000	-
Electricity Complex	11,322	11,028	10,933	10,800	7,891	11,500	11,500	-
Telephone	9,727	6,870	10,197	10,539	11,240	16,000	14,500	(1,500)
Equip Repairs Office	-	200	-	1,149	-	500	200	(300)
Maintenance Contracts	20,266	24,568	27,125	24,842	27,088	29,725	29,725	-
VC3	41,219	37,722	40,164	51,022	65,967	61,000	69,293	8,293
Weather Software	-	-	-	-	-	-	-	-
Position Schedule Bond	-	-	-	-	-	-	-	-
Prof Fees/Audit Miscellaneous	17,575	21,585	16,777	22,590	22,995	23,742	29,000	5,258
Codification Project	2,209	5,538	2,410	4,799	5,875	4,500	5,000	500

Town of Edisto Beach, South Carolina

FY 2020-2021 Budget

Advertising/Pub Notices	1,576	2,201	2,098	1,128	720	2,000	1,000	(1,000)
Insurance General	20,375	22,665	23,448	43,731	10,167	19,889	19,889	-
Insurance Staff Health	13,114	13,493	13,849	18,590	4,206	18,828	19,347	519
Insurance Auto	500	407	399	337	403	1,510	1,510	-
Christmas Bonus	5,950	5,500	5,950	6,250	6,714	6,656	6,714	58
Bank Charges	670	614	706	601	471	700	700	-
Miscellaneous Expense	3,753	8,640	8,226	4,028	8,465	13,304	9,000	(4,304)
Drug Testing	-	420	269	261	430	500	450	(50)
Gas & Oil	889	264	277	872	733	1,000	1,000	-
Vehicle Repair/Maintenance	6,625	4,593	6,431	6,874	4,045	6,000	4,600	(1,400)
Equip /Vehicle Depreciation	11,403	11,403	4,528	9,528	12,698	12,696	12,696	-
Event Sponsorship	-	-	-	6,702	-	-	-	-
Insurance Claim Expenses	-	-	-	-	-	-	-	-
Mosquito Control	-	-	-	-	-	-	-	-
Garbage Contract	378,917	437,125	570,759	602,894	583,519	856,511	901,418	44,907
Highway 174 Litter Expense	-	3,455	11,210	13,595	12,402	12,400	12,402	2
Donations	-	-	-	-	-	-	-	-
Land Acquisition Loan	-	-	-	-	-	-	-	-
Furniture & Fixtures	-	-	-	-	-	-	-	-
Office Machines/Software	5,169	5,717	5,197	5,450	3,248	7,000	4,000	(3,000)
Building Maintenance	6,779	18,656	8,976	1,928	9,264	3,000	4,000	1,000
Property Purchase	-	-	-	180,428	-	-	-	-
Legal Fees	38,184	34,338	49,992	40,425	63,872	60,000	110,000	50,000
Bay Creek Waterfront Bond	173,505	175,925	173,000	175,075	171,925	175,075	175,400	325
Emergency Funds	3,185	4,724	996,964	276,232	373,305	40,000	5,000	(35,000)
Subtotal	990,318	1,082,627	2,249,116	1,802,170	1,682,450	1,710,973	1,790,879	79,906
	14-15	15-16	16-17	17-18	18-19	19-20	20-21	20-21
Expenditures	Five Years	Four Years	Three Years	Two Years	One Year			

Town of Edisto Beach, South Carolina

FY 2020-2021 Budget

General Govt Other	Prior	Prior	Prior	Prior	Prior	Amended	Proposed	Increase
	Actual	Actual	Actual	Actual	Actual	Budget	Budget	(Decrease)
Local Acc. Tax 2%	413,761	414,231	414,615	425,489	425,484	450,000	427,500	(22,500)
Hospitality Tax 2%	174,346	186,230	193,346	203,340	254,725	240,000	216,000	(24,000)
Police Grant Expense	-	-	18,088	-	-			-
ATAX 30% Fund	125,763	120,131	113,950	120,870	126,902	130,000	123,500	(6,500)
ATAX 65% Fund	272,487	260,285	246,891	261,884	274,954	280,000	266,000	(14,000)
Alcohol Fee	9,300	15,650	22,050	21,000	22,050	10,000	10,000	-
Professional Fees-Design	-	-	-	-	-			-
Computer Hardware/Software	13,945	12,585	13,967	11,887	8,976	16,588	4,000	(12,588)
Town Hall Renovations	-	-	-	-	-			-
Equip/Vehicle Depreciation	-	-	-	-	-			-
Palmetto Pride Grant	-	-	-	-	-			-
Coastal Access Improvement	-	-	-	-	-			-
CIP Miscellaneous	63,923	9,506	182,484	127,147	4,936	276,504	278,740	2,236
Subtotal	1,073,525	1,018,618	1,205,391	1,171,617	1,118,027	1,403,092	1,325,740	(77,352)
	14-15	15-16	16-17	17-18	18-19	19-20	20-21	20-21
Expenditures	Five Years	Four Years	Three Years	Two Years	One Year			
Police Department	Prior	Prior	Prior	Prior	Prior	Amended	Proposed	Increase
	Actual	Actual	Actual	Actual	Actual	Budget	Budget	(Decrease)
Salaries	293,164	275,592	299,873	298,467	312,154	366,138	370,643	4,505
Salaries Beach Patrol	-	2,537	4,257	3,244	(103)	-		-
Salaries Beach Code Officers					(177)			-
Retirement	38,482	36,733	41,512	43,027	50,652	69,713	67,605	(2,108)
Payroll Taxes	23,573	21,850	23,843	22,852	25,305	28,010	27,483	(527)
Sea Rescue	-	-	-	-	-	-		-

Town of Edisto Beach, South Carolina

FY 2020-2021 Budget

Deferred Compensation	735	65	65	331	485	630	770	140
Printing & office Supply	1,941	2,659	1,045	2,411	2,216	3,500	2,000	(1,500)
Janitorial Service	-	-	-	1,060	1,020	1,200	1,200	-
Membership and Dues	465	435	480	460	810	1,000	1,000	-
Meeting, training, Travel	839	(343)	1,421	1,521	935	5,000	5,000	-
Insurance General	20,525	18,642	14,270	14,346	13,064	32,032	32,032	-
Insurance Staff Health	30,164	32,552	30,755	39,922	34,392	34,518	45,142	10,624
Insurance Auto	6,491	5,970	5,402	3,761	3,604	4,402	4,402	-
Miscellaneous Expense	1,091	1,209	1,926	677	517	1,000	1,250	250
Psychological Exam	250	250	125	-	-	-	-	-
Gas, oil, minor Repair	25,797	17,438	17,645	22,270	23,334	30,500	27,500	(3,000)
Vehicle Repair and Maintenance	11,874	11,748	16,326	11,143	10,662	10,350	10,350	-
Uniforms	7,678	6,750	4,029	4,484	5,908	7,200	7,200	-
Equip/Vehicle Depreciation	65,462	54,520	76,623	85,413	76,306	88,314	89,134	820
Furniture & Fixtures	-	212	440	-	-	500	700	200
Equipment Purchases	1,782	28,566	3,220	25	(1,906)	5,000	6,500	1,500
NCIC	-	-	-	-	-	-	-	-
Pagers & Communications	6,321	5,763	5,948	6,416	6,130	5,750	6,110	360
Digital Camera System	-	2,992	2,720	3,007	3,156	3,500	3,500	-
Radio Purchase & Repair	(416)	1,865	2,017	2,304	1,721	4,156	4,156	-
Building Maintenance	363	794	98	238	405	1,500	2,000	500
Expenditures from Donation	2,225	-	-	-	3,970	1,690	50	(1,640)
Ocean Ridge Security Services	36,247	36,568	36,642	36,642	37,500	40,951	40,951	-
Subtotal	575,053	565,367	590,682	604,021	612,060	746,554	756,678	10,124
	14-15	15-16	16-17	17-18	18-19	19-20	20-21	20-21
Expenditures	Five Years	Four Years	Three Years	Two Years	One Year			
Municipal Court	Prior	Prior	Prior	Prior	Prior	Amended	Proposed	Increase
	Actual	Actual	Actual	Actual	Actual	Budget	Budget	(Decrease)

Town of Edisto Beach, South Carolina

FY 2020-2021 Budget

								-
Salaries	43,493	44,347	39,104	30,173	33,737	39,189	38,086	(1,103)
Municipal Judge Exp	6,800	6,400	6,200	6,000	6,200	7,000	7,000	-
Jury Expense	110	150	160	160	160	500	500	-
Associate Judge	-	-	-	-	-	-	-	-
Retirement	4,741	4,905	4,520	3,642	3,602	7,627	7,004	(623)
Payroll Taxes	4,075	4,124	3,712	2,949	3,451	3,533	3,449	(84)
Deferred Compensation	-	-	75	315	-	-	-	-
Membership and Dues	195	170	220	75	190	175	175	-
Meetings & Training	810	713	694	1,990	1,722	2,000	3,500	1,500
Court Adm Fees	13,920	27,374	32,254	36,719	34,717	30,000	25,500	(4,500)
Insurance General	471	375	266	460	257	300	300	-
Insurance Staff Health	5,465	5,622	5,756	6,086	5,477	6,726	6,449	(277)
Miscellaneous	363	470	391	52	1,455	1,090	700	(390)
Subtotal	80,443	94,650	93,352	88,621	90,968	98,140	92,663	(5,477)
	14-15	15-16	16-17	17-18	18-19	19-20	20-21	20-21
Expenditures	Five Years	Four Years	Three Years	Two Years	One Year			
Fire Department	Prior	Prior	Prior	Prior	Prior	Amended	Proposed	Increase
	Actual	Actual	Actual	Actual	Actual	Budget	Budget	(Decrease)
Salaries	287,692	277,112	328,252	313,720	310,250	392,929	360,238	(32,691)
Volunteer Expenses	2,700	4,000	3,700	3,700	3,700	3,649	3,700	51
Retirement	37,037	37,047	44,928	44,657	49,349	70,869	65,814	(5,055)
Payroll Taxes	23,147	22,867	26,207	25,920	25,247	3,005	26,105	23,100
Deferred Comp	-	-	-	-	-	-	-	-
Printing & office Supply	-	-	-	-	-	-	-	-
Membership and Dues	165	-	52	678	1,750	922	952	30
Meeting, training, Travel	1,734	1,471	510	15	580	2,393	2,393	-
Fire Engine Maintenance	10,854	-	-	1,176	4,304	8,679	18,387	9,708

Town of Edisto Beach, South Carolina

FY 2020-2021 Budget

Equipment Repairs	7,959	1,803	1,631	4,122	4,401	8,714	3,246	(5,468)
Professional Fees	-	-	30	965	965	965	2,540	1,575
Equipment Testing	3,711	10,015	600	7,353	10,240	17,162	10,240	(6,922)
Hydrant Testing/Maintenance	-	-	398	3,567	3,453	6,130	11,951	5,821
Physicals	7,813	4,076	5,876	232	-	800	800	-
Ins. General	20,271	17,658	16,536	13,086	11,102	22,252	22,252	-
Insurance Staff Health	19,962	16,833	29,839	30,934	31,434	43,932	45,142	1,210
Insurance Auto	7,279	6,797	6,284	5,872	6,247	5,737	5,737	-
Propane	-	-	22	18	-	100	100	-
Miscellaneous	1,655	1,482	1,614	1,872	3,896	3,787	4,187	400
Gas, oil, minor Repair	7,883	5,807	4,683	5,401	5,444	6,000	6,000	-
Vehicle Maintenance	655	587	315	2,365	2,640	1,740	1,040	(700)
Sm. Tools & Supplies	2,458	5,846	4,488	6,416	5,754	5,700	7,509	1,809
Compressor Maintenance	-	-	1,167	1,273	-	711	1,386	675
Uniforms	5,180	2,916	2,922	3,680	2,974	4,500	3,500	(1,000)
Turnout Gear	-	258	360	5,219	(1,129)	4,887	5,000	113
Equip/Vehicle Depreciation	80,410	77,006	82,180	81,700	81,700	82,300	153,969	71,669
Station Maintenance	4,846	11,086	8,563	3,021	1,487	5,041	4,073	(968)
Office Equip/Software	796	999	220	153	439	750	1,550	800
Equipment Purchases	764	910	1,066	6,647	368	2,970	10,034	7,064
Pagers & Communications	2,920	3,668	4,110	7,246	6,709	10,937	10,937	-
Radio Purchase & Repair	2,052	2,405	1,933	-	-	1,553	4,577	3,024
Subtotal	539,943	512,649	578,486	581,008	573,304	719,114	793,359	74,245
	14-15	15-16	16-17	17-18	18-19	19-20	20-21	20-21
Expenditures	Five Years	Four Years	Three Years	Two Years	One Year			
Safety & Wellness	Prior	Prior	Prior	Prior	Prior	Amended	Proposed	Increase
	Actual	Actual	Actual	Actual	Actual	Budget	Budget	(Decrease)

Town of Edisto Beach, South Carolina

FY 2020-2021 Budget

Employee Physicals	775	1,746	2,932	467	2,166	3,000	3,000	-
HBV Vaccinations	-	342	1,734	342	96	500	500	-
Flu Vaccinations	200	625	189	50	-	-	-	-
Pneumonia Vaccinations	-	-	600	2,828	-	200	200	-
Subtotal	975	2,713	5,455	3,687	2,262	3,700	3,700	-
	14-15	15-16	16-17	17-18	18-19	19-20	20-21	20-21
Expenditures	Five Years	Four Years	Three Years	Two Years	One Year			
Public Works	Prior	Prior	Prior	Prior	Prior	Amended	Proposed	Increase
	Actual	Actual	Actual	Actual	Actual	Budget	Budget	(Decrease)
								-
Salaries	84,939	90,611	92,235	124,965	121,580	99,619	96,208	(3,411)
Salary Mosquito Control	675	1,305	1,253	1,009	1,506	5,000	2,500	(2,500)
Retirement	9,200	9,916	10,559	15,133	16,301	16,497	14,970	(1,527)
Payroll Taxes	6,831	7,257	7,037	8,943	8,286	7,621	7,391	(230)
Deferred Comp	-	-	-	340	350	420	420	-
Meetings & training	-	-	-	-	-	-	-	-
Insurance General	6,055	5,755	4,817	4,585	4,032	4,698	4,698	-
Insurance Staff Health	16,391	16,863	17,321	25,832	23,747	25,104	19,347	(5,757)
Insurance Auto	1,389	938	842	710	718	814	814	-
Christmas Decorations	1,068	5,677	-	2,661	3,189	5,000	5,000	-
Miscellaneous	158	123	-	291	494	800	800	-
Gas, oil, minor Repair	6,383	4,270	4,050	4,850	7,597	8,000	8,500	500
Vehicle Repair & Maintenance	826	16	2,411	2,774	4,021	4,000	4,000	-
Equipment Repairs	3,156	1,596	1,474	3,546	4,079	5,500	5,500	-
Sm. Tools & Supplies	1,216	924	959	1,827	2,100	2,000	2,500	500
Uniforms	2,262	2,429	3,007	3,922	3,633	5,000	4,000	(1,000)
Equip/Vehicle Depreciation	28,310	28,310	21,000	19,310	19,310	12,863	20,932	8,069
Street Imp/Repairs	2,286	5,738	5,793	9,436	3,413	6,000	17,000	11,000
Street Grading Contract	6,900	10,565	4,325	8,500	10,900	14,500	14,500	-

Town of Edisto Beach, South Carolina

FY 2020-2021 Budget

Beach Access Maintenance	1,500	240	1,629	264	623	1,500	1,800	300
Mosquito Chemicals	235	5,660	6,527	8,144	68	8,000	8,000	-
Equipment Purchases	1,625	2,000	581	1,754	854	2,000	2,000	-
Public Signs	1,857	5,553	6,544	4,828	1,263	3,000	3,000	-
Parks and Recreation	20,477	19,556	26,344	30,279	3,863	5,000	5,000	-
Bay Creek Park	-	-	-	1,709	42,776	31,000	51,400	20,400
Pagers & Communications	525	617	417	1,629	1,156	1,300	2,000	700
Subtotal	204,264	225,919	219,125	287,241	285,859	275,236	302,280	27,044
	14-15	15-16	16-17	17-18	18-19	19-20	20-21	20-21
Expenditures	Five Years	Four Years	Three Years	Two Years	One Year			
Building Department	Prior	Prior	Prior	Prior	Prior	Amended	Proposed	Increase
	Actual	Actual	Actual	Actual	Actual	Budget	Budget	(Decrease)
								-
Salaries	126,766	140,793	153,149	137,546	135,028	166,537	168,454	1,917
Retirement	13,485	15,404	17,137	16,729	18,121	26,679	26,311	(368)
Payroll Taxes	9,918	11,618	12,190	10,011	10,117	12,740	12,620	(120)
Def Comp Expenses	46	343	285	156	266	350	490	140
Office Supplies	1,606	1,745	1,964	2,054	1,672	3,854	1,500	(2,354)
Memberships & Dues	642	500	810	1,192	615	800	600	(200)
Meetings & training	6,425	10,077	5,894	7,194	3,835	7,800	6,000	(1,800)
GIS	428	432	-	-	-	-	-	-
Insurance General	2,528	1,790	1,506	1,684	1,698	1,670	1,670	-
Insurance Staff Health	13,603	16,406	16,311	17,174	14,076	18,828	19,347	519
Insurance Auto	1,184	1,054	899	761	811	900	900	-
Miscellaneous	2,910	2,514	449	1,988	978	2,000	1,800	(200)
Gas, oil, minor Repair	2,508	1,418	1,589	1,599	2,083	2,000	1,800	(200)
Vehicle Repair & Maintenance	726	59	710	787	1,182	700	500	(200)

Town of Edisto Beach, South Carolina

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Uniforms	-	-	425	(51)	975	500	300	(200)
Equip/Vehicle Depreciation	2,715	7,940	7,938	8,796	9,009	9,712	9,712	-
Small Tools	185	9	-	139	120	150	100	(50)
Pagers & Communications	1,965	1,829	2,463	1,977	1,920	4,000	4,000	-
Subtotal	187,640	213,931	223,719	209,736	202,506	259,220	256,104	(3,116)
	14-15	15-16	16-17	17-18	18-19	19-20	20-21	20-21
Expenditures	Five Years	Four Years	Three Years	Two Years	One Year			
Contingency	Prior	Prior	Prior	Prior	Prior	Amended	Proposed	Increase
	Actual	Actual	Actual	Actual	Actual	Budget	Budget	(Decrease)
								-
General Gov Contingency	-	-	-	-	4,300	126,861	151,747	24,886
TOTAL	3,652,161	3,716,474	5,165,326	4,748,101	4,571,736	5,342,890	5,473,150	130,260

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

Table 7. General Fund Service Changes

<i>General Fund Service Changes</i>	Amount	Account
ADM-Adjust Asst. Town Administrator, Financial Analyst, Clerk of Court	17,029	4100 & 4300
General Govt Other-Capital Improvements (Listed in the next table)	278,740	4110.65
General Govt Other-Replace 3 computers	4,000	4110.631
Police - Increased 3 officers with dual certification	4,500	4200.101
Building - Staff certification incentive	3,732	4800.101
Total	308,001	

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	
Police-Cradle Point	6,500
ADM-ID Machine	3,415
ADM-Architectural Plan Town Facility	50,000
ADM-Wireless projector for Council Chambers	750
ADM-Fence for Convenience Station	32,000
ADM-Omni Generator Hookup	1,500
ADM-Paint Interior Town Hall and Pressure Wash	14,250
ADM-ATV Shed and Flooring	7,000
ADM-Bike Path Repair	85,000
ADM -Arc/Billow Street Drainage Engineering Study	35,000
Fire-Fire Department Remodel	43,325
Total	278,740

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 anticipates on 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 projector in Council Chambers and ID machine are dated and need to be replaced.

The Police Department needs updated Cradle Point technology to be installed in each police vehicle. This will provide in-car Wi-Fi and allow the police vehicles to be tracked by dispatch.

The chain link fence around the Convenience Station is scheduled to be replaced with a wooden privacy fence to provide a more aesthetic appeal.

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. For the Town to apply for the 2022 Colleton County capital project sales tax monies, an architectural plan is needed.

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. As part of the renovation, office space will be expanded into the truck bay area causing the ATV's to be relocated to a needed shed.

Table 9. General Fund Department Budget Comparison Graph

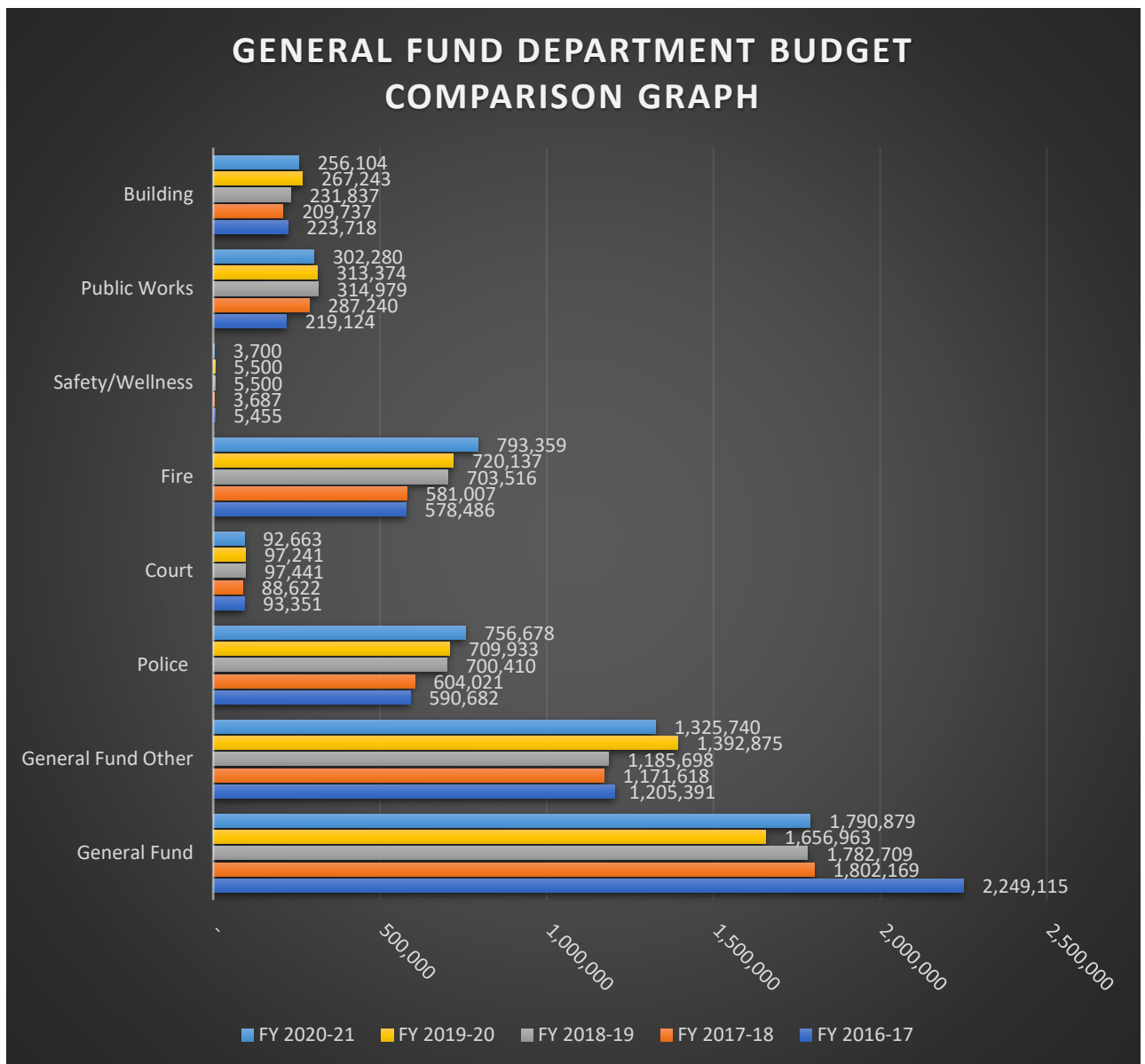
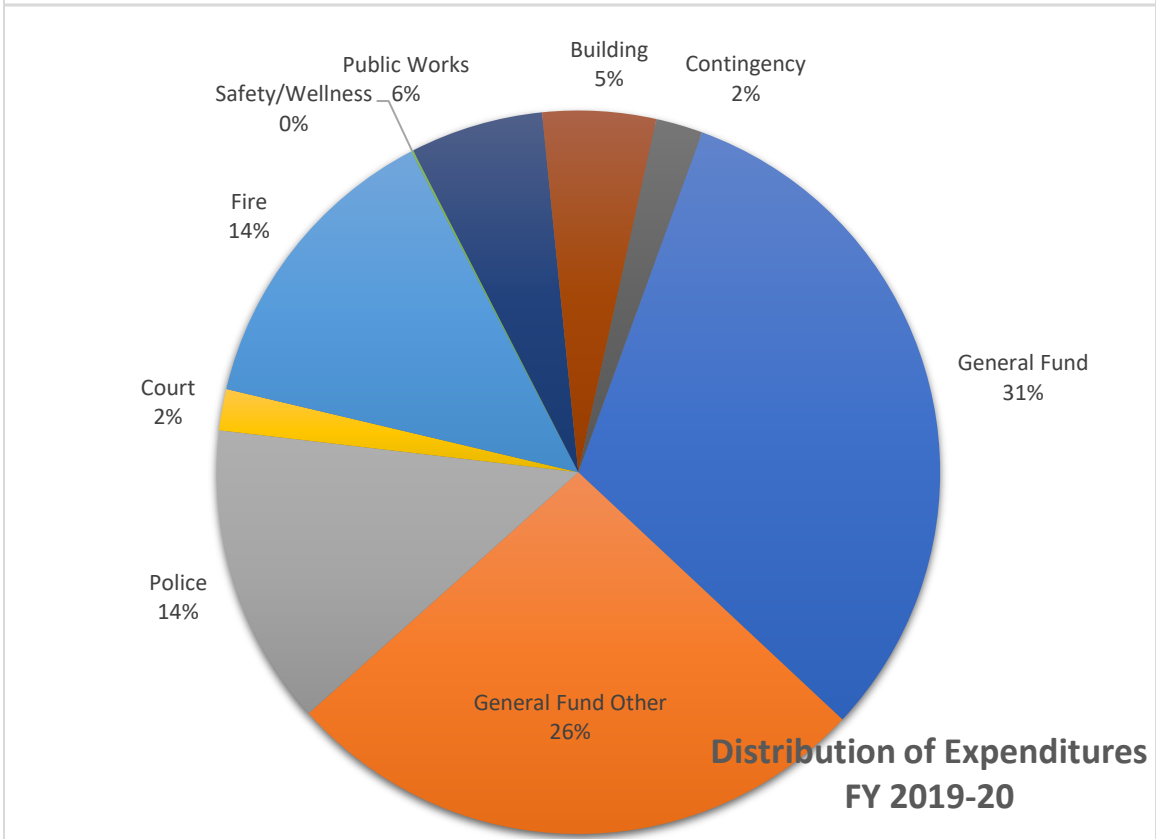
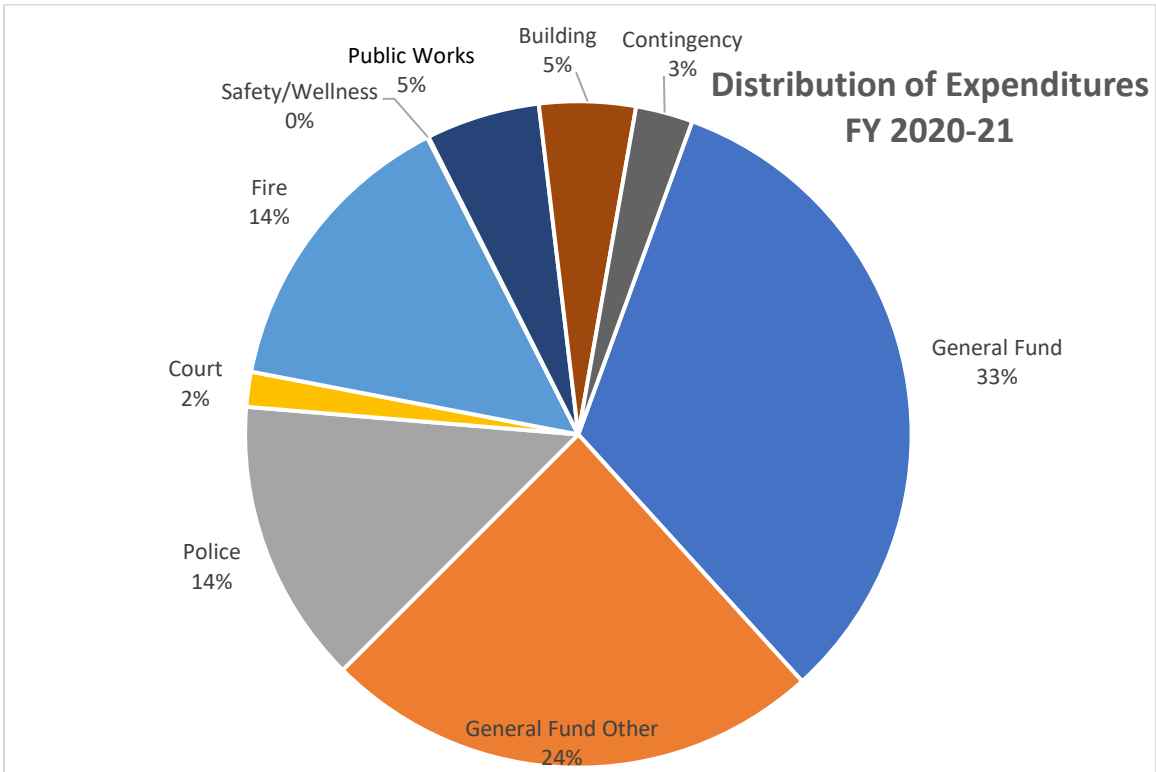


Table 10. General Fund Department % Change

Department Budget	FY17-18	FY18-19	FY19-20	FY20-21	Difference	% Change
	Actual	Actual	Amended	Proposed		
Administration	1,802,169	1,682,487	1,710,976	1,790,879	79,903	4.7%
General Gov't Other	1,171,618	1,118,028	1,403,092	1,325,740	-77,352	-5.5%
Police	604,021	612,059	746,554	756,678	10,124	1.4%
Municipal Court	88,622	90,965	98,140	92,663	-5,477	-5.6%
Fire	581,007	573,305	746,168	793,359	14,636	2.0%
Safety and Wellness	3,687	2,262	3,700	3,700	0	0.0%
Public Works	287,240	285,861	275,236	302,280	27,044	9.8%
Building	209,737	202,505	259,220	256,104	-3,116	-1.2%
Contingency	0	4,300	126,861	151,747	24,886	19.6%
Total	4,748,100	4,571,772	5,369,947	5,473,150	70,648	1.3%

Comparatively, most Department's operating costs from fiscal year 2019-2020 to 2020-2021 remained the same. The largest increase was in Public Works due to increases in park and road maintenance expenses. Police, Fire, and Administration saw minor increases due to a variety of factors including increased level of demand for services.

Seventy-five percent (75%) of general fund expenses are directly related to operations and providing services to the citizens of Edisto Beach. The 24% 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 depict tourism related offsetting expenses more accurately. The graphs below provide a snapshot of how FY 2019-20 expenditures compared to FY 2020-21 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 2019-20	FY 2020-21	Difference
Administration	198,679	215,708	17,029
Police Department	366,138	370,643	4,505
Municipal Court	39,189	38,086	-1,103
Fire Department	392,929	360,238	-32,691
Public Works	99,619	96,208	-3,411
Building Department	166,537	168,454	1,917
Total			-13,754

General Fund Debt

Debt (General Fund)

State Code limits the amount of general obligation debt that a unit of government can issue up to eight percent (8%) of the total assessed value of taxable property located within that government's boundaries 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 2019 assessed value of \$54,210,801, the legal debt margin for the Town of Edisto Beach is \$4,336,864. 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 \$538,736. The projected income for FY 2020-2021 is \$266,000.

Table 12. ATAX Budget Comparison

Budget Comparison	FY15-16	FY16-17	FY17-18	FY18-19	FY19-20	FY20-21	% Change
ATAX General Fund	45,022	43,992	47,625	48,000	48,000	45,600	-5%
ATAX 30% Fund	120,131	113,950	135,750	135,750	135,750	123,500	-9%
ATAX 65% Fund	260,285	246,891	294,125	294,125	294,125	266,000	-9%

Fiscal Year 2020-2021 encumbered and special projects are listed below:

Table 13. ATAX Budget

ATAX Fund		
ATAX 65%	Project Description	Amount
Current Balance		538,736
Revenues FY 2020-2021		266,000
PY 2019-2020	Beach Patrol	(9,500)
PY 2019-2020	Code Enforcement	(6,880)
PY 2019-2020	Edisto Art Guild, Bay Creek Park Outdoor Stage Rigging up Backdrops	(3,500)

Town of Edisto Beach, South Carolina		FY 2020-2021 Budget
PY 2019-2020	SC Park Recreation Trails	(25,000)
PY 2019-2020	Edisto Chamber of Commerce Off Season Marketing and Advertising	(50,000)
PY 2019-2020	Bay Creek Park Parking Lot Asphalt	(50,000)
PY 2019-2020	Cookin' on the Creek	(15,000)
FY 2020-2021	Bell Bond Debt	(50,000)
	Ending Balance	594,856
		ATAX Fund

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 \$11,921. The projected income is \$10,000.

Table 14. Alcohol Permitting Tax Budget Comparison

Budget Comparison	FY15-16	FY16-17	FY17-18	FY 18-19	FY19-20	FY20-21	% Change
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Alcohol Permitting	15,650	22,050	15,000	15,000	12,000	10,000	-16%
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There are no encumbered funds for this upcoming fiscal year.

Table 15. Alcohol Permitting Tax Budget

Alcohol Permitting	Project	Amount
Current Balance		11,921
Revenues FY 2020-21		10,000
	Ending Balance	21,921

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 \$1,499,709. Of this, \$1,352,340 is in a fund dedicated for beach preservation. The projected income for FY 2020-21 is \$427,500.

Table 16. Local Accommodations Tax Budget Comparison

Budget Comparison	FY15-16	FY16-17	FY17-18	FY18-19	FY19-20	FY20-21	% Change
Local Accommodations	414,231	414,615	430,000	450,000	450,000	427,500	-5%

Fiscal Year 2020-2021 encumbered and special appropriations are listed below:

Table 17. Local Accommodations Tax Budget

Local Accommodations Fund	Project Description	Amount
Current Balance		1,499,709
Revenues FY 2020-2021		427,500
Prior Year Encumbered	Beach Preservation	(1,352,340)
PY 2019-2020	Beach Monitoring	(50,634)
FY 2020-2021	General Fund (Tourism Related)	(100,000)
FY 2020-2021	Bell Bond Debt	(50,000)
FY 2020-2021	Beach Preservation	(200,000)

PY 2019-2020	Jungle Rd Park/Burley Lyons	(2,875)
	Ending Balance	171,360

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 2020-2021. New legislation is still pending that would allow accommodations funding to 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 \$314,934. The projected revenues for FY 2020-2021 are \$216,000. 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	FY20-21	% Change
Hospitality	186,230	193,346	180,000	200,000	240,000	216,000	-10%

Fiscal Year 2020-2021 encumbered and special appropriations are listed below:

Table 19. Hospitality Tax Budget

Hospitality Fee	Project Description	Amount
Current Balance		314,934
Revenues FY 2020-2021		216,000
PY 2019-2020	Carry Forward Recreation Plan	(54,225)
PY 2019-2020	Sign Branding	(15,000)
FY 2020-2021	Bell Bond Debt	(25,000)
FY 2020-2021	Code Red	(5,000)
FY 2020-2021	Hospitality Restricted GF	(108,000)

	Ending Balance	323,709
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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 \$1,006,783. The projected revenue for FY 2020-21 is \$293,308. The Police Department plans to replace a Kubota next year.

Depreciation Schedule

General Fund Vehicle/Equip Replacement Schedule	
General	12,842
Police	88,314
Fire	153,968
Building	9,712
Public Works	20,931
ATAX (Police ATV/Kubota)	7,541
Annual Total	293,308

Fiscal Year 2020-2021 encumbered and special appropriations are listed below:

Table 20. General Fund Vehicle Equipment Fund Budget

Vehicle Equipment Fund	Replacement	Amount
Current Balance		1,006,783
General Fund (ADM)	Replacement	12,842
Police Department	Replacement	88,314
Fire Department	Replacement	153,968
Building Department	Replacement	9,712
Public Works	Replacement	20,931
ATAX	Replacement	7,541
Police Department	Upgrade Camera System	(6,500)
Police Department	Replace 2 Police Vehicles	(96,226)
Public Works	Replace John Deer Gator	(14,177)
Fire Department	Replace Squad Fire Truck	(108,938)
	Ending Balance	1,074,250

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 \$666,859. The revenue for FY 2020-21 is \$93,433.

Depreciation Schedule

Utilities Vehicle/Equip Replacement	
Water Vehicle/Equip. Replacement Fund	46,716
Sewer Vehicle/Equip. Replacement Fund	46,716
Annual Total	93,433

The following are replacements or new equipment, scheduled to be purchased. We also included in the schedule this year replacement of Membranes for the Reverse Osmosis Tank which is a 15-year depreciation of \$187,500.

Table 21. Utilities Vehicle Equipment Budget

Vehicle Equipment Fund	Replacement	Amount
Current Balance		666,859
Water Fund	Replacement	43,716
Sewer Fund	Replacement	43,716
Water/Sewer	Replace JetVac	(75,000)
Water/Sewer	Replace Generator for Well #6	(64,312)
	Ending Balance	614,979

Water System Renewal and Replacement Fund

This fund was established to replace and renovate items in the water system. The current fund balance is \$542,833. The projected revenue for FY 2020-21 is \$210,000. 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 R&R	Description	Amount
Current Balance		542,833
Revenues FY 2020-2021		210,000
FY 2020-2021	Cap 3 Wells (1,2,3)	(24,000)
FY 2020-2021	Replace 2 Insertion Valves	(12,000)
	Ending Balance	716,833

Sewer System Renewal and Replacement Fund

This fund was established to replace and renovate items in the sewer system. The current fund balance is \$278,142. The projected revenue for FY 2020-21 is \$45,000.

Table 23. Sewer R&R Budget

Sewer R&R	Description	Amount
Current Balance		278,142
Revenues FY 2020-2021		45,000
PY 2019-2020	Work Authorization #14 Sewer CIP	(61,452)
	Ending Balance	261,690

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 \$35,328.

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. Most of these funds will be expended for the fire barracks remodel.

The fund balance is \$130,002. 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 \$35,512 in revenues. Expenditures are budgeted for \$82,597. The Town leases four rooms in the building and has a steady clientele of weekly rentals.

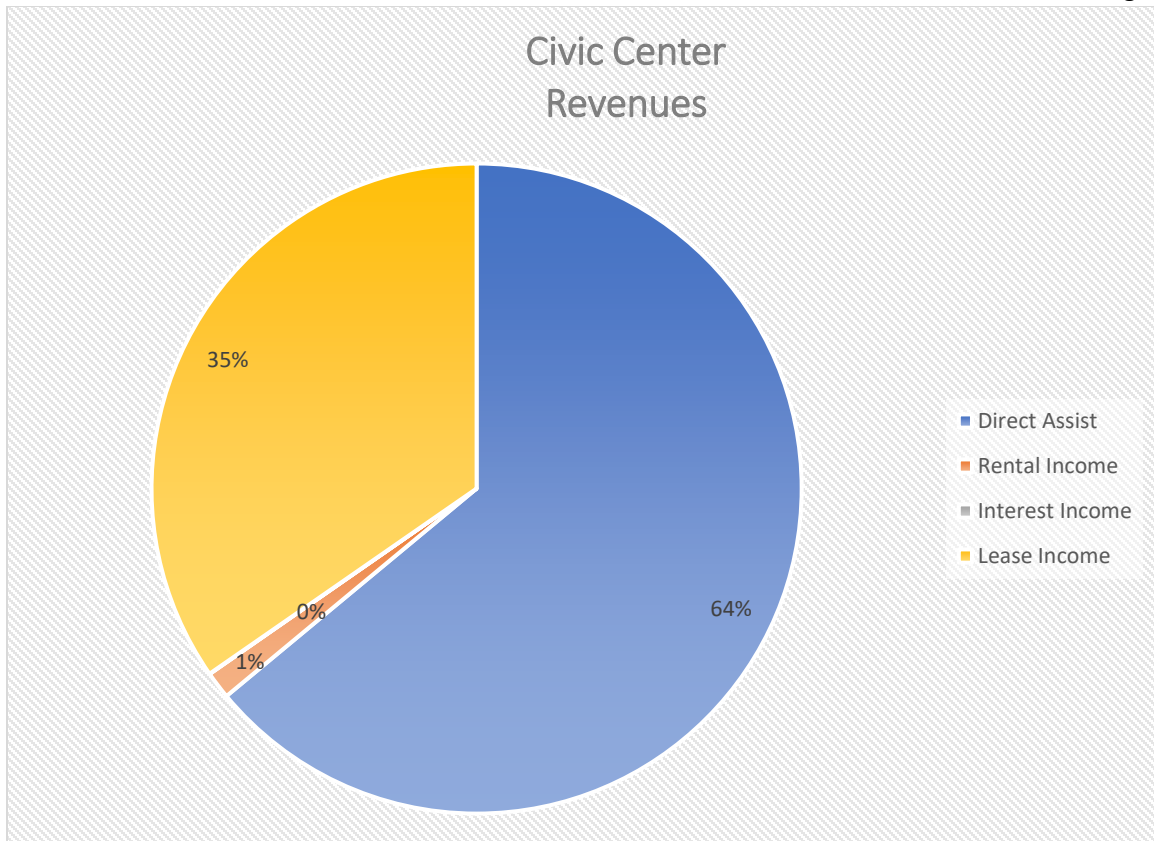


Figure 12. Civic Center Revenues

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, third and fourth 15% increases were implemented in June of each subsequent year. The chart below provides a comparison between the current rates and the new rates.

Table 24. Water Rates

	2019-20	2020-21	2019-20	2020-21	2019-20	2020-21	2019-20	2020-21
	0-24,000	0-24,000	24,000-48,000	24,000-48,000	48,000-72,000	48,000-72,000	72,000 +	72,000 +
Residential	\$216.68	\$249.18	\$2.42	\$2.78	\$2.69	\$3.10	\$3.01	\$3.46

Town of Edisto Beach, South Carolina

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Business/docks	\$216.68	\$249.18	\$4.81	\$5.53	\$5.40	\$6.21	\$6.02	\$6.93
Outside Town	\$433.39	\$498.40	\$8.23	\$9.46	\$9.25	\$10.63	\$10.28	\$11.82
State Park	\$890.99	\$1,024.64	\$7.22	\$8.33	\$8.09	\$9.30	\$9.00	\$10.35
Irrigation	\$216.68	\$249.18	\$4.81	\$5.53	\$5.40	\$6.21	\$6.02	\$6.93

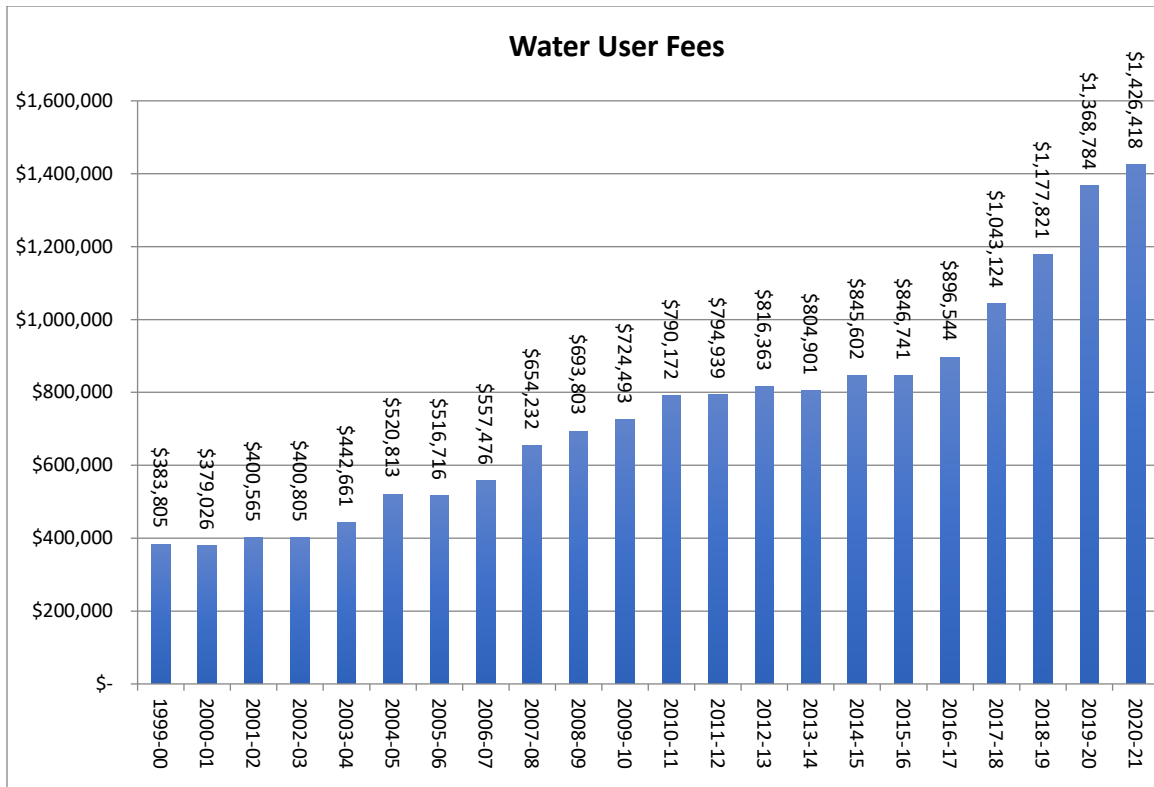
Water Fund revenues are listed in the following table:

Table 25. Water Fund Revenues (Increase/Decrease)

	14-15	15-16	16-17	17-18	18-19	19-20	20-21	20-21
Revenue	Five Years	Four Years	Three Years	Two Years	One Year			
Water Department	Prior	Prior	Prior	Prior	Prior	Amended	Proposed	Increase
	Actual	Actual	Actual	Actual	Actual	Budget	Budget	(Decrease)
State Match	-	-	3,294	-	-	-	-	-
FEMA Revenue	-	-	9,881	-	-	-	-	-
Water System User Fee	845,602	846,741	896,544	1,043,124	1,177,821	1,368,784	1,426,418	57,634
Tap in Fee	6,000	5,500	10,500	12,500	16,500	15,000	15,000	-
Reconnect Fee	800	1,150	600	1,000	1,000	1,000	1,000	-
Penalty	4,577	4,606	4,335	7,712	5,899	8,620	8,620	-
Insurance Reimbursement	-	-	-	-	-	-	-	-
Interest Income	2,819	7,004	11,595	15,662	31,002	24,000	19,200	(4,800)
Bonded Interest Income	8	7	153	55,744	113,604	30,000	30,000	-
Miscellaneous Income	174	1,398	1,272	865	979	1,000	1,000	-
Rental Income	-	-	-	150	-	-	-	-
Subtotal Water Department	859,980	866,406	938,174	1,136,757	1,346,805	1,448,404	1,501,238	52,834

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 \$1,426,418 for FY 2020-21. There is \$210,000 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	14-15	15-16	16-17	17-18	18-19	19-20	20-21	20-21
Expenditures	Five Years	Four Years	Three Years	Two Years	One Year			
	Prior	Prior	Prior	Prior	Prior	Amended	Proposed	Increase
	Actual	Actual	Actual	Actual	Actual	Budget	Budget	(Decrease)
Overhead Costs								-
Salaries and Wages	177,947	179,144	206,396	202,265	199,165	249,385	236,589	(12,796)
Mayor/Council	2,560	3,220	4,080	4,080	4,080	4,080	4,080	-
Retirement System	23,595	7,732	46,477	28,439	51,027	41,913	37,472	(4,441)
Payroll Taxes	14,296	14,933	16,677	15,270	14,795	19,078	18,238	(840)
Def Comp Expense	247	247	249	263	362	700	1,011	311
Printing/Office Supplies	806	761	1,126	770	899	1,000	1,000	-
Janitorial Service	412	414	390	531	451	420	1,460	1,040
Postage	2,141	1,187	1,129	1,384	1,133	1,000	1,000	-
Membership dues	487	597	632	535	680	700	700	-
Consultant Fees	-	-	-	-	-	-	-	-
Meetings & training	3,917	2,876	5,714	3,032	3,155	4,000	4,000	-
Electricity	44,382	43,273	44,024	43,201	35,707	90,000	76,000	(14,000)
Telephone	3,144	2,789	3,251	3,880	3,768	3,600	7,000	3,400
Maintenance Contracts	2,111	2,230	1,538	1,596	1,331	2,000	2,000	-
VC3	5,153	4,715	5,021	5,972	5,585	6,003	7,412	1,409
Prof Fees/Audit, Misc	2,023	9,720	5,862	4,413	2,640	3,000	2,500	(500)

Codification	-	-	-	-	-	-	-	-
Custodian fees	1,185	1,185	1,238	2,489	2,489	2,000	1,625	(375)
Court Retrieval Software	-	-	-	-	-	-	-	-
Advertising/Pub Notice	-	-	-	-	-	-	-	-
Insurance General	17,108	15,315	16,710	16,937	18,834	17,700	17,978	278
Health Insurance Expense	21,367	20,873	24,186	26,333	23,628	25,104	22,571	(2,533)
Insurance Auto	1,226	1,199	1,290	1,254	1,659	1,800	1,221	(579)
2017 Bond Costs	-	-	-	217,919	-	-	-	-
Christmas Bonus	-	-	-	-	-	-	-	-
Bank Charges	118	6	4	675	6	750	500	(250)
Misc Expense	549	755	9,468	(8,445)	447	1,000	1,000	-
Veh Gas & Oil	6,687	5,444	5,388	7,228	8,163	9,000	9,000	-
Veh Repair & Maintenance	2,187	1,580	1,253	2,154	812	2,000	1,750	(250)
DHEC User Fee	17,685	17,697	17,709	17,740	18,805	19,000	20,000	1,000
Uniforms	306	234	321	246	368	500	750	250
GWS Maintenance Agreement	17,765	19,719	19,719	19,719	21,889	21,900	19,720	(2,180)
Sys Repair Maintenance	25,069	25,718	35,631	50,379	9,625	32,850	35,000	2,150
Sys Supplies & Sm Tools	5,987	3,001	5,090	5,993	3,921	5,000	5,000	-
Meters & meter supplies	14,587	11,513	11,506	18,045	18,388	12,000	15,000	3,000
Insurance Claim Expenses	-	-	-	-	-	-	-	-
Chemicals	10,048	14,711	17,138	16,524	20,919	49,000	40,000	(9,000)
Lab Tests	3,122	3,124	2,841	4,114	4,155	7,500	8,000	500

Equipment Purchases	1,132	1,500	(670)	1,139	1,097	1,500	1,500	-
Equipment Repair	2,442	830	2,990	5,751	1,404	3,000	8,500	5,500
Equipment Rental	-	-	-	-	-	-	-	-
Pipe, Hydrants Connections	5,454	1,177	755	163	3,379	7,500	7,400	(100)
Chemical Storage Area	-	-	-	-	-	-	-	-
1st National Gen Ob Bond	-	-	-	-	-	-	-	-
2012 W/S Revenue Bond P&I	53,356	52,919	52,450	51,780	50,940	91,780	91,780	-
99 W.S. Rev bond Interest	-	-	-	-	-	-	-	-
2017 W/S Rev Bond P/I	-	-	-	217,919	248,331	420,000	420,000	-
Furniture & Fixtures	-	-	-	-	-	-	-	-
Office Machines/Software	646	680	650	690	774	800	800	-
Complex Bldg Maintenance	476	83	100	-	62	500	250	(250)
Contingency Fund	-	-	-	-	-	-	-	-
Pagers & Communication	2,830	2,195	2,292	2,579	1,884	2,700	2,700	-
Radio Purchase & Repair	-	-	-	-	-	-	-	-
Building Maintenance	568	1,044	1,086	1,143	530	2,000	1,500	(500)
Ground Elevated Tank	-	-	-	-	-	-	-	-
Legal Fees	4,720	2,952	4,028	20,895	-	8,000	4,000	(4,000)
Subtotal	499,841	479,292	575,739	1,016,994	787,287	1,171,763	1,138,007	(33,756)
	14-15	15-16	16-17	17-18	18-19	19-20	20-21	20-21

Expenditures	Five Years	Four Years	Three Years	Two Years	One Year			
Water Department Other	Prior	Prior	Prior	Prior	Prior	Amended	Proposed	Increase
	Actual	Actual	Actual	Actual	Actual	Budget	Budget	(Decrease)
Amortization Expense	6,347	6,347	6,347	-	(2,488)	-	-	-
Equip/Veh Depreciation	21,145	21,975	21,541	23,735	21,814	23,316	46,717	23,401
Depreciation Expense	90,747	85,364	78,095	-	68,798	-		-
Renewal/Replacement	140,000	140,000	140,000	140,000	140,000	140,000	210,000	70,000
Operating Transfers	-	-	-	-	-			-
Sp Project Syst Depr	-	-	-	-	-			-
Water Study	-	-	-	-	-			-
Computer Hardware/Software	1,291	1,513	1,000	1,000		-	1,000	1,000
CIP Mis	-	150,000	-	-	-	-	25,000	25,000
Subtotal	259,530	405,199	246,983	164,735	228,124	163,316	282,717	119,401
	14-15	15-16	16-17	17-18	18-19	19-20	20-21	20-21
Expenditures	Five Years	Four Years	Three Years	Two Years	One Year			
Water Contingency	Prior	Prior	Prior	Prior	Prior	Amended	Proposed	Increase
	Actual	Actual	Actual	Actual	Actual	Budget	Budget	(Decrease)
Water Contingency	-	-	-	60,980	-	113,326	80,514	(32,812)
Subtotal	-	-	-	60,980	-	113,326	80,514	(32,812)

WATER FUND TOTAL	759,371	884,491	822,722	1,242,709	1,015,411	1,448,405	1,501,238	52,833

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

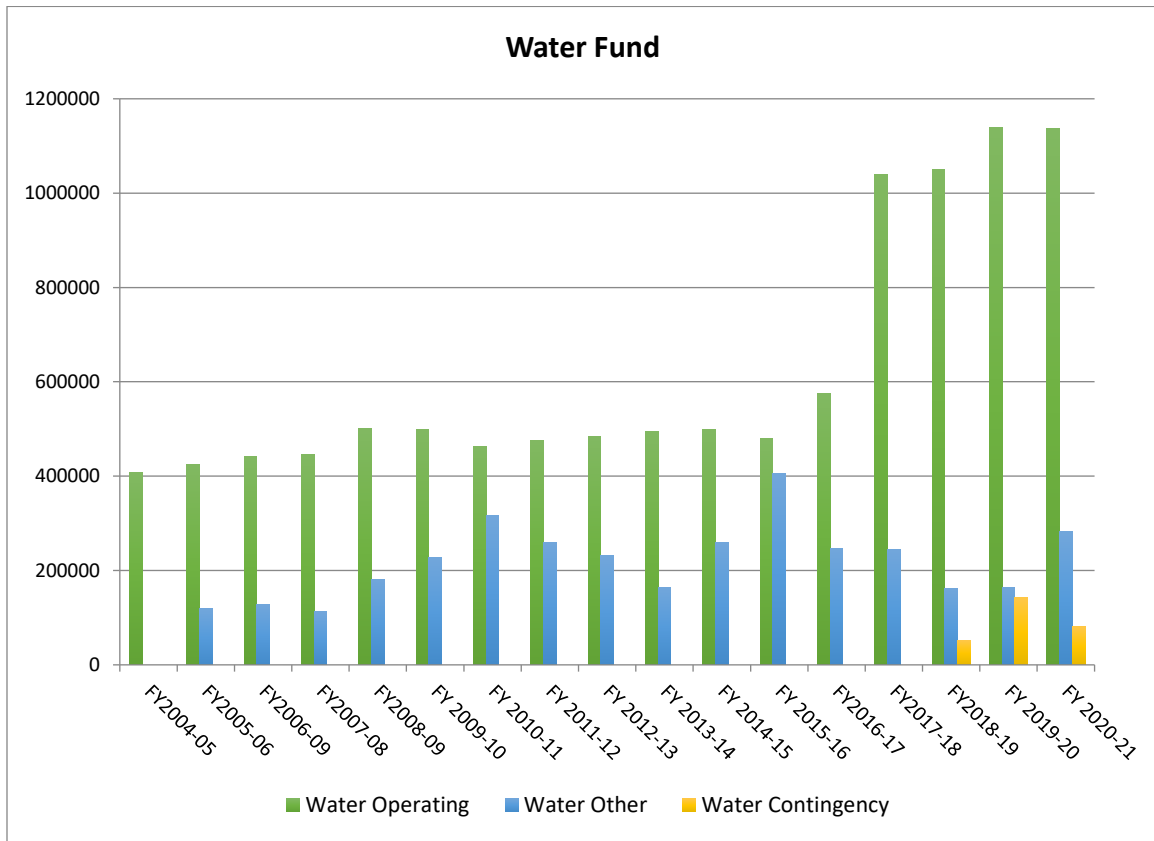


Figure 13. Water Fund Budget Comparison

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

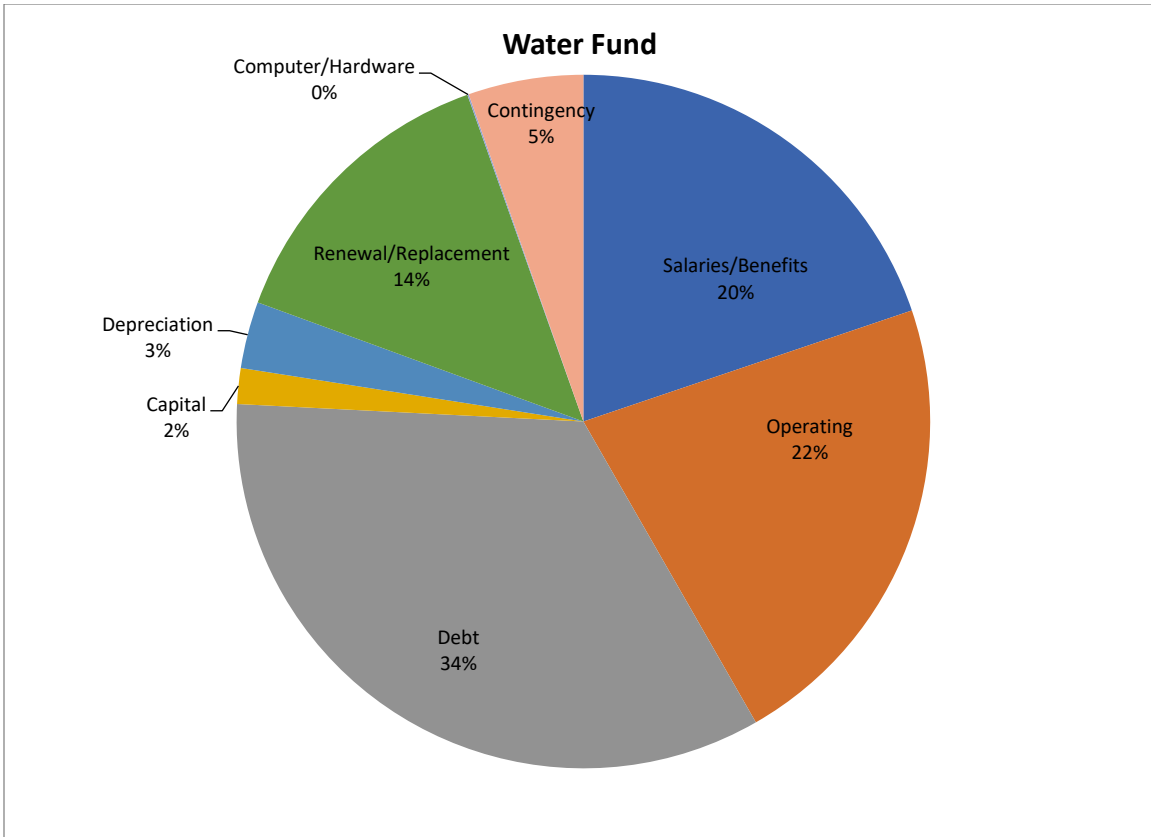


Figure 14. Water Fund Budget Graph

Water Fund Budget Highlights

The water fund total budget is \$1,501,238. This includes \$80,514 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	201,454
Water User Fees	2012 Revenue Bond	92,780
Water User Fees	2017 Revenue Bond	420,000
Water User Fees	Renewal and Replacement	210,000
	Total	924,234

Accrued prior year funds are \$1,272,394.

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 \$214.62 for 0 gallons to 6,000 gallons and \$3.57 for each 1,000 gallons over 6,000 gallons.

Town of Edisto Beach, South Carolina
Sewer Fund Revenues

FY 2020-2021 Budget

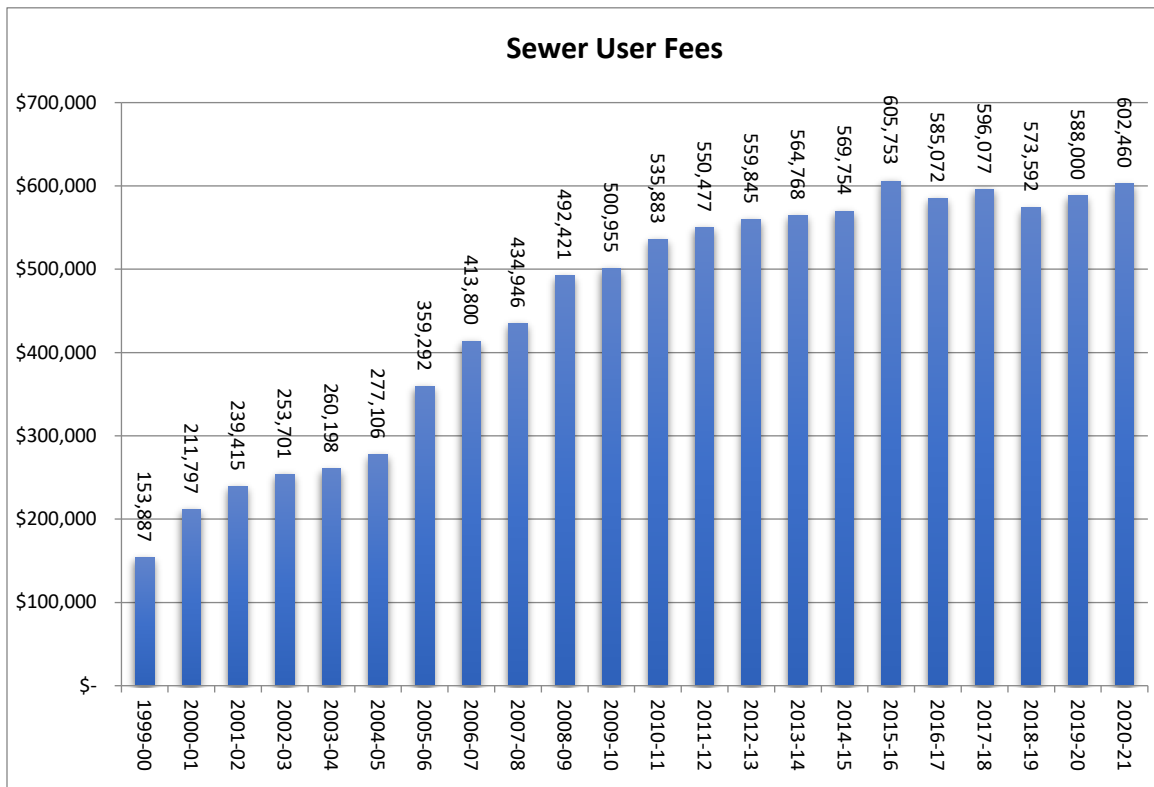
Table 28. Sewer Fund Revenues (Increase/Decrease)

	14-15	15-16	16-17	17-18	18-19	19-20	20-21	20-21
Revenue	Five Years	Four Years	Three Years	Two Years	One Year			
Sewer Department	Prior	Prior	Prior	Prior	Prior	Amended	Proposed	Increase
	Actual	Actual	Actual	Actual	Actual	Budget	Budget	(Decrease)
Approp Prior Year	-	-	-	-	-	-	-	-
Transfer from R&R	-	-	-	-	3,098	-	-	-
Sewer System User Fee	569,754	605,753	585,072	596,077	573,592	588,000	602,460	14,460
Grease Trap Fee	1,980	1,944	2,000	2,000	3,400	2,000	2,000	-
Tap in Fee	5,000	5,000	-	2,500	10,000	12,500	12,500	-
Reconnect Fee	250	250	100	150	375	300	300	-
Penalty	2,857	2,844	2,480	3,358	2,267	3,000	3,000	-
Interest Income	1,220	2,799	4,578	9,729	17,266	9,000	9,000	-
Miscellaneous Income	156	228	196	-	-	-	-	-
Other Income	-	-	-	150	-	-	-	-
Subtotal Sewer Department	581,217	618,818	594,426	613,964	609,998	614,800	629,260	14,460

This budget includes a 3% rate increase this year with the last rate increase being in June of 2015 by 5%. Based on historical trends and a relatively fixed number of commercial and residential accounts, this revenue source is projected at \$602,460 for FY 2020-21.

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

Sewer Fund User Fees



The Sewer Fund budget is \$629,260. This includes a contingency of \$18,524.

Accrued prior year funds are \$875,612.

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	14-15	15-16	16-17	17-18	18-19	19-20	20-21	20-21
Expenditures	Five Years	Four Years	Three Years	Two Years	One Year			
	Prior	Prior	Prior	Prior	Prior	Amended	Proposed	Increase
	Actual	Actual	Actual	Actual	Actual	Budget	Budget	(Decrease)
Overhead Costs								
Salaries and Wages	177,948	179,145	206,397	210,600	199,166	249,385	236,589	(12,796)
Mayor/Council	2,560	3,220	4,080	4,080	4,080	4,080	4,080	-
Retirement system	23,594	7,731	46,455	27,510	51,027	41,913	37,472	(4,441)
Payroll Taxes	14,294	14,932	16,676	17,125	14,794	19,078	18,238	(840)
Def Comp Expense	247	247	249	320	362	700	1,010	310
Printing/Office Supplies	806	761	942	1,200	871	1,000	1,000	-
Janitorial Services	412	414	390	420	451	420	420	-
Postage	1,183	1,187	1,129	1,000	1,135	1,000	1,000	-
Membership dues	582	472	617	700	580	700	700	-
Consultant Fee	-	-	-	-	-	-	-	-
Meetings & training	2,264	1,884	3,036	4,000	3,388	4,000	4,000	-
Electricity	49,625	51,155	51,999	52,000	38,548	52,000	52,000	-
Telephone Expense	1,074	818	950	1,500	1,862	3,000	2,500	(500)
Maintenance Contracts	2,111	2,230	1,538	2,000	1,331	2,000	2,000	-
VCR3	5,152	4,715	5,021	5,200	5,585	6,003	7,412	1,409
Prof Fees/Audit, Misc	1,688	2,020	17,297	2,500	2,640	2,810	2,500	(310)
Insurance General	19,030	16,932	18,197	20,000	19,195	17,700	17,978	278
Health Insurance Expense	21,367	20,887	24,186	25,000	23,627	25,104	22,571	(2,533)
Insurance Auto	1,226	1,199	1,290	1,400	1,659	1,800	1,400	(400)
Bank Charges	91	-	-	100	-	100	100	-

Town of Edisto Beach, South Carolina

FY 2020-2021 Budget

Misc Expense	256	442	9,434	769	337	500	500	-
Veh Gas & Oil	6,693	5,444	6,267	8,000	8,364	8,000	8,000	-
Veh Repair & Maintenance	2,158	512	1,248	3,750	851	1,500	1,750	250
DHEC User Fee	1,190	1,190	1,190	1,200	1,065	1,200	1,200	-
Uniforms	306	216	315	750	368	500	750	250
Sys Repair Maintenance	27,654	35,421	38,950	35,000	20,158	35,000	35,000	-
Sys Supplies & Sm Tools	4,816	5,639	3,975	5,000	3,805	5,000	5,000	-
Chemicals	13,552	13,601	24,867	25,000	21,092	25,000	20,000	(5,000)
Lab Tests	10,270	15,707	14,360	19,000	13,452	19,000	14,000	(5,000)
Equipment Purchases	1,734	3,000	2,747	3,000	2,607	3,000	3,000	-
Equipment Repair	3,856	4,584	5,376	5,000	1,256	5,000	5,000	-
Furniture & Fixtures	-	-	-	-	-	-	-	-
Office Machines/Software	646	680	650	800	774	800	800	-
Complex Bldg Maintenance	476	83	100	500	62	500	250	(250)
Equipment Rental	-	-	-	-	-	-	-	-
Pagers & Communication	1,452	947	1,462	1,800	1,607	1,800	1,800	-
Radio Purchase & Repair	-	-	-	-	-	-	-	-
Bldg Maintenance	619	1,813	1,573	4,000	748	4,000	4,000	-
Scott Creek Force Main	-	-	-	-	-	-	-	-
Legal Fees	4,720	2,952	4,028	4,000	-	4,000	4,000	-
CMOM Program								
Subtotal	405,652	402,180	516,991	494,224	446,847	547,593	518,020	(29,573)
	14-15	15-16	16-17	17-18	18-19	19-20	20-21	20-21
Expenditures	Five Years	Four Years	Three Years	Two Years	One Year			
Sewer Department	Prior	Prior	Prior	Prior	Prior	Amended	Proposed	Increase
	Actual	Actual	Actual	Actual	Actual	Budget	Budget	(Decrease)

Town of Edisto Beach, South Carolina

FY 2020-2021 Budget

Equip/Veh Depreciation	22,460	20,485	20,048	17,300	21,814	23,316	46,716	23,400
Depreciation Expense	72,817	67,889	66,304	-	53,831			-
Renewal/Replacement	50,000	100,000	-	60,000	60,000	30,000	45,000	15,000
Computer Hardware/Software	1,291	1,513	1,000	1,000	-		1,000	1,000
Building Construction	-	-	-	-	-			-
Roof Replacement	-	-	-	-	-			-
Construction Fund Expenses	-	-	-	-	-			-
CIP Misc	-	-	25,501	55,000	393			-
Subtotal	146,568	189,887	112,853	133,300	136,038	53,316	92,716	39,400
	14-15	15-16	16-17	17-18	18-19	19-20	20-21	20-21
Expenditures	Five Years	Four Years	Three Years	Two Years	One Year			
Sewer Contingency	Prior	Prior	Prior	Prior	Prior	Amended	Proposed	Increase
	Actual	Actual	Actual	Actual	Actual	Budget	Budget	(Decrease)
Sewer Contingency	-	-	-	26,776	-	13,892	18,524	4,632
Subtotal	-	-	-	26,776	-	13,892	18,524	4,632
SEWER TOTAL FUND	552,220	592,067	629,844	654,300	582,885	614,801	629,260	14,459

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

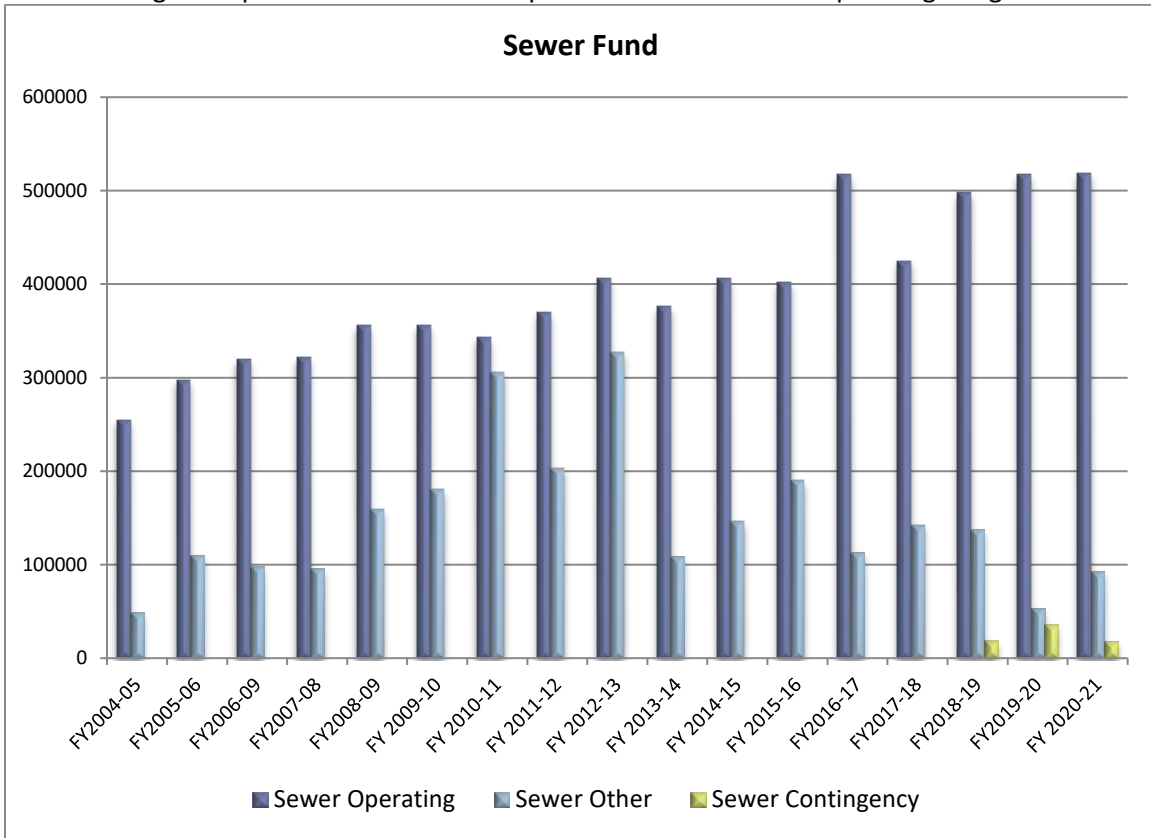


Figure 15. Sewer Fund Budget Comparison Graph

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

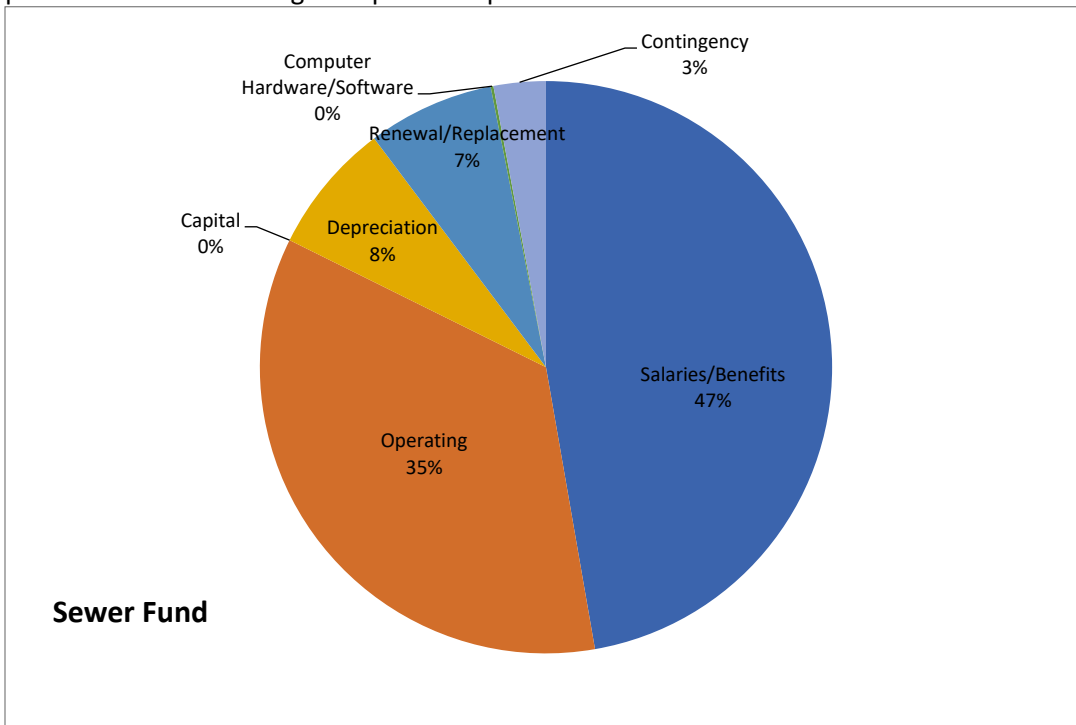


Figure 16. Sewer Fund Budget Graph

Table 30. Sewer Fund Budget Highlights

Funding Source	Description	Amount
Sewer User Fees	3% Rate Increase	17,547
Sewer User Fees	Renewal and Replacement	45,000
	Total	62,547

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.

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 31. 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 2020-2021 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).

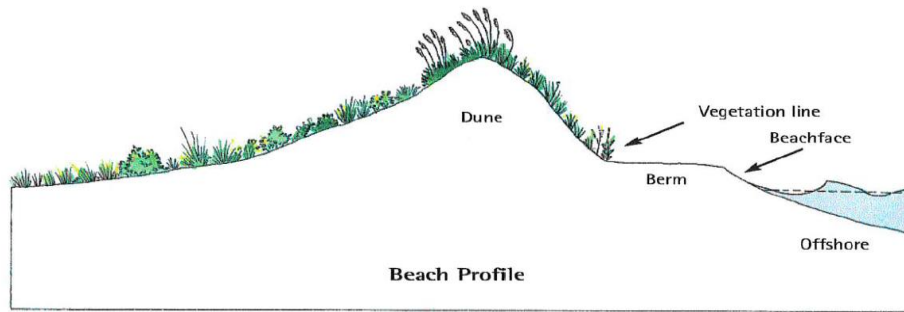
Projects

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 were placed at beach accesses for reference. In 2019, Council requested the Inlet portion of the project be removed and this was subsequently approved by the USACE.

In 2020, the USACE submitted a revised cost for the initial construction. The revised cost was \$19,635,000 reduced from the initial estimate of \$21,000,000. This was surprising to the Town and the USACE. The USACE is performing additional lidar surveying to verify sand quantities. The USACE also requested the Town place the location of the Perpetual Easement Line (PEL) between 2 and 8 feet from the structure to keep costs down. More sand is required to build a beach the further seaward the PEL.

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.

Sea Turtle Protection Project

In 2018, the Town began implementing steps to protect sea turtles. Phase I has been implemented and 6 turtle friendly lights were installed at locations that ranked highest for hatching misorientations. Although the new streetlights were changed to provide more protection to sea turtles, this has not resolved issues with misorientations of sea turtles. Before the Town proceeds to Phase II, the issue with the Phase I lights must be resolved. Phase II includes installing additional lights along Palmetto Boulevard.

Several types of fixtures will be placed along the boulevard and surveyed this turtle season to see if they result in turtle misorientations prior to making a definitive decision on the replacement fixtures.

Fire Department Barracks Renovation

Construction began June 1, 2020 on a renovation to the Fire Department Barracks. The scope of the project includes installing a hallway through the bunk rooms and bathrooms. With multi gender firefighters, this renovation will ensure appropriate privacy. Additional storage and office space are also included as part of the renovation.

Recreation Master Planning Services

The Town of Edisto Beach selected Toole Design to provide consulting services for the Town of Edisto Beach Recreation Master Plan project. The Town of Edisto Beach has 3 parks, a bike path system, a tennis/pickle-ball court, an open tract of land and 38 beach accesses with over 200 related off-street parking spaces. The Town has a variety of planning documents related to these parks and beach accesses, as listed on the Town website.

Toole Design will utilize existing Edisto Beach planning documents, solicit public input, collect field data, and apply industry standards to generate a cost effective and practical comprehensive recreation master plan (RMP). The consultant will solicit public input by creating an online survey and holding an open house and multiple focus group sessions. Additionally, the consultant will collect and analyze a variety of field data to update existing reports, produce applicable maps and diagrams, and establish the comprehensive RMP.

The objective of establishing an RMP is to update, prioritize and align the Town's strategy for addressing park and recreational land planning and activity in the Town. The RMP will be consistent with the Edisto Beach Local Comprehensive Beach Management Plan and the Edisto Beach Comprehensive Plan.

Sea Level Rise

The Town of Edisto Beach is located on a barrier island and the adjacent lands on the Atlantic Ocean in Colleton County, SC. The Town's vulnerable position to coastal hazards is clear. Given its vulnerable position to coastal hazards the Town has partnered with the S.C. Sea Grant Consortium and the Carolinas Integrated Sciences and Assessments Program, University of South Carolina and College of Charleston to develop a Sea Level Rise Adaptation Report that will help the Town develop strategies to adapt to future sea level rise impacts.

Billow Street / Arc Street Drainage Project

In 2014, the South Carolina Department of Transportation and the Town implemented the first phase of a drainage plan in this area. Cross drains were installed across Palmetto Boulevard and positive flow drainage was established to the outfall at the end of Billow Street. However, to improve drainage, ditches were deepened. Phase II of this project is to determine additional improvements to drainage in this area which may include installation of pipes and/or other alternatives. Town Council awarded a work authorization in May to one of our on-call engineering firms, Davis & Floyd, to conduct a drainage study in this area and develop an engineering solution to address the flooding issue.

Town Hall Complex

Town Hall is located at 2414 Murray Street. The current Town Hall was built in 1985 on a 0.26-acre site (Lots 9 & 10 Block UU). It is a one-story building and began as 2,491 square feet and was renovated in 2005 by Charleston Constructors for \$148,000 and is now 3,042 SF. The construction is wood frame on a concrete slab (elevation 11.90' MSL) with brick and vinyl exterior walls.

The Fire Department was built in 1986. It is a 4,990 SF metal building at a slab elevation of 12.21' MSL. Most of this building is used for fire engine parking. The Police Department and Municipal Court are also housed in this building.

The retention building for storage of permanent records is 421 SF.

In 2015, the Town purchased 2412 Murray Street for \$96,500 for parking.

Thirty-three years later, the Town has 38 employees housed in a space constructed when there were 8-10 employees. The Police Department needs an evidence room, interrogation room, bathroom, and shower facilities as well as space for officers. The municipal court needs an area separate from the Police Department. The Town needs an Emergency Operations Center. The Town is housing some staff at the civic center, but they are unable to connect to the Town's server because Internet is unreliable. It is not efficient to house staff in different areas especially outside of its jurisdiction.

In 2014, Colleton County voters passed a referendum to implement a 1 cent sales tax to meet infrastructure needs in Colleton County. The Town applied for and was successful in obtaining \$4,000,000 for beach nourishment during that cycle. The 1 cents sales tax cycle is 8 years. The next cycle will begin 2021.

The Town budgeted funds (\$50,000) to hire an architect to design a Town Hall Complex and establish a cost so we can apply for a new Town Hall Complex in the next 1 cent sales tax cycle. The complex would be constructed on the same site as Town Hall is now, but it would be brought up to the current codes and be elevated. The Town does not plan to borrow funds for this project. If we are unsuccessful in obtaining the 1 cent sales tax, the understanding is the project will not move forward.

Budget Highlights

Budgets

General Fund	5,473,150
Water Fund	1,501,238
Sewer Fund	629,260
Civic Center Fund	82,597
Total	7,686,245

Some factors impacting the budget are:

General Fund Revenues:

- The Town’s total millage rate is increasing by .55% from 23.52 to 24.07 mills. This was a banked millage cap that expires this year.
- We are anticipating receiving reimbursement for sand fencing from Hurricane Irma in the amount of \$59,888 and at least \$2,475 from Covid-19.
- 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.
- Anticipated sale of Fire Department equipment in the amount of \$65,000.

General Fund Expenditures:

- Health insurance was increased by 5%.
- Salary adjustment for Assistant Town Administrator, Financial Analyst and Clerk of Court positions.
- Increase three police officers by \$1,500 for dual certification.
- Balanced replacement schedule to reflect actual funds.

General Fund Service Changes	Amount	Account
Adm-Adjust Asst. Town Administrator, Financial Analyst, Clerk of Court	17,029	4100 & 4300
General Govt Other-Capital Improvements (Listed in the next table)	278,740	4110
General Government Other-Replace 3 computers	4,000	4110
Police-Increased 3 officers with dual certification	4,500	4200
Building-staff certification step plan	3,732	4800
Total	308,001	

Capital Projects

Police-Cradle Point (PYF)	6,500
ADM-ID Machine (PYF)	3,415
ADM-Architectural Plan Town Facility (GF) (for next CPST round)	50,000
ADM-Wireless projector for Council Chambers (PYF)	750
ADM-Fence for Convenience Station (PYF)	32,000
ADM-Omni Generator Hookup (PFY)	1,500
ADM-Paint Interior Town Hall and Pressure Wash (PYF)	14,250
ADM-ATV Shed and Flooring (PYF)	7,000
ADM-Bike Path Repair (PYF) (Grant Match)	85,000
ADM -Arc/Billow Street Drainage Engineering Study (PYF)	35,000
Fire-Fire Department Remodel (PYF) (volunteer FD match)	43,325
Total	278,740

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 and any resulting balance for the project.

Prior Year Funds

General Fund	4,217,993
Water Fund	1,272,394
Sewer Fund	875,612

Contingencies

General Fund	151,471
Water Fund	80,514
Sewer Fund	18,524

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	6,880	ATAX 65% PY
Edisto Art Guild, Bay Creek Park Stage	3,500	ATAX 65% PY
SC Parks Recreation Trails	25,000	ATAX 65% PY
Bay Creek Park Parking Lot	50,000	ATAX 65% PY
Cookin on the Creek	15,000	ATAX 65% PY
Beach Preservation (PY)	1,352,340	Local Accommodations PY
Beach Preservation	200,000	Local Accommodations
Burley Lyons Park	2,875	Local Accommodations PY
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
Beach Monitoring (2 Years)	50,634	Local Accommodations PY
Recreation Plan	54,225	Hospitality PY
Code Red	5,000	Hospitality
General Fund (Tourism Related)	108,000	Hospitality
Sign Branding	15,000	Hospitality PY
Upgrade camera system	6,500	Replacement Fund
Police Vehicles	96,226	Replacement Fund
John Deer Gator	14,177	Replacement Fund
Fire Squad Truck	108,938	Replacement Fund

Water Fund

- The water rates were increased by 15% in June 2020 to fund the Series 2017 bond issue. The first increase was May 2017. The need to increase the rate by 15% was verified by an updated rate review.

Sewer Fund

- The sewer rates were increased by 3% in FY 2019-20.

Water and Sewer Fund Capital Improvements, New Services, Other

Service	Amount	Funding Source
Cap Wells 1,2,3	24,000	Water R & R PY
Replace 2 Insertion Valves	12,000	Water R & R PY
Work Authorization #14-Sewer CIP	61,452	Sewer R & R PY
Water Facility Fence	25,000	Water CIP
Trailer Mounted Jet Vacuum	75,000	Utility Vehicle Replacement Fund

Our accomplishments can be attributed to the hard-work and dedication of our excellent team of professionals 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. The Edisto team has managed to complete over

53 projects this past year and I am extremely proud of our accomplishments. This was all completed while dealing with hurricanes, an EF2 tornado and a pandemic.

After thirty years of discussion about water quality, the new water plant was completed. The Town was recognized with a Municipal Association of South Carolina Achievement Award for this accomplishment.

I am extremely grateful to serve the Town of Edisto Beach, the Mayor and Town Council, its' citizens, and visitors.

Respectfully,

Iris Hill
Town Administrator