

TOWN OF EDISTO BEACH Annual Budget 2021-22



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Town of Edisto Beach, South Carolina

Mayor

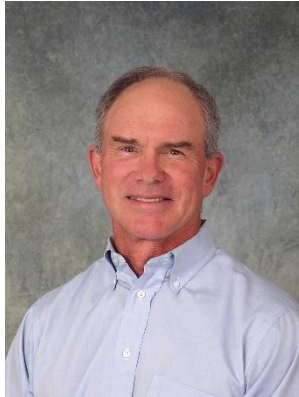


Jane S. Darby

Town Council



**Mayor Pro Tempore
Crawford Moore**



**Council
Robert Renner**

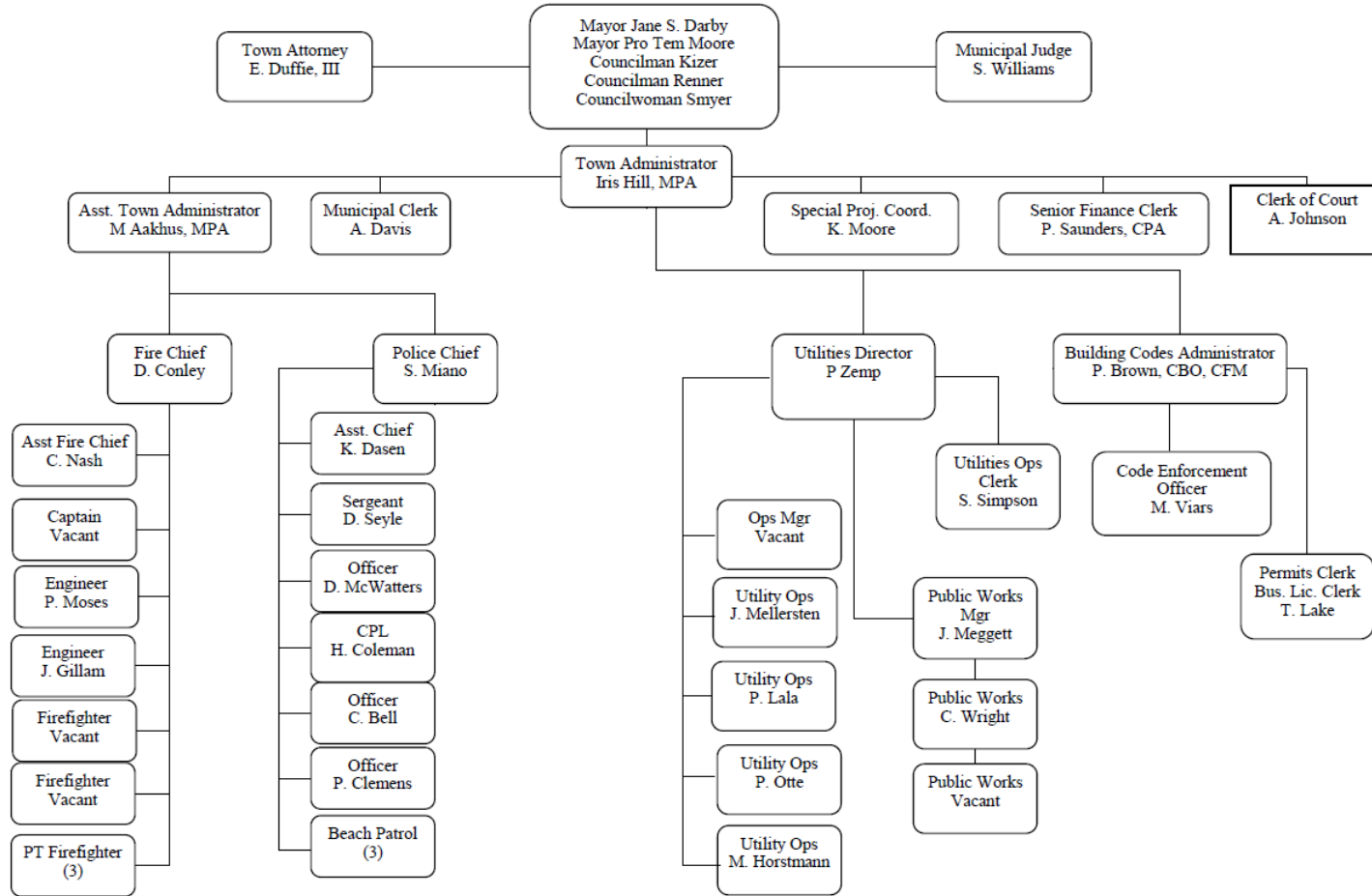


**Council
Jerome Kizer**



**Council
Patti Smyer**

Organizational Chart



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 10, 2021

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 2021-22 operating budget for the Town of Edisto Beach. The Town remains in excellent financial condition; yet impacts from outside influences such as repetitive storm events, unfunded mandates (pension liabilities), increased insurance premiums due to new legislation, and impacts from Covid-19 guides us to proceed with caution.

The budget for all funds is \$8,812,292 including a General Fund budget of \$6,234,086. This represents an overall budgetary increase of \$463,014 (5.5%) and a General Fund increase of \$151,847 (2.4%) from the amended FY 2020-2021 operating budget.

The budget includes a millage adjustment to prevent losing banked millage. The current millage is 24.07 and the adjusted millage rate is 25.15. Real property assessments are \$55,097,510. One mill equals \$55,097. This millage increase will bring in \$58,952 in additional revenue.

Table 1. Budget Comparison

	General Fund	Water Fund	Sewer Fund	Civic Center	Total
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 Actual	\$5,034,347	\$1,448,404	\$614,800	\$74,147	\$7,508,198
FY 2020-21 Amended	\$6,082,239	\$1,560,660	\$623,782	\$82,597	\$8,349,278
FY 2021-22 Proposed	\$6,234,086	\$1,836,930	\$648,383	\$92,893	\$8,812,292

In January 2021, Town Council held a planning retreat to set goals that guide Town Services. These goals are listed on page 8.

Short Term Factors and Budget Guidelines

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

- ❖ **Conservative, but realistic projection of revenues and expenditures.** Conservative projections help ensure that adequate resources will be available to meet budgeted obligations. This is achieved through trend analysis that is reevaluated annually and adjusted for outside indicators, such as projected inflation, fuel costs, real estate markets, etc.
- ❖ **Uncertain Economy.** The US Congressional Budget Office describes the future economic outlook with an unusually high degree of uncertainty due to the future course of the pandemic, global markets, and fiscal policies from a new federal administration.
- ❖ **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 2021 is 1.6% to 2.8% and 2% in 2022.
- ❖ **Accommodations Taxes.** With so many online options available for rental property owners, it is difficult to monitor, verify and account for payment of rental property taxes. We know there is a discrepancy between state and local remittance. The Town has joined in litigation with other governmental agencies against online short-term rental companies to ensure owed taxes are remitted.
- ❖ **Assessments.** According to the Colleton County Assessor, assessments increased due to new growth. New growth assessments as of March 29, 2021 were \$1,255,800 in the 4% class and \$5,888,000 in the 6% class representing \$9,712 in additional income. These values may 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 of a property's value on the structure and not on property. 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. 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 due to the 15% cap at reassessment. The 15% cap is a formula that exempts part of the value increase from being taxed. It relies on the prior market value, the new reassessment value and the 15% limitation imposed by law.

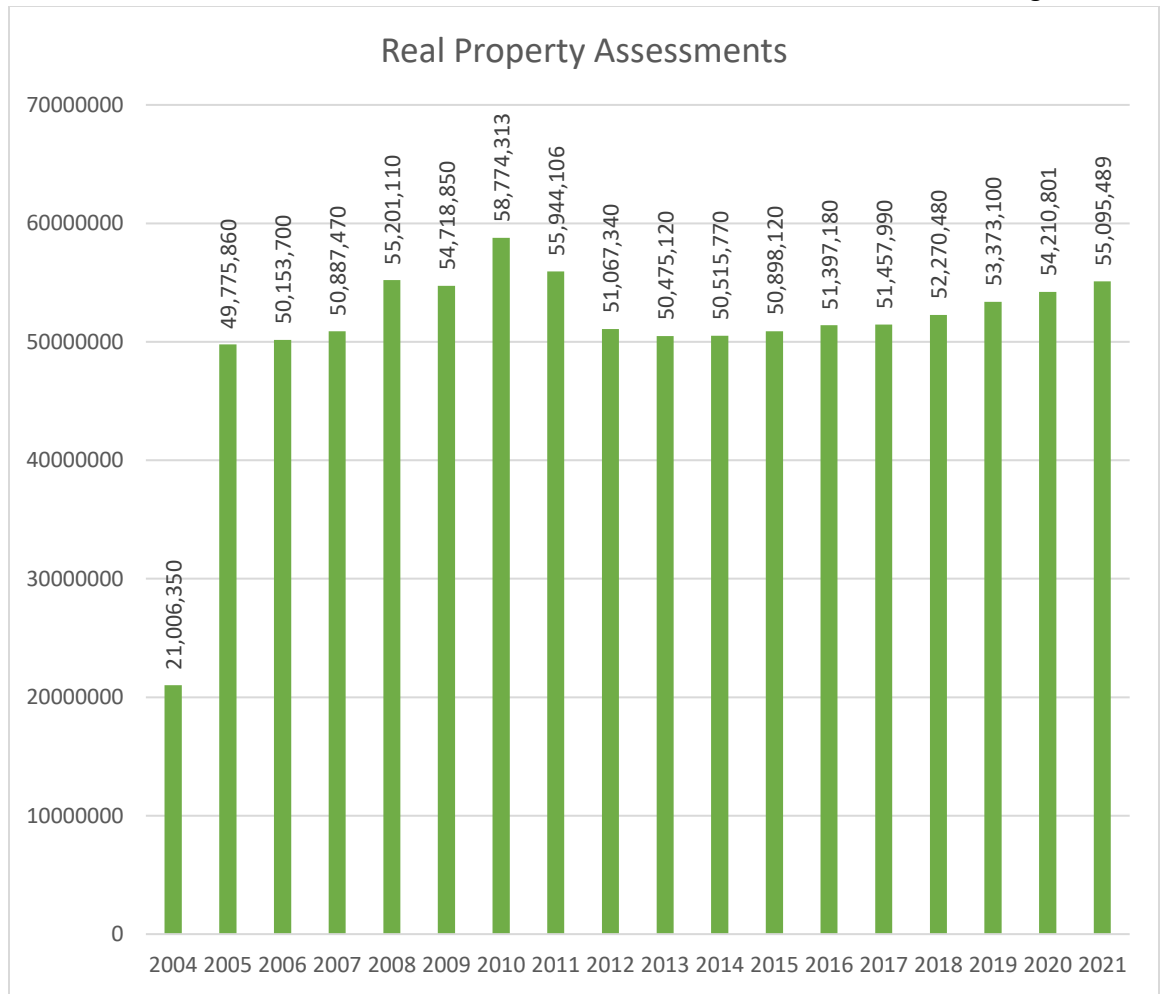


Figure 1. Assessments (Real Property)

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 2017, 2018, 2019, and 2020 to fund the 2017 Revenue Bond. These increases were defined in the 2017 Water Rate Study in support of the 2017 revenue bond. A scheduled 5% sewer increase was approved in April

2021. The solid waste rate for each homeowner remained at \$299.00 per year and additional cans remained unchanged at \$179.00 per year.

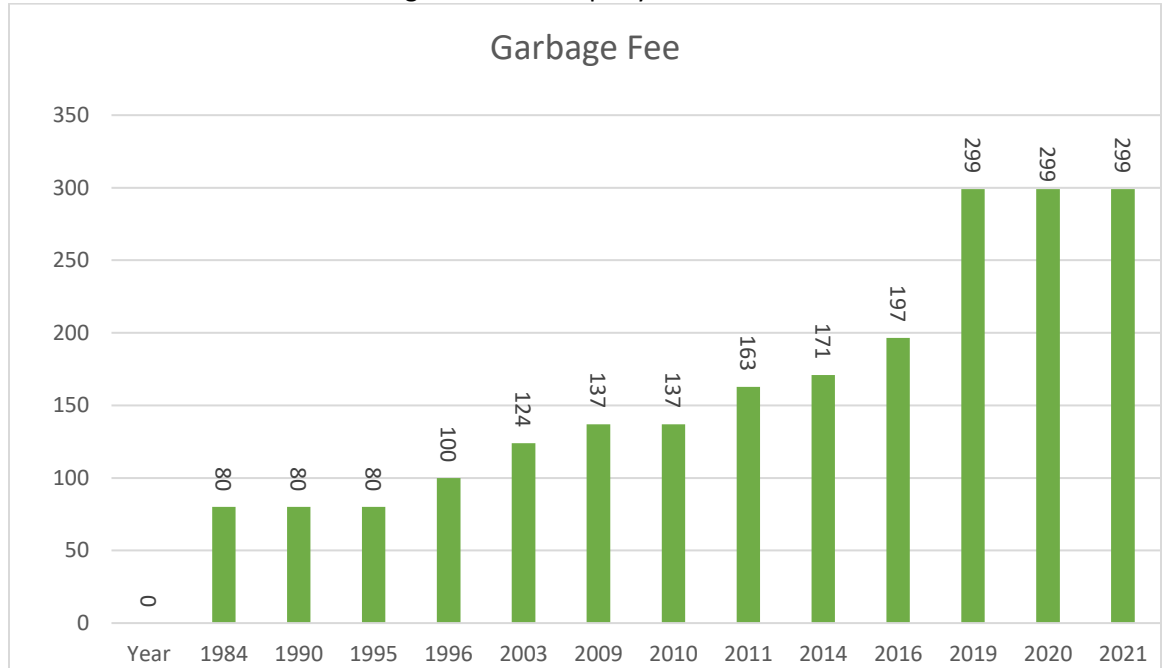


Figure 2. Garbage Fees

- ❖ **Wage adjustments.** Step increases for additional certifications (that are job applicable) are built in and management encourages staff to utilize continuing education. Other increases are merit based.
- ❖ **Employee benefits.** We are in the sixth year of a seven-year adjustment in the South Carolina Retirement employer contribution rates.
- ❖ **Unfunded Pension Liability.** In FY 2020-2021, the Town included an unfunded retirement liability of \$1,724,450 in its annual audit. The unfunded liability is being reduced annually by step increases in the employer retirement contribution rates.
- ❖ **Continuity of Operations Planning (COOP).** The Town has taken steps to train staff to maintain continuity of operations for staff who will be retiring or leave through attrition. Although these steps are taken when multiple employees leave employment, there is still a lack of continuity of operations. The Town recently hired a Senior Finance Clerk with an individual credentialed as a Certified Public Accountant. This position replaces the position of Financial/Budget Analyst. An assistant Fire Chief was hired this year to provide continuity of operations in the Fire Department.
- ❖ **Legislative Mandates.** The Town monitors all proposed and new legislation to assess impacts legislation may have on the Town. Pension increases continue to impact our budget. Proposed bills that could have potential significant budgetary impacts are the tort reform legislation which increases the current tort limit of \$300,000 to \$500,000; the fire fighter cancer bill that would potentially require a municipality pay worker’s compensation and other payments to firefighters diagnosed with certain cancers. Newly proposed legislation mandates that first responders diagnosed with post-traumatic stress disorder be entitled to worker’s compensation payments which were previously excluded. This presents not just a financial impact but also an operational impact to the Town. The Town is also concerned over proposed legislation that would limit the Town’s ability to charge for parking on SCDOT owned highways. The Town currently does not charge for parking; however, this limits a potential future source of revenue to fund day visitor related expenses.

Status of Previous Year Short Range Goals are:

- ❖ **Turtle Protection.** Turtle protection is a priority for Edisto Beach. The installation of turtle friendly lights has been completed and staff will monitor the project to ensure they are producing the expected results in reducing misorientations.
- ❖ **Beach Access / Parking.** The Town installed parking wheel stops at several beach accesses and continues this effort of delineating parking spaces to ease congestion and unsafe parking habits.
- ❖ **Policy Updates.** Staff continue to review and update Police and Fire Standard Operating Guidelines.

Short Range goals are:

- ❖ **Beach Nourishment.** The Town is allocating prior year tourism funds to the beach preservation account. The Town started conversing with Colleton County about establishing a county-wide beach preservation fund.
- ❖ **Bike Path Improvements.** The Town intends to apply for grant funding from the SC Land and Water Conservation Fund (LWCF) for needed improvements to the Vine Street Bike Path. This bike path was originally funding in part by the LWCF which positions the Town as an eligible applicant for additional funds. The grant is expected to open in late summer this year and provides a 50% match.
- ❖ **Arc/Willow Drainage-**The Town began working with the Davis & Floyd Engineering Firm to complete a study on the Willow/Arc Street drainage system. Initial findings and recommendations have been presented to Council and the project is being engineered.
- ❖ **Ditch Maintenance Schedule-**The Town has refined and implemented a drainage maintenance schedule.
- ❖ **Public Works Personnel-**The Town is assessing the need for additional public works personnel by placing the burden of specific operational issues on contractors.
- ❖ **Sewer Upgrades-**The Town continues to deal with issues at Lift Stations A and B during heavy use periods or rain events. American Engineering completed their assessment and proposed solutions to Council in April 2021. Town Council placed a temporary moratorium on the issuance and approval of any new or additional sewer system connections that flow through lift stations A, B, or C. Permitting and engineering has been authorized and staff are seeking grant funding for construction.

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 is becoming more desirable. This combined with development along the Highway 17 corridor and proximity to other inland communities, day tourism is on the rise. Day tourism presents a unique issue as day visitors do not pay for the services they require while on Edisto Beach such as waste services, restroom facilities, emergency services etc. R101, S40 was ratified May 18, 2021 and signed into law on May 24, 2021. This legislation restricts municipalities ability to charge for parking without SCDOT approval. This year, the Town approved State Accommodations tax funding for an additional law enforcement officer.
- ❖ **Beach Nourishment-**The Town completed the spot renourishment project in March 2021 which included adding 30,414 cubic yards of sand to the 100-300 and 2800 blocks. Seventy-five percent of the cost of this project is FEMA reimbursable. Council continues

to pursue a partnership with the United States Army Corps of Engineers (USACE) as a future funding mechanism by lobbying for state funds for the local match or federal approval for in-kind consideration. The primary concern with the USACE project is having the financial capability to provide the required 35% initial match and easement acquisition. The Town has requested a time extension from the USACE while other funding avenues are pursued. Another funding source option could be assessing a debt millage to pay off borrowed funds.

- ❖ **Drainage**-The Public Works department continues to refine maintenance programs for stormwater, lagoon management, unpaved road clearing and filling, and bike path maintenance.
- ❖ **Sea Level Rise**-The Town remains vigilant about the impacts of sea level rise which causes 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 continues to work with the South Carolina Sea Grant Consortium, the University of South Carolina, and the College of Charleston to compete a sea level rise adaptation report. This report, which includes a vulnerability, consequences, and adaptation public planning session (VCAPS) and tidal GIS data is near completion. The Town is also seeking input regarding septic and infrastructure impacts as groundwater levels rise.
- ❖ **Town Hall Complex**-Town Hall office space and parking are inadequate. Rosenblum Coe Architects, Inc. were awarded a contract to conduct a Phase I conceptual design to be presented to the Colleton County Capital Sales Tax Commission for consideration. Basic design concepts have been approved and layout of the interior is underway.
- ❖ **Parks, Recreation and Trails Master Plan**-The Town received grant funding to conduct a Parks, Recreation and Trails Master Plan and selected Toole Design to conduct the plan. Components of the master plan project include an existing conditions inventory and analysis, public participation through a visioning workshop, stakeholder interviews, an open house, park and Tract M design concepts, wayfinding signage recommendations, bike trail and beach access point recommendations and a phasing and implementation schedule. The master plan is scheduled for adoption by Town Council in June 2021. Implementation of some of the recommendations will begin once adopted.

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 \$1,014,014.

We have a balanced budget with an anticipated fund balance of \$4,292,783.

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 is equivalent to 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 not provided in February of 2021, but is incorporated in the FY 2021-2022 budget. Salary adjustments for performance are also included in this budget.

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

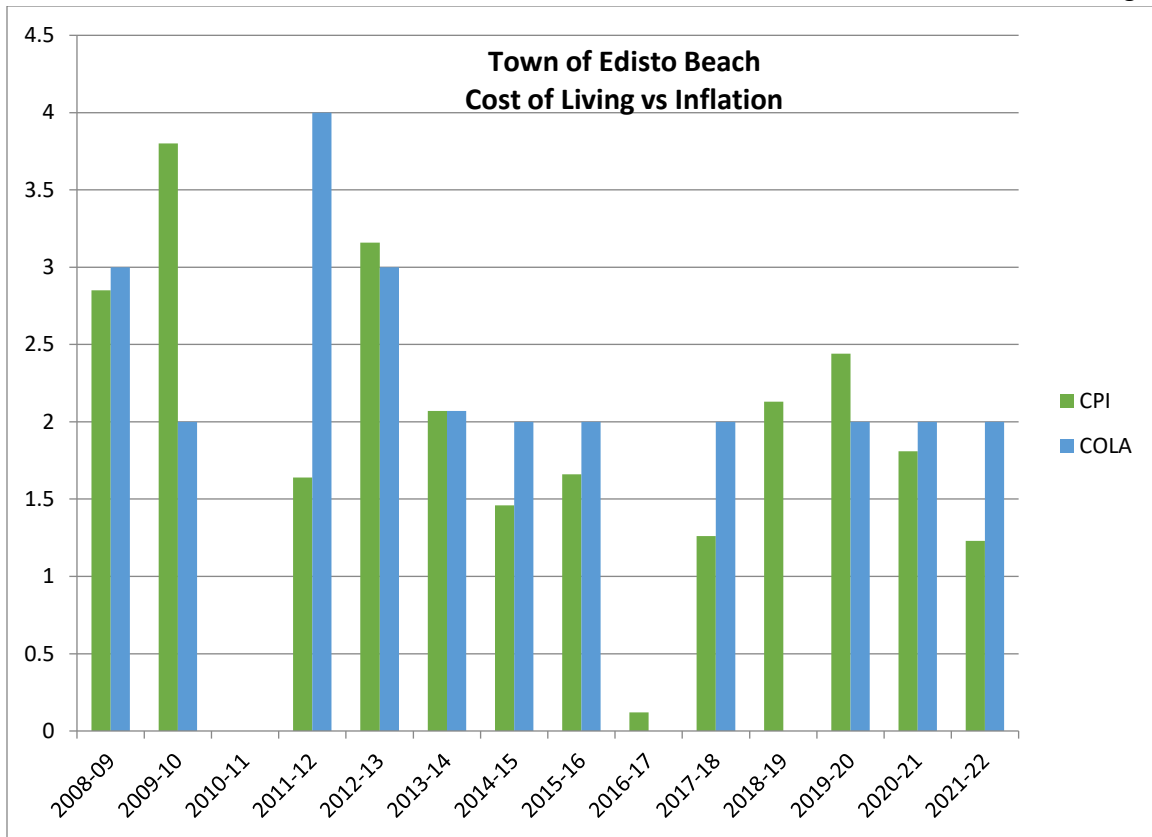


Figure 3. Cost of Living

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 2022, health insurance costs will increase by 0.8% to \$524.56/month for individual employee coverage. This amount increases depending on dependent coverage. 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 will increase beginning July 1, 2022 from 16.56% to 17.56% for employees in the South Carolina Retirement System and from 19.24% to 20.24% 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 Town’s website, www.townofedistobeach.com, where you can sign up for notifications. 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.

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 \$44,250 of the position. Global positioning systems (GPS) 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 \$12,000 annually. This service is contracted out.

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	SCPRT Land and Water Conservation Fund	Bike Path Improvement	TBD	50%
Fire Department	Assistance to Firefighters FEMA	Self-Contained Breathing Apparatus	\$161,000	\$8,050
Fire Department	V-SAFE State Fire Marshal	Self-Contained Breathing Apparatus	\$30,000	\$0
Administration	SC Rural Water Infrastructure Grant	Sewer Collection System	TBD	\$0
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

Town of Edisto Beach, South Carolina

FY 2021-2022 Budget

Fire Department	SCMIT	Fire Service Equipment	\$2,000	\$2,000
Police Department	SCMIT	Law Enforcement Officer Safety Grant	\$2,000	\$2,000
Administration	American Rescue Plan	Infrastructure	\$150,000	\$0
	Total		\$249,000	\$16,050

Millage rate

The millage rate increased from 24.07 mills to 25.15 mills using 4.47% of 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 1.23% from Calendar Year 2020 to Calendar Year 2021. The population of Edisto Beach decreased by 0.99% or 0. Adding these two components together yields a millage cap of 1.23% 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	Lost Millage
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	6.52	(1.79)
FY 21-22	24.07	1.23	0	1.23	-4.47	2.05	

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	\$550,000	\$550,000	\$550,000
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Town of Edisto Beach, South Carolina

FY 2021-2022 Budget

X Assessment Ratio.....	X	4%	X	4%	X	6%	X	6%
Assessed Value		\$22,000		\$22,000		\$33,000		\$33,000
X millage rate		X 0.02407		X 0.02515		X 0.02407		X 0.02515
Town Taxes		\$529.54		\$553.30		\$794.31		\$829.95

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.

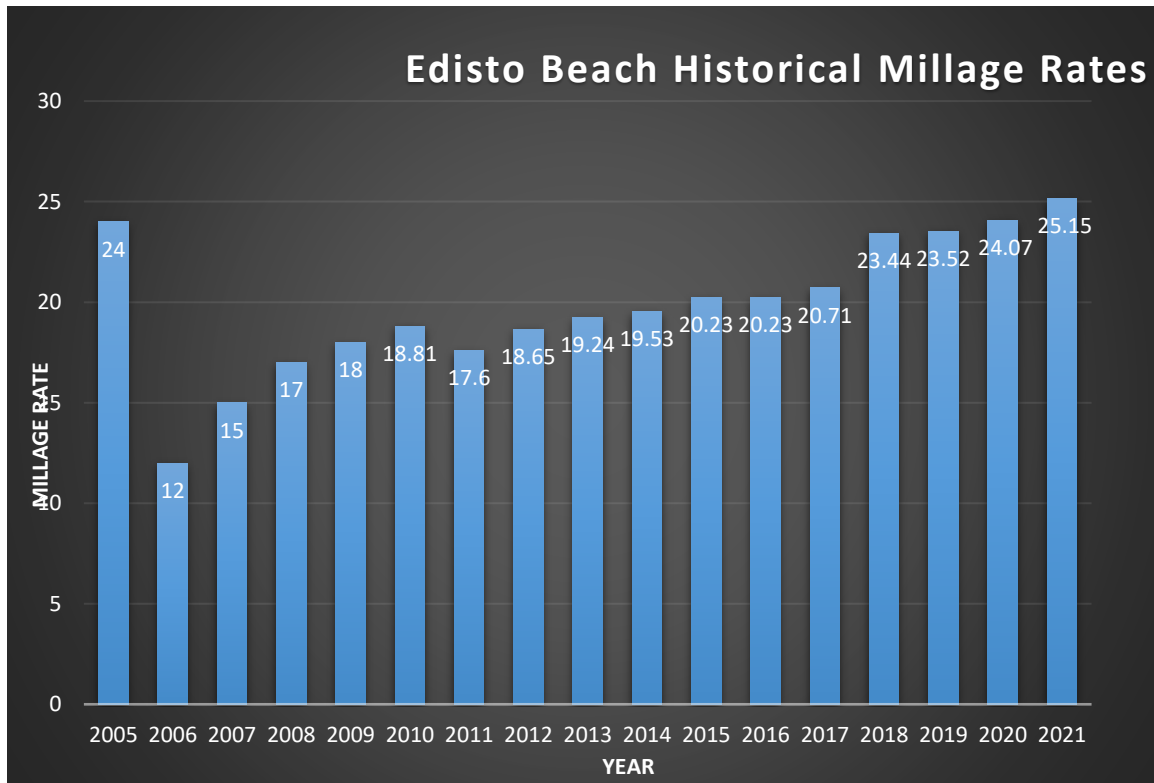


Figure 4. Historical Millage Rates

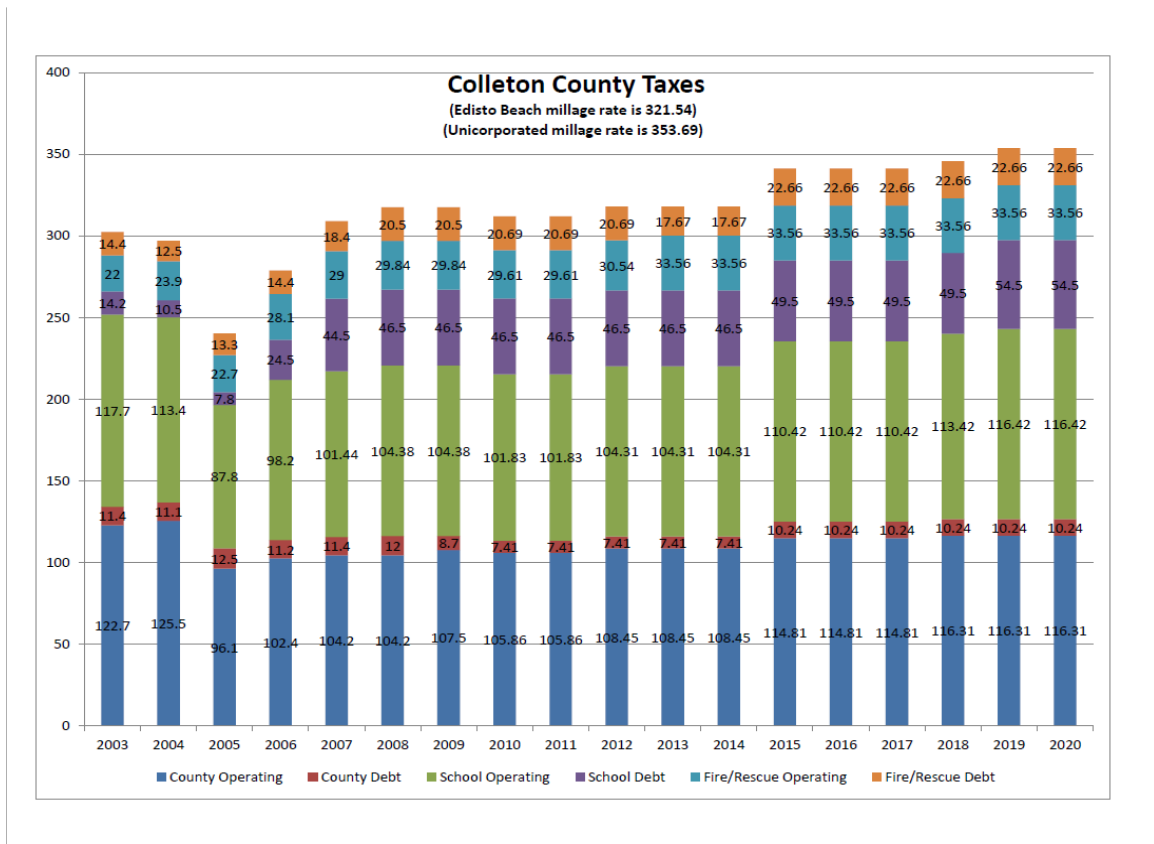


Figure 5. Edisto Beach Taxes

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 \$1,014,014. The fund balance as of April 30, 2021 is \$4,292,783.

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. Investments in the amount of \$11,047,798 are invested in the South Carolina Local Government Investment Pool (LGIP) which yields a higher interest rate than the Town’s checking account. The current interest rate is 0.0068%. 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 .00687%, below last year's rate of 1.00%. The rate in 2008 was 2.8%.

LGIP Monthly Rates

Month	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
July	0.28	0.71	1.08	2.07	2.41	0.5020
August	0.30	0.70	1.06	2.10	2.27	0.3426
September	0.35	0.78	1.08	2.09	2.17	0.2275
October	0.40	0.77	1.10	2.26	2.07	0.2090
November	0.39	0.78	1.12	2.31	1.92	0.1691
December	0.49	0.86	1.24	2.39	1.84	0.1635
January	0.57	0.90	1.35	2.43	1.80	0.1554
February	0.63	0.92	1.44	2.43	1.74	0.1384
March	0.70	0.97	1.68	2.47	1.58	0.1268
April	0.67	1.01	1.88	2.45	1.39	0.1260
May	0.69	1.01	1.94	2.53	1.04	0.0687
June	0.70	1.07	2.01	2.50	0.7597	TBD

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 2021-22 are \$6,234,086, a 2.4% increase from the FY 2020-21 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 fees, 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.

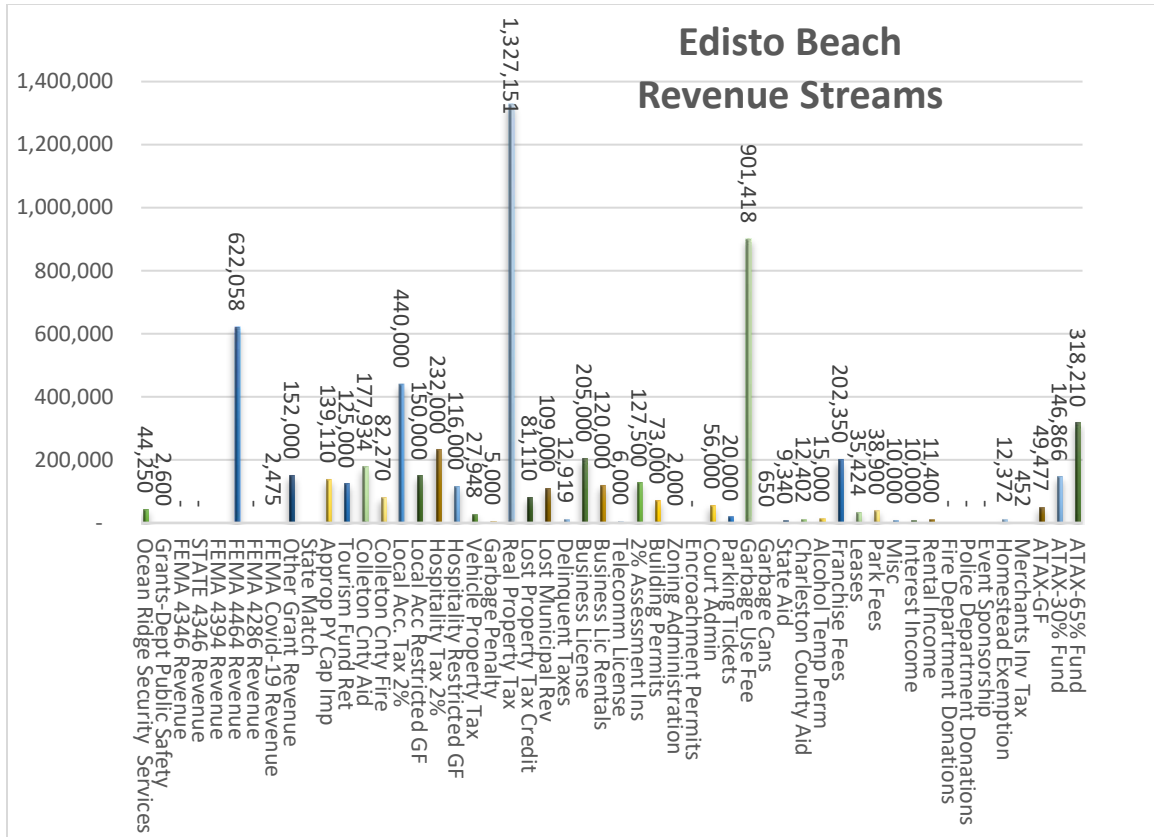


Figure 7. Revenue Streams

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 following graph 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.

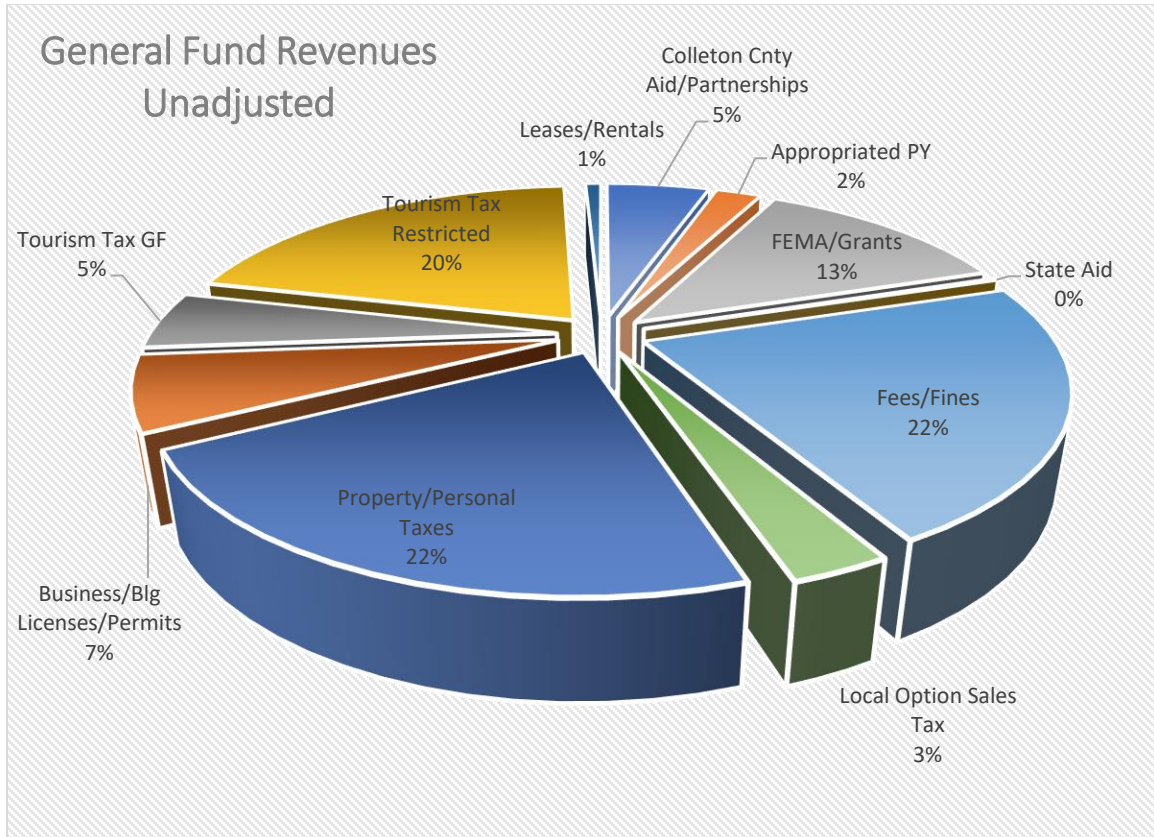


Figure 8. Unadjusted Revenue

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.

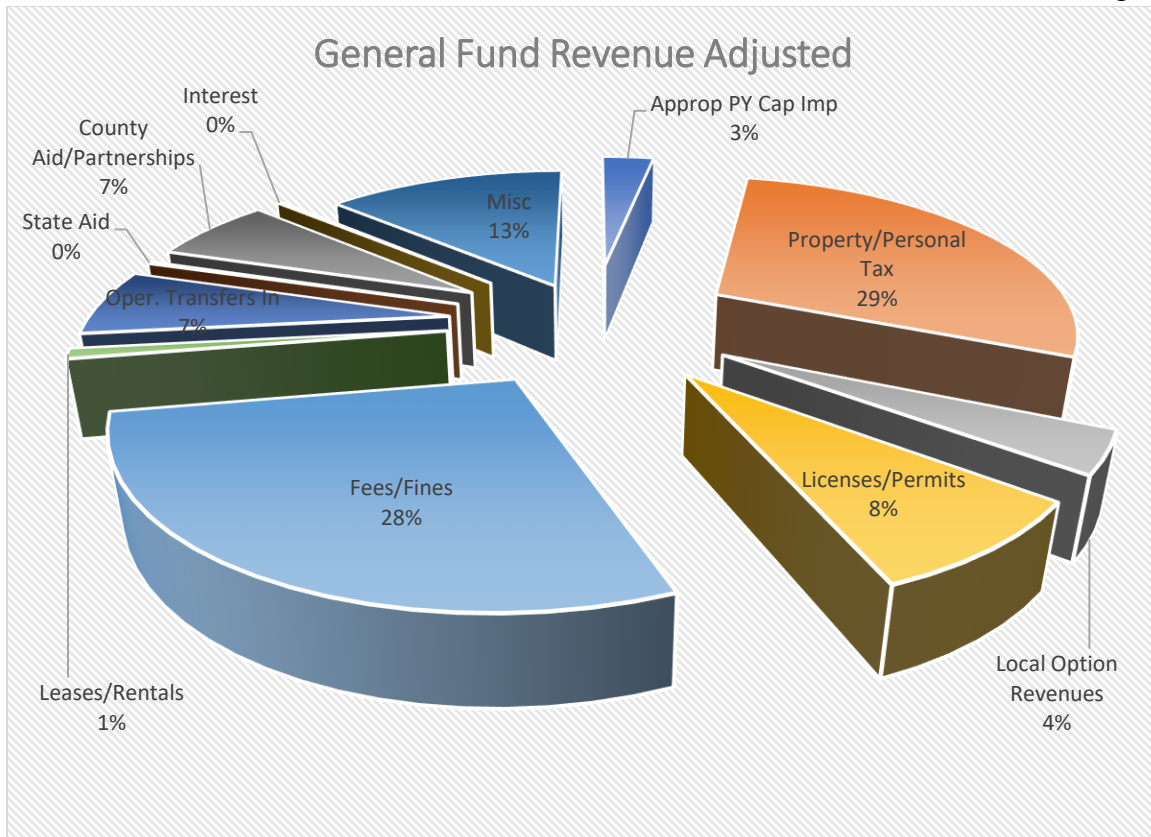


Figure 9. Adjusted Revenue Sources

Taxes known as ad valorem property taxes collected on real estate, personal property and vehicles account for 29%, or most of the general fund revenues, followed closely by fees and fines. Business licenses and building permits account for 8% of the general fund revenues which is less than last year. Operating transfers-in account for 7%.

Of the five largest revenue sources, some show slight or incremental increases over time. New construction, remodels, and resales rose during the pandemic. Tourism taxes continue to trend upward and appear to have rebounded from the pandemic.

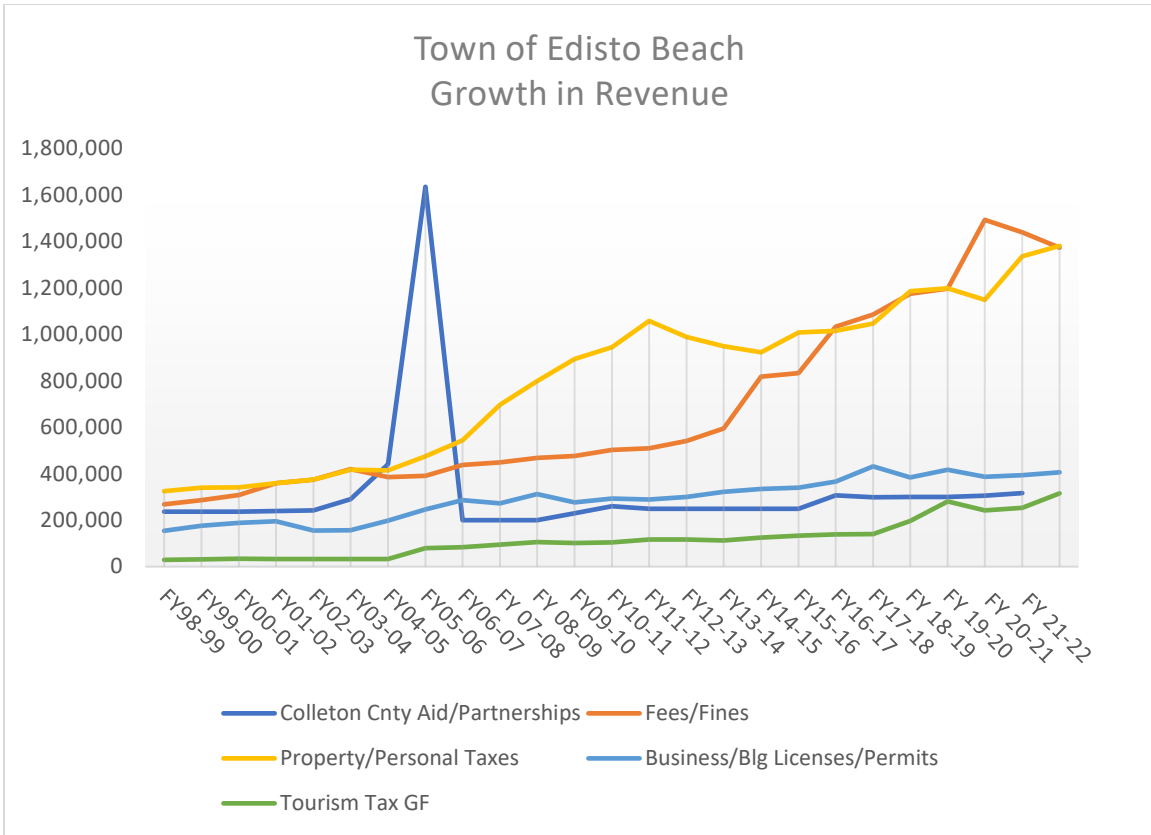


Figure 10. Growth in Revenue

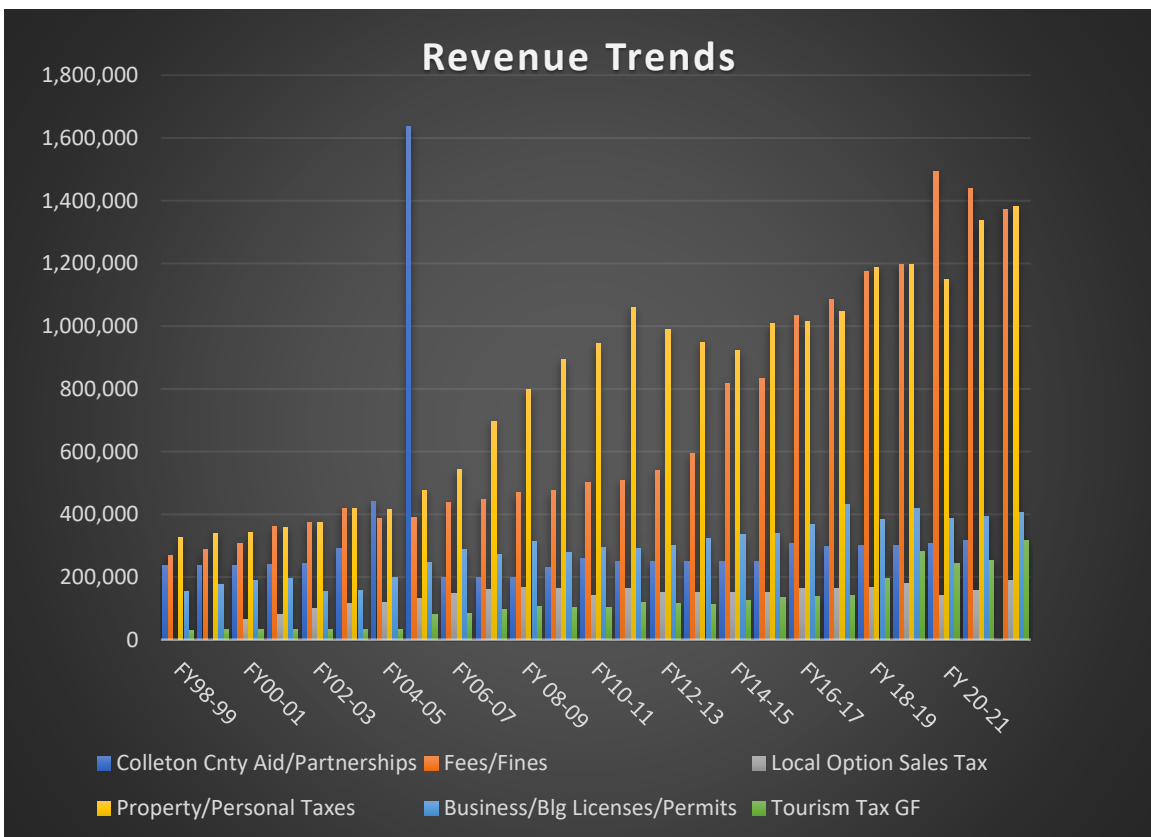


Figure 11. Revenue Trends

The Revenue line items are described in greater detail below.

Table 5. General Fund Revenue (Increase/Decrease)

	17-18	18-19	19-20	20-21	20-21	21-22	21-22
Revenue	Three Years	Two Years	One Year				
	Prior	Prior	Prior	Approved	Amended	Proposed	Increase
	Actual	Actual	Actual	Budget	Budget	Budget	(Decrease)
Grant DPS	-	-	-	-	-	2,600	2,600
State Revenue (Hurricane)	20,422	-	-	-	-	-	-
FEMA 4286-Revenue (Matthew)	61,266	-	42,986	-	-	-	-
FEMA 4346-Revenue (Irma)	148,765	387,774	10,322	59,888	44,916	-	(44,916)
State 4346-Revenue		174,992	5,892	-	14,972	-	(14,972)
FEMA 4394 Revenue		33,771	3,936	-	-	-	-
State 4394 Revenue		11,257	1,830	-	-	-	-
FEMA 4464 Revenue (Dorian)		-	30,159	-	630,307	622,058	(8,249)
COVID-19 FEMA			-	2,475	2,475	2,475	-
Ocean Ridge Security Services	36,642	37,500	40,951	40,951	40,951	44,250	3,299
Appropriated PY Capital Improve	-	-	-	278,740	278,740	139,110	(139,630)
Tourism Fund Bond Retire	125,000	125,000	125,000	125,000	125,000	125,000	-
Other Grant Revenue	2,216	-	-	-	8,900	152,000	143,100
Colleton County Aide	172,300	172,300	172,300	172,300	172,300	177,934	5,634
Colleton County Fire Aide	77,300	77,300	77,300	79,665	79,665	82,270	2,605
Local Acc. Tax 2%	425,489	425,484	437,040	427,500	427,500	440,000	12,500
Local Acc. 2% Restricted GF	50,000	100,000	100,000	100,000	100,000	150,000	50,000
Hospitality Tax 2%	203,340	254,725	191,179	216,000	216,000	232,000	16,000
Hospitality Restricted GF	101,670	134,156	95,589	108,000	108,000	116,000	8,000
Vehicle Property Tax	15,185	21,773	26,245	20,206	25,000	27,948	2,948
Garbage Penalty	4,900	3,177	5,033	3,000	6,000	5,000	(1,000)
Real Property Tax	1,133,879	1,136,272	1,109,884	1,284,968	1,284,968	1,327,151	42,183

Lost Property Tax Credit	71,852	81,665	59,989	68,204	68,204	81,110	12,906
Lost Mun Revenue	94,995	96,281	81,596	90,000	90,000	109,000	19,000
Delinquent Property Tax	24,910	27,185	460	12,919	12,919	12,919	-
Business License	195,094	192,606	190,324	195,000	195,000	205,000	10,000
Business License Rentals	120,174	136,203	119,569	120,000	120,000	120,000	-
Telecommunications License	5,715	5,881	6,240	6,000	6,000	6,000	-
2% Assessment Ins. Cos	174,419	124,311	123,282	130,000	130,000	127,500	(2,500)
Building Permits	60,926	79,802	68,827	70,000	70,000	73,000	3,000
Zoning Administration	1,750	2,705	1,840	2,500	2,500	2,000	(500)
Encroachment Permits	-	30	-	30	30	-	(30)
Court Administration	65,534	54,201	48,734	51,000	56,029	56,000	(29)
Parking Tickets	12,275	11,000	17,875	18,000	24,000	20,000	(4,000)
Garbage User Fee	599,872	622,026	923,096	901,419	901,418	901,418	-
Garbage Cans	560	480	800	650	650	650	-
State Aid	9,348	9,348	9,928	9,340	9,340	9,340	-
Charleston County Aid	12,402	12,402	9,540	12,402	12,402	12,402	-
Alcohol Temp Permit Fee	21,000	22,050	11,850	10,000	18,150	15,000	(3,150)
Utilities Franchise Fees	131,657	125,344	183,862	127,850	127,850	127,850	-
CATV Franchise Fee	59,422	58,250	60,867	58,000	58,000	58,000	-
ATT Franchise Fee	15,547	15,759	16,875	15,547	15,547	16,500	953
Alltel Lease	29,520	29,520	35,424	35,424	35,424	35,424	-
Park Fees	14,874	55,799	13,978	46,000	33,709	38,900	5,191
Misc. Income	19,556	21,011	8,226	70,000	60,000	10,000	(50,000)
Interest Income	46,925	80,898	69,098	45,000	7,200	10,000	2,800
Rental Income	11,100	11,400	11,235	11,400	11,400	11,400	-
Fire Department Donations	20	1,000	210	100	100	-	(100)
Police Department Donations	500	1,025	-	50	50	-	(50)
Event Sponsorship	7,500	-	-	-	-	-	-
Insurance Claim Payments	-	-	8,898	-	-	-	-
Homestead Exemption	11,720	12,072	12,136	12,071	12,071	12,373	302
Merchants Inv. Tax	452	452	339	452	452	452	-
ATAX General Fund	45,145	46,150	46,930	45,600	45,600	49,477	3,877
ATAX 30% Fund	120,870	126,902	131,580	123,500	123,500	146,866	23,366

ATAX 65% Fund	261,884	274,954	285,090	266,000	266,000	318,210	52,210
Golf Cart Decals					3,000	1,500	(1,500)
							-
Subtotal	4,825,892	5,434,193	5,034,344	5,473,150	6,082,239	6,234,086	151,847

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 March 31st, 2021 was \$1,255,800 in the 4% class and \$5,888,000 in the 6% Class. This accounts for additional \$9,712.53 in new taxes and is subject to appeal.

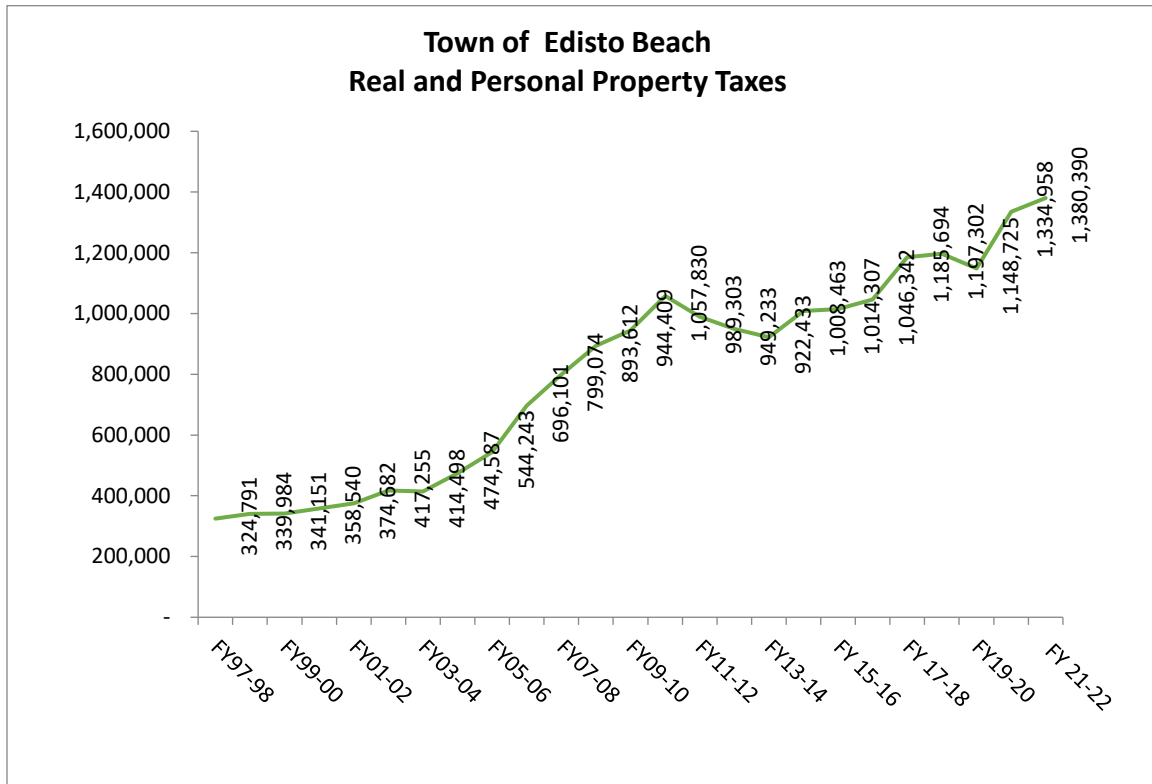


Figure 12. Property Tax Graph

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**. The franchise fee is 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. Currently, the Town does not assess 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.

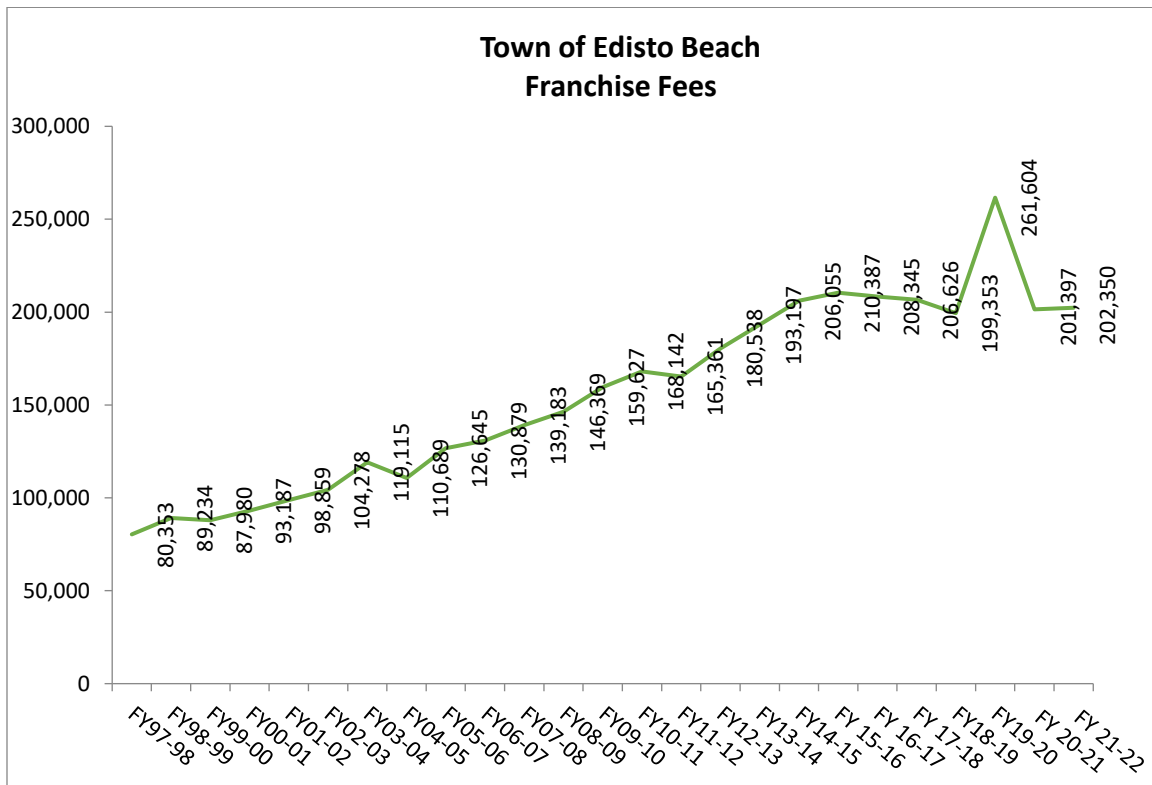


Figure 13. Franchise Fee Graph

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.

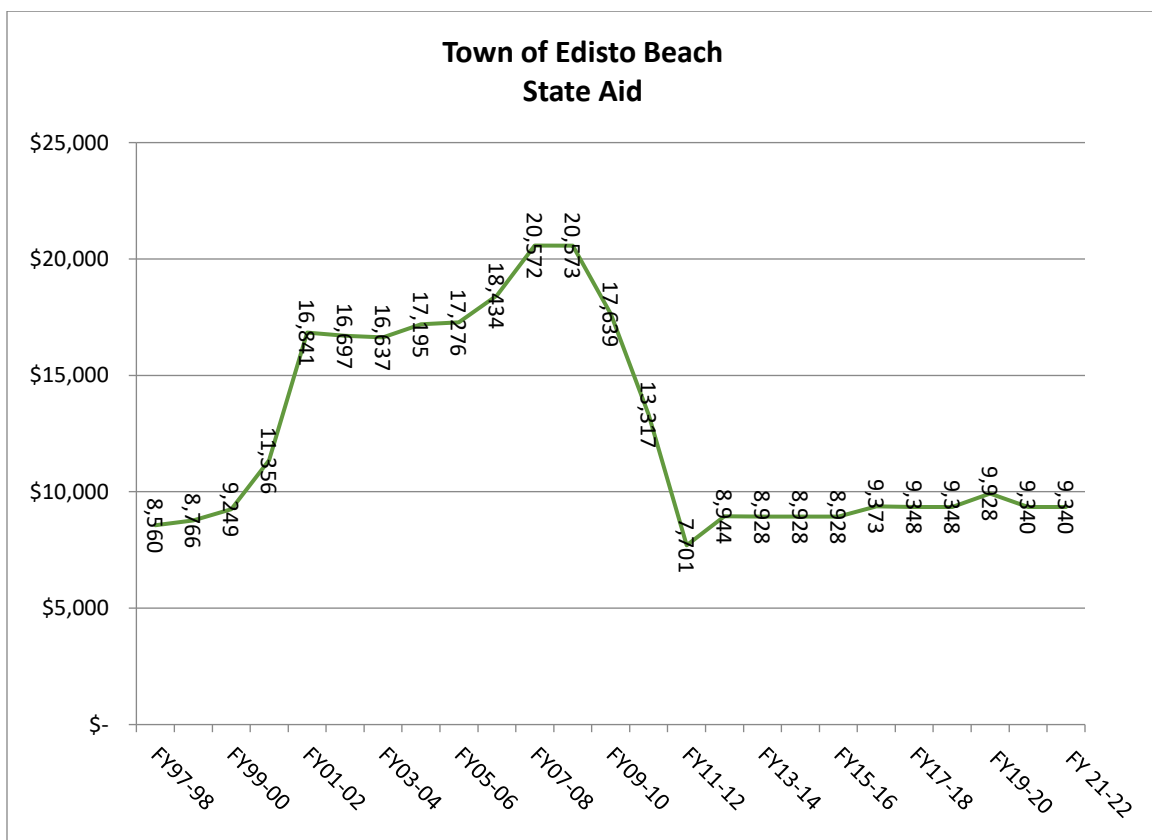


Figure 14. State Aid Graph

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. Most revenues from fines (74%) are 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. Court was not held most of the year in 2020-21 due to the pandemic.

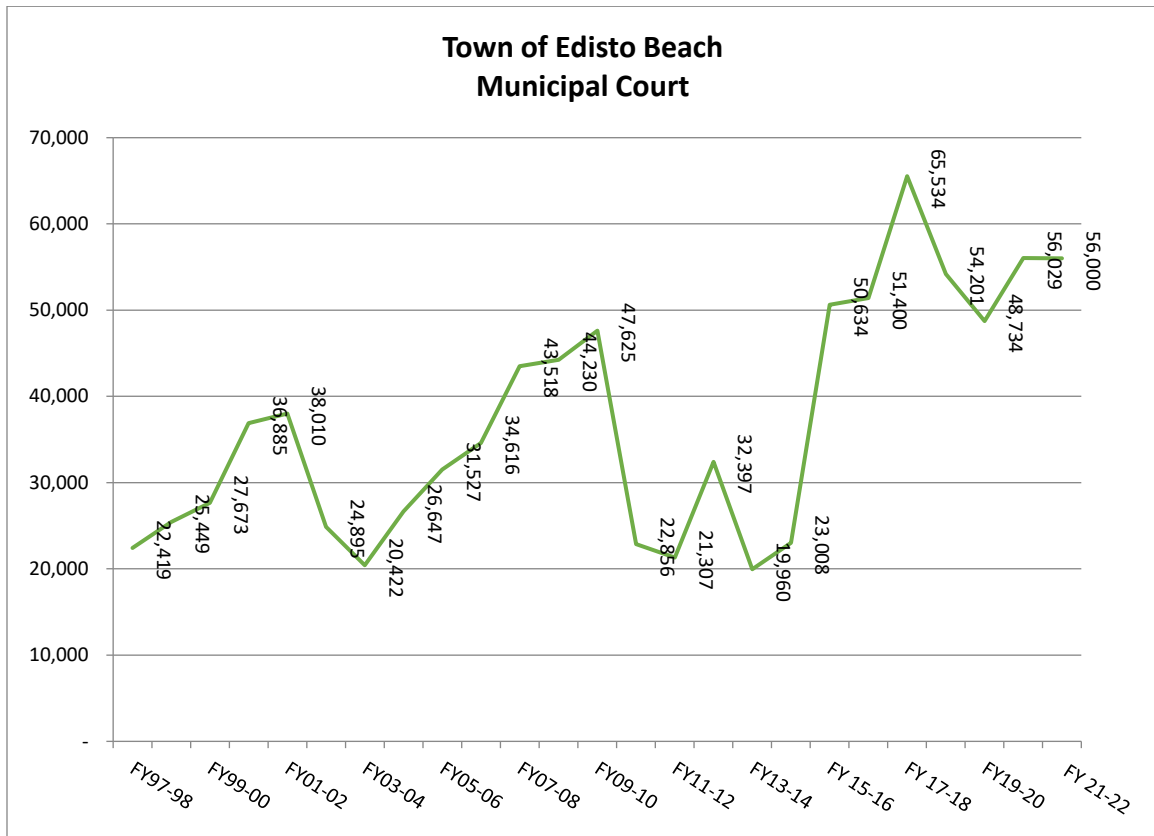


Figure 15. Municipal Court Fines Graph

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 2021-2022 totals \$6,234,086 and represents an increase of \$152,028 or 2.5% from the previous year’s amended budget of \$6,082,239. Contingency funds are \$768,116. Note that \$622,058 of this proposed revenue was paid from local accommodations and will be credited back to that Fund. This leaves an adjusted contingency fund of \$146,058.

General Fund	Amended Budget FY 2020-21	Proposed Budget FY 2021-22
	\$6,082,239	\$6,234,086
% Change		2.5%

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

Table 6. General Fund Expenditures (Increase/Decrease)

Expenditures	Three Years	Two Years	One Year	20-21	20-21	21-22	21-22
	Prior Actual	Prior Actual	Prior Actual	Approved Budget	Amended Budget	Proposed Budget	Increase (Decrease)
General Govt Operating							
Salaries	171,056	166,574	206,525	215,708	215,708	216,048	340
Mayor - Council	12,240	12,240	12,240	12,240	12,240	12,240	-
Retirement System	19,835	22,943	32,392	35,510	35,510	37,829	2,319
Payroll Taxes	14,665	15,308	17,122	17,438	17,438	19,344	1,906
Deferred Comp Expense	674	968	1,606	3,089	3,089	3,089	-
Printing Office Supplies	6,861	5,580	4,521	6,500	6,500	6,250	(250)
Janitorial Service	3,474	3,239	3,312	3,500	3,500	6,500	3,000
Postage	4,074	2,838	4,547	4,800	4,800	4,800	-
Membership & Dues	3,156	2,646	2,615	2,750	2,750	2,750	-
Meetings & Training	16,894	18,666	8,417	13,000	5,000	13,000	8,000
Elec Street Lights	28,571	23,805	26,059	28,000	28,000	28,000	-
Electricity Complex	10,800	7,891	8,024	11,500	11,500	11,500	-
Telephone	10,539	11,241	9,821	14,500	8,000	8,000	-
Equip Repairs Office	1,149	-	331	200	200	200	-
Maintenance Contracts	24,842	27,088	22,124	29,725	29,725	29,788	63
VC3	51,022	65,967	54,031	69,293	69,293	69,600	307
Prof Fees/Audit Miscellaneous	22,590	22,995	26,101	29,000	29,000	29,000	-
Codification Project	4,799	5,875	4,893	5,000	5,000	5,000	-
Advertising/Pub Notices	1,128	720	451	1,000	1,000	1,000	-
Insurance General	43,731	10,167	30,389	19,889	28,784	32,413	3,629
Insurance Staff Health	18,590	4,206	19,986	19,347	19,347	18,884	(463)
Insurance Auto	337	403	445	1,510	1,510	1,146	(364)
Christmas Bonus	6,250	6,714	6,660	6,714	6,552	6,714	162
Bank Charges	601	471	1,135	700	700	700	-
Miscellaneous Expense	4,028	8,465	8,288	9,000	7,500	7,500	-
Drug Testing	261	430	181	450	450	450	-
Gas & Oil	872	733	740	1,000	500	1,000	500
Vehicle Repair/Maintenance	6,874	4,045	4,512	4,600	4,600	3,000	(1,600)
Equip /Vehicle Depreciation	9,528	12,698	12,696	12,696	12,696	12,696	-
Event Sponsorship	6,702	-	-	-	-	-	-
Garbage Contract	602,894	583,519	945,378	901,418	901,418	901,418	-
Highway 174 Litter Expense	13,595	12,402	11,448	12,402	12,402	12,012	(390)

Town of Edisto Beach, South Carolina

FY 2021-2022 Budget

Office Machines/Software	5,450	3,284	6,609	4,000	4,000	4,000	-
Building Maintenance	1,928	9,264	6,999	4,000	8,000	4,000	(4,000)
Property Purchase	180,428	-	-	-	-	-	-
Legal Fees	40,425	63,872	43,464	110,000	110,000	80,000	(30,000)
Public Defender			200	-	-	200	200
Bay Creek Waterfront Bond	175,075	171,925	173,775	175,400	175,400	147,000	(28,400)
Emergency Funds	276,232	373,305	61,185	5,000	5,000	10,000	5,000
Subtotal	1,802,170	1,682,487	1,779,222	1,790,879	1,787,112	1,747,071	(40,041)
Expenditures	Three Years	Two Years	One Year	20-21	20-21	21-22	21-22
General Govt Other	Prior	Prior	Prior	Approved	Amended	Proposed	Increase
	Actual	Actual	Actual	Budget	Budget	Budget	(Decrease)
Local Acc. Tax 2%	425,489	425,484	437,025	427,500	427,500	440,000	12,500
Hospitality Tax 2%	203,340	254,725	191,179	216,000	216,000	232,000	16,000
ATAX 30% Fund	120,870	126,902	131,580	123,500	123,500	146,866	23,366
ATAX 65% Fund	261,884	274,954	227,755	266,000	266,000	318,210	52,210
Alcohol Fee	21,000	22,050	2,900	10,000	10,000	15,000	5,000
Computer Hardware/Software	11,887	8,976	13,325	4,000	4,000	10,120	6,120
CIP Miscellaneous	127,147	4,936	17,541	278,740	282,565	289,110	6,545
Subtotal	1,171,617	1,118,027	1,021,305	1,325,740	1,329,565	1,451,306	121,741

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
Salaries-2% cost of living (all), salary adjustments	74,198	4100 & 4300
General Govt Other-Capital Improvements (Listed in the next table)	289,110	4110.65
General Govt Other-Replace 3 computers, software	10,120	4110.631
Police -fitness incentive	4,500	4200.101
Total	377,928	

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

Table 8. General Fund Capital Improvements

<i>Capital Projects</i>	
ADM-Bike Path Repair (Prior Year)	85,000
ADM-Architectural Plan Town Facility (Prior Year)	31,460
ADM -Arc/Billow Street Drainage Engineering Study	13,650
ADM-Clear Gov Program	6,000
ADM-Scanner for Finance Dept	3,000
ADM-American Rescue Plan Project	150,000
Total	289,110

Portions of the bike path are in disrepair. An assessment through the Recreation Master Plan process determined approximately \$578,000 was needed to repair the 3.65 miles of bike paths on Edisto Beach. The Town plans to apply for grant funds to maximize funding for this repair.

Space is not sufficient to house all 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 was completed to determine a solution to a drainage problem on Arc and Billow Street. The next phase has begun and includes design and engineering. It is also possible that this project may be an acceptable use of the American Rescue Plan Funds.

The Clear Gov Program is a program that centralizes budget data and modernizes the manual. The goal is to produce an American with Disabilities Act-accessible and Government Finance Officers Association optimized document that council members and residents would read and easily understand.

The scanner for the finance department will allow documents to be scanned into a program making retrieval easier.

The Town anticipates obtaining American Rescue Plan funding. Staff are still assessing how these funds can be used such as Arc/Billow.

Table 9. General Fund Department Budget Comparison Graph

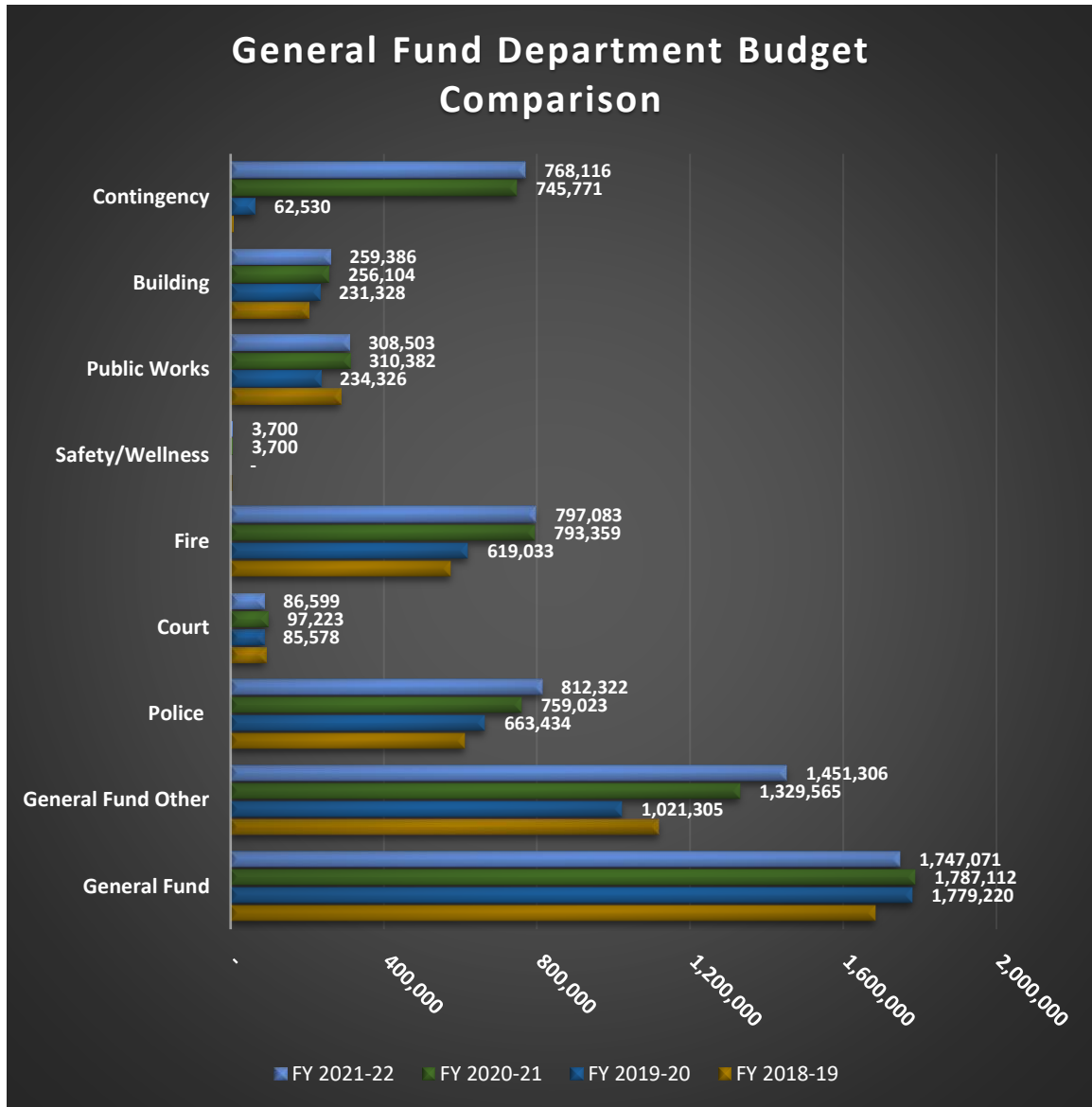


Table 10. General Fund Department % Change

Department Budget	FY18-19	FY19-20	FY20-21	FY21-22	Difference	% Change
	Actual	Actual	Amended	Proposed		
Administration	1,682,487	1,779,220	1,787,112	1,747,071	-40,041	-2.2%
General Gov't Other	1,118,028	1,021,305	1,329,565	1,451,306	121,741	9.1%
Police	612,059	663,434	759,023	812,322	53,299	7.0%
Municipal Court	90,965	85,578	97,223	86,599	-10,624	-10.9%
Fire	573,305	619,033	793,359	797,083	3,724	0.5%
Safety and Wellness	2,262	3,700	3,700	3,700	0	0.0%
Public Works	285,861	234,326	310,382	308,503	-1,879	-0.6%
Building	202,505	231,328	256,104	259,386	3,282	1.3%
Contingency	4,300	126,861	745,771	768,116	22,345	3.0%
Total	4,571,772	4,696,753	6,082,239	6,234,086	151,847	2.5%

Comparatively, most Department's operating costs from fiscal year 2020-2021 to 2021-2022 remained the same. The largest increase was in General Government Other due to increases in offsetting tourism expenses and the \$150,000 anticipated revenue and corresponding expenditure from the American Rescue Plan funds. Other increases were primarily due to health insurance costs.

Sixty-five percent (65%) of general fund expenses are directly related to operations and providing services to the citizens of Edisto Beach. The 23% labeled, general fund other, are offsetting accounts for Special Funds such as ATAX and Local Accommodations, that have restricted uses, are not used for general operations and services, and are not funded by property taxes but through tourism related services. Capital expenses were removed to depict tourism related offsetting expenses more accurately. The graphs below provide a snapshot of how FY 2021-2022 expenditures compared to FY 2020-2021 expenditures.

Figure 16. Distribution of Expenditures FY 2021-2022

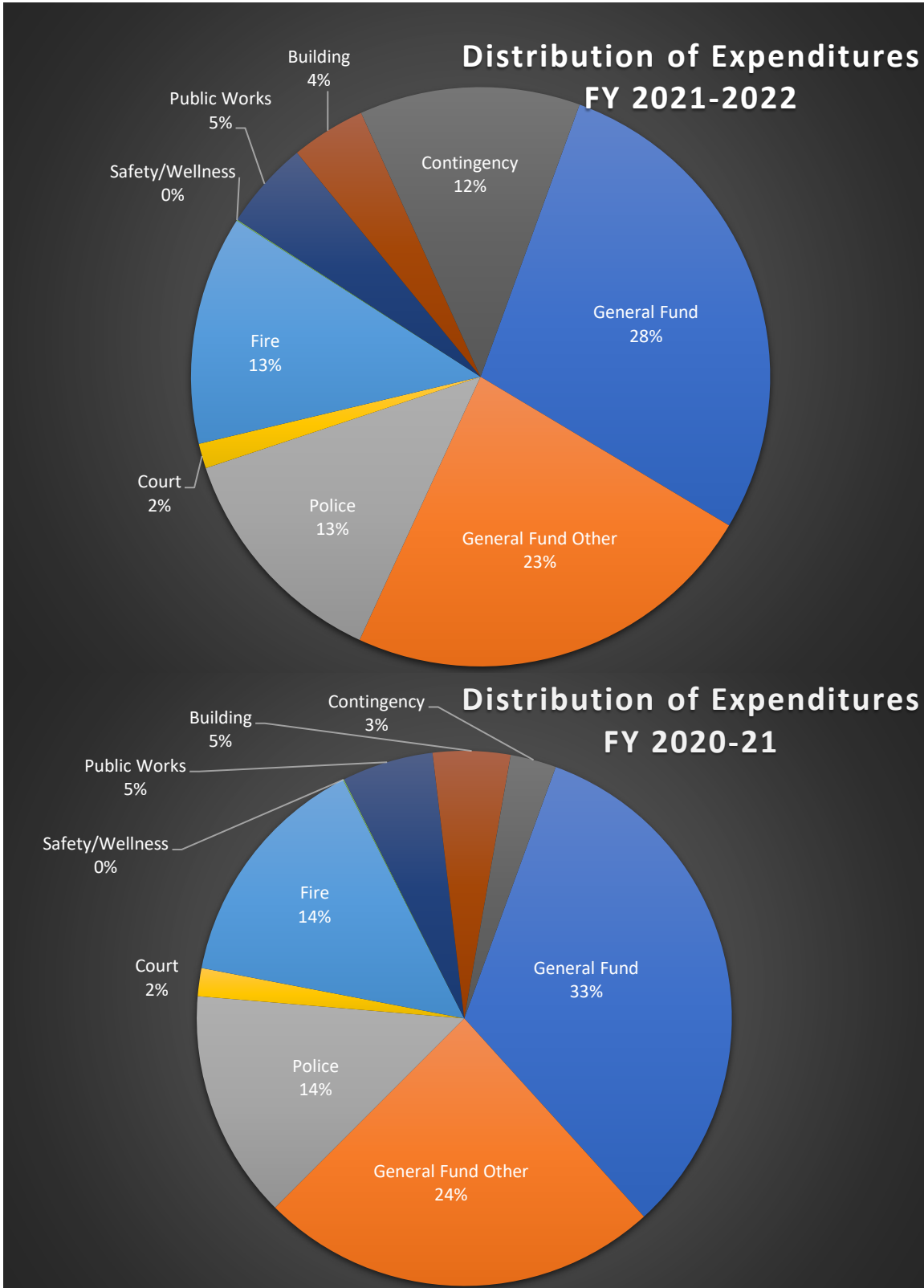


Figure 17. Distribution of Expenditures FY 2020-21

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	FY 2021-2022	Difference
Administration	206,525	215,708	216,048	340
Police Department	351,983	371,842	369,302	-2,540
Municipal Court	37,061	38,086	32,779	-5,307
Fire Department	331,126	360,238	377,987	17,659
Public Works	97,244	98,392	96,579	-1,813
Building Department	151,650	166,804	171,759	4,955
Total				13,294

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 2021 estimated total assessed value of \$55,097,510, the legal debt margin for the Town of Edisto Beach is \$4,407,801. 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. Since the General Obligation Bond was approved by referendum, it does not apply to the Town's 8% debt limit.

In 2021, the Town refunded the general obligation debt. This provided a gross savings of \$350,000. The downside is the substantial increase in payment on the bond from 2031 to 2037 ranging from \$255,000 to \$265,000. Taking this into account, a separate fund is being created to bank the balance of the budgeted amount and the payment amount to offset these future year payments. An example would be in 2022 there is an \$85,000 bond payment. The Town has typically budgeted \$125,000 for this payment. Forty thousand will be banked. In addition, there will be a reduction of interest payments that were historically paid using tourism taxes. In 2021-2022 the interest is \$61,000.

The Standard and Poor's General Obligation Bond Rating for the Town was re-evaluated in 2021. The Town maintained an AA+ 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.

Special Funds

State Accommodations Fund

A two percent (2%) state 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 recommended by the board and approved by Town Council. The fund balance as of May 31, 2021 is \$342,215. The projected income for FY 2021-2022 is \$318,210.

Table 12. ATAX Budget Comparison

Budget Comparison		FY16-17	FY17-18	FY18-19	FY19-20	FY20-21	FY21-22	% Change
ATAX General Fund		43,992	45,145	46,150	46,930	49,352	49,477	.25%
ATAX 30% Fund		113,950	120,870	126,902	131,580	135,504	146,866	8%
ATAX 65% Fund		246,891	261,884	274,954	285,090	291,824	318,210	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		342,215
Revenues FY 2021-2022		318,210
PY 2019-2020	Beach Patrol	(9,460)
PY 2019-2020	Code Enforcement (Beachfront)	(493)
PY 2020-21	Cookin' on the Creek (Carried Over Covid)	(15,500)
PY 2020-21	Law Enforcement	(111,800)
PY 2020-21	Beach Nourishment	(150,000)
FY 2021-22	Bell Bond Debt Interest	(50,000)
	Ending Balance	323,082
		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 (5);
- 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 (re-sanding), 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 as of April 1, 2020 is \$21,084. The projected income is \$15,000.

Table 14. Alcohol Permitting Tax Budget Comparison

Budget Comparison	FY16-17	FY17-18	FY 18-19	FY19-20	FY20-21	FY 21-22	% Change
Alcohol Permitting	22,050	21,000	22,050	11,850	12,150	15,000	23%

Two projects are anticipated for this fiscal year.

Table 15. Alcohol Permitting Tax Budget

Alcohol Permitting	Project	Amount
Current Balance		21,084
Revenues FY 2021-2022		15,000
FY 2021-22	Billfish Tournament	(10,000)
FY 2021-22	Shag Fest	(10,000)
	Ending Balance	16,084

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 as of April 1, 2021 is \$2,173,823. Of this, \$2,007,506 is in a fund dedicated for beach preservation. The projected income for FY 2021-22 is \$440,000.

Table 16. Local Accommodations Tax Budget Comparison

Budget Comparison	FY17-18	FY18-19	FY19-20	FY20-21	FY21-22	% Change
Local Accommodations	425,489	425,484	437,037	427,500	440,000	-5%

Fiscal Year 2021-2022 encumbered and special appropriations are listed below:

Table 17. Local Accommodations Tax Budget

Local Accommodations Fund	Project Description	Amount
Current Balance		2,173,823
Revenues FY 2021-2022		440,000
Prior Year Encumbered	Beach Preservation	(2,007,506)
PY 2019-2020	Beach Monitoring	(33,535)
PY 2019-2020	Jungle Rd Park/Burley Lyons	(2,875)
FY 2021-2022	General Fund (Tourism Related)	(100,000)
FY 2021-2022	Bell Bond Debt	(12,000)
FY 2021-2022	Beach Preservation	(250,000)
	Ending Balance	207,907

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 2021-2022. This year, the amount allocated to beach preservation was increased to \$250,000 per recommendation of the beachfront management committee and approval of Town Council. Analysis is taking place because there is a discrepancy between State accommodations and local accommodations indicating the Town is not receiving local accommodations.

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 as of June 1, 2021 is \$399,227. The projected revenues for FY 2021-2022 are \$232,000. 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	FY17-18	FY18-19	FY19-20	FY20-21	FY21-22	% Change
Hospitality	180,000	254,725	191,178	216,000	232,000	7%

Fiscal Year 2021-2022 encumbered and special appropriations are listed below:

Table 19. Hospitality Tax Budget

Hospitality Fee	Project Description	Amount
Current Balance		399,226
Revenues FY 2021-2022		232,000
PY 2019-2020	Sign Branding	(15,000)
FY 2021-2022	Code Red	(5,000)
FY 2021-2022	Hospitality Restricted GF	(116,000)
FY 2021-2022	Beach Preservation	(100,000)
FY 2021-2022	Contract Maintenance	(100,000)
FY 2021-2022	Beach Plantings	(50,000)
	Ending Balance	245,226

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 \$1,121,739. The projected revenue for FY 2021-22 is \$260,234. The Public Works Department plans to replace a pickup truck.

Depreciation Schedule

General Fund Vehicle/Equip Replacement Schedule

General	12,696
Police	94,909
Fire	109,743
Building	4,115
Public Works	31,230
ATAX (Police ATV/Kubota)	7,541
Annual Total	260,234

Fiscal Year 2021-22 encumbered and special appropriations are listed below:

Table 20. General Fund Vehicle Equipment Fund Budget

Vehicle Equipment Fund	Replacement	Amount
Current Balance		1,121,739
General Fund (ADM)	Replacement	12,696
Police Department	Replacement	94,909
Fire Department	Replacement	109,743
Building Department	Replacement	4,115
Public Works	Replacement	31,230
ATAX	Replacement	7,541
Public Works	Replace 2013 Ford F150	(23,597)
	Ending Balance	1,358,376

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 \$691,741. The revenue for FY 2021-22 is \$69,250.

Depreciation Schedule**Utilities Vehicle/Equip Replacement**

Water Vehicle/Equip. Replacement Fund	34,625
Sewer Vehicle/Equip. Replacement Fund	34,625
Annual Total	69,250

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

Table 21. Utilities Vehicle Equipment Budget

Vehicle Equipment Fund	Replacement	Amount
Current Balance		691,741
Water Fund	Replacement	34,625
Sewer Fund	Replacement	34,625
	Ending Balance	760,991

Water System Renewal and Replacement Fund

This fund was established to replace and renovate items in the water system. The current fund balance is \$623,557. The projected revenue for FY 2021-2022 is \$400,000. 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		623,557
Revenues FY 2021-2022		400,000
Prior Year 2020-2021	Replace 2 Insertion Valves	(12,000)
	Ending Balance	1,011,557

Sewer System Renewal and Replacement Fund

This fund was established to replace and renovate items in the sewer system. The current fund balance is \$223,924. The projected revenue for FY 2021-2022 is \$45,000.

Table 23. Sewer R&R Budget

Sewer R&R	Description	Amount
Current Balance		223,924
Revenues FY 2021-2022		45,000
PY 2020-2021	Work Authorization #14 Sewer CIP	(11,031)
	Ending Balance	257,893

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 \$4,609 as of June 1, 2021.

Volunteer Firefighter Fund

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

The fund balance is \$93,498 as of June 1, 2021. As a quasi-department of the Town, Council must review and approve the annual budget submission.

Civic Center Fund

The Town manages the operation of the Civic Center for Colleton County. A fund was established to account for the revenues and expenditures. Direct assistance from Colleton County in the amount of \$47,085 is budgeted. The Town anticipates receiving \$45,808 in revenues. Expenditures are budgeted for \$92,893. The Town leases four rooms in the building and has a steady clientele of weekly rentals.

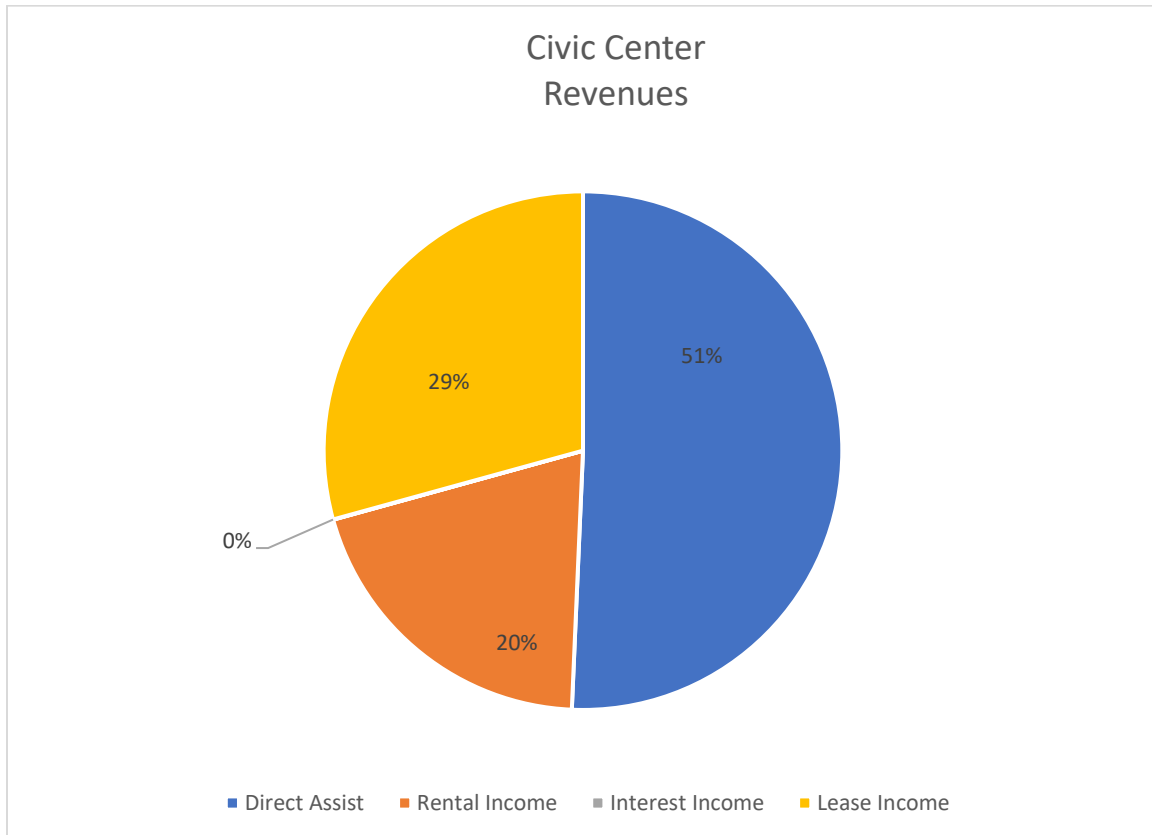


Figure 18. Civic Center Revenues

Proprietary Funds

Enterprise Funds

Enterprise funds are used to account for operations that are financed and operated in a manner like private business enterprises. The intent is that the cost of providing goods or services to the 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, but monthly payment plans are also available. The fee is based on increasing volumetric rates for increased consumption. This process places an increased share of 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.

Town of Edisto Beach, South Carolina

FY 2021-2022 Budget

	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
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

Table 24. Water Rates

Water Fund revenues are listed in the following table:

Revenue	Three Years	Two Years	One Year	20-21	20-21	21-22	21-22
	Prior	Prior	Prior	Approved	Amended	Proposed	Increase
	Actual	Actual	Actual	Budget	Budget	Budget	(Decrease)
Water System User Fee	1,043,124	1,177,821	1,389,423	1,426,418	1,526,000	1,805,210	279,210
Tap in Fee	12,500	16,500	16,500	15,000	20,000	15,000	(5,000)
Reconnect Fee	1,000	1,000	1,950	1,000	1,000	1,000	-
Penalty	7,712	5,899	7,035	8,620	8,620	8,620	-
Interest Income	15,662	31,002	25,669	19,200	5,000	6,000	1,000
Bonded Interest Income	55,744	113,604	33,280	30,000	40	100	60
Miscellaneous Income	865	979	661	1,000	-	1,000	1,000
Rental Income	150	-	-	-	-	-	-
Water Department	1,136,757	1,346,805	1,474,518	1,501,238	1,560,660	1,836,930	276,270

Table 25. Water Fund Revenues (Increase/Decrease)

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

Water Fund User Fees

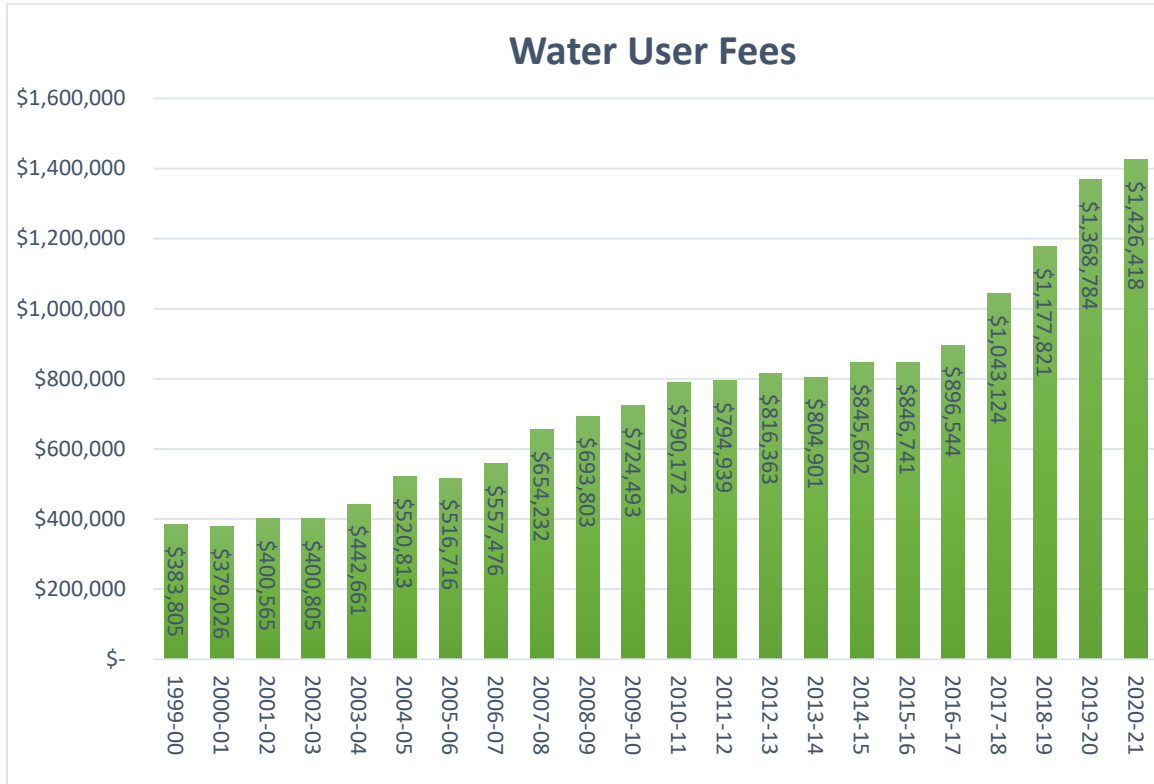


Figure 19-Water User Fees

Based on historical trends and a relatively fixed number of commercial and residential accounts, the total revenue from user fees is projected at \$1,805,210 for FY 2021-22. There is \$400,000 budgeted for transfer into the R & R Fund.

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

Table 26. Water Fund Expenditures (Increase/Decrease)

Water Department							
Expenditures	Three Years	Two Years	One Year	20-21	20-21	21-22	21-22
	Prior	Prior	Prior	Approved	Amended	Proposed	Increase
	Actual	Actual	Actual	Budget	Budget	Budget	(Decrease)
Overhead Costs							
Salaries and Wages	202,265	199,165	239,013	236,589	236,589	283,122	46,533
Mayor/Council	4,080	4,080	4,080	4,080	4,080	4,080	-
Retirement System	28,439	51,027	(95,020)	37,472	37,472	46,500	9,028
Payroll Taxes	15,270	14,795	17,316	18,238	18,238	28,759	10,521
Def Comp Expense	263	362	994	1,011	1,011	1,011	-
Printing/Office Supplies	770	899	631	1,000	1,000	1,000	-
Janitorial Service	531	451	414	1,460	1,460	1,152	(308)
Postage	1,384	1,133	1,564	1,000	1,300	1,000	(300)
Membership dues	535	680	636	700	700	700	-
Meetings & training	3,032	3,155	1,661	4,000	4,000	4,000	-
Electricity	43,201	35,707	47,849	76,000	100,080	110,000	9,920
Telephone	3,880	3,768	4,052	7,000	7,000	8,000	1,000
Maintenance Contracts	1,596	1,331	2,004	2,000	2,900	2,900	-
VC3	5,972	5,585	6,709	7,412	8,000	7,600	(400)
Prof Fees/Audit, Miscellaneous	4,413	2,640	2,806	2,500	2,500	2,500	-
Custodian fees	2,489	2,489	2,489	1,625	2,489	2,489	-
Insurance General	16,937	18,834	20,342	17,978	34,478	47,557	13,079
Health Insurance Expense	26,333	23,628	22,153	22,571	22,571	28,326	5,755
Insurance Auto	1,254	1,659	1,828	1,221	1,221	1,636	415
2017 Bond Costs	217,919	-	-	-	-	-	-
Bank Charges	675	6	693	500	500	500	-
Miscellaneous Expense	(8,445)	447	145	1,000	1,000	1,000	-
Vehicle Gas & Oil	7,228	8,163	9,257	9,000	9,000	12,000	3,000
Vehicle Repair & Maintenance	2,154	812	414	1,750	1,750	1,750	-
DHEC User Fee	17,740	18,805	18,819	20,000	15,100	20,000	4,900
Uniforms	246	368	413	750	750	750	-

GWS Maintenance Agreement	19,719	21,889	21,889	19,720	21,888	21,889	1
Sys Repair Maintenance	50,379	9,625	26,647	35,000	35,000	35,000	-
Sys Supplies & Small Tools	5,993	3,921	1,274	5,000	5,000	5,000	-
Meters & meter supplies	18,045	18,388	10,539	15,000	15,000	20,000	5,000
Insurance Claim Expenses	-	-	-	-	-	-	-
Chemicals	16,524	20,919	40,456	40,000	40,000	40,000	-
Lab Tests	4,114	4,155	7,784	8,000	8,000	8,000	-
Equipment Purchases	1,139	1,097	611	1,500	1,500	1,500	-
Equipment Repair	5,751	1,404	1,173	8,500	8,500	8,500	-
Pipe, Hydrants Connections	163	3,379	7,462	7,400	7,400	7,400	-
2012 W/S Revenue Bond P&I	51,780	50,940	50,100	91,780	91,780	91,780	-
2017 W/S Rev Bond P/I	217,919	248,331	245,975	420,000	420,000	420,000	-
Office Machines/Software	690	774	1,008	800	800	850	50
Complex Building Maintenance	-	62	23	250	250	250	-
Pagers & Communication	2,579	1,884	1,891	2,700	500	1,300	800
Building Maintenance	1,143	530	776	1,500	1,500	1,500	-
Legal Fees	20,895	-	-	4,000	1,000	4,000	3,000
Subtotal	1,016,994	787,287	728,870	1,138,007	1,173,307	1,285,301	111,994
Expenditures	Three Years	Two Years	One Year	20-21	20-21	21-22	21-22
Water Department Other	Prior	Prior	Prior	Approved	Amended	Proposed	Increase
	Actual	Actual	Actual	Budget	Budget	Budget	(Decrease)
Amortization Expense	-	(2,488)	4,013	-	-	-	-
Equip/Vehicle Depreciation	23,735	21,814	34,974	46,717	46,717	34,625	(12,092)
Depreciation Expense	-	68,798	104,144	-	-	-	-
Renewal/Replacement	140,000	140,000	140,000	210,000	210,000	400,000	190,000
Computer Hardware/Software	1,000	-	1,224	1,000	1,000	1,000	-
CIP Mis	-	-	-	25,000	25,000	10,000	(15,000)
Subtotal	164,735	228,124	284,355	282,717	282,717	445,625	162,908
Expenditures	Three Years	Two Years	One Year	20-21	20-21	21-22	21-22

Water Contingency	Prior	Prior	Prior	Approved	Amended	Proposed	Increase
	Actual	Actual	Actual	Budget	Budget	Budget	(Decrease)
Water Contingency	-	-	-	80,514	104,221	106,004	1,783
Subtotal	-	-	-	80,514	104,221	106,004	1,783
WATER FUND TOTAL	1,181,729	1,015,411	1,013,225	1,501,238	1,560,245	1,836,930	276,685

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

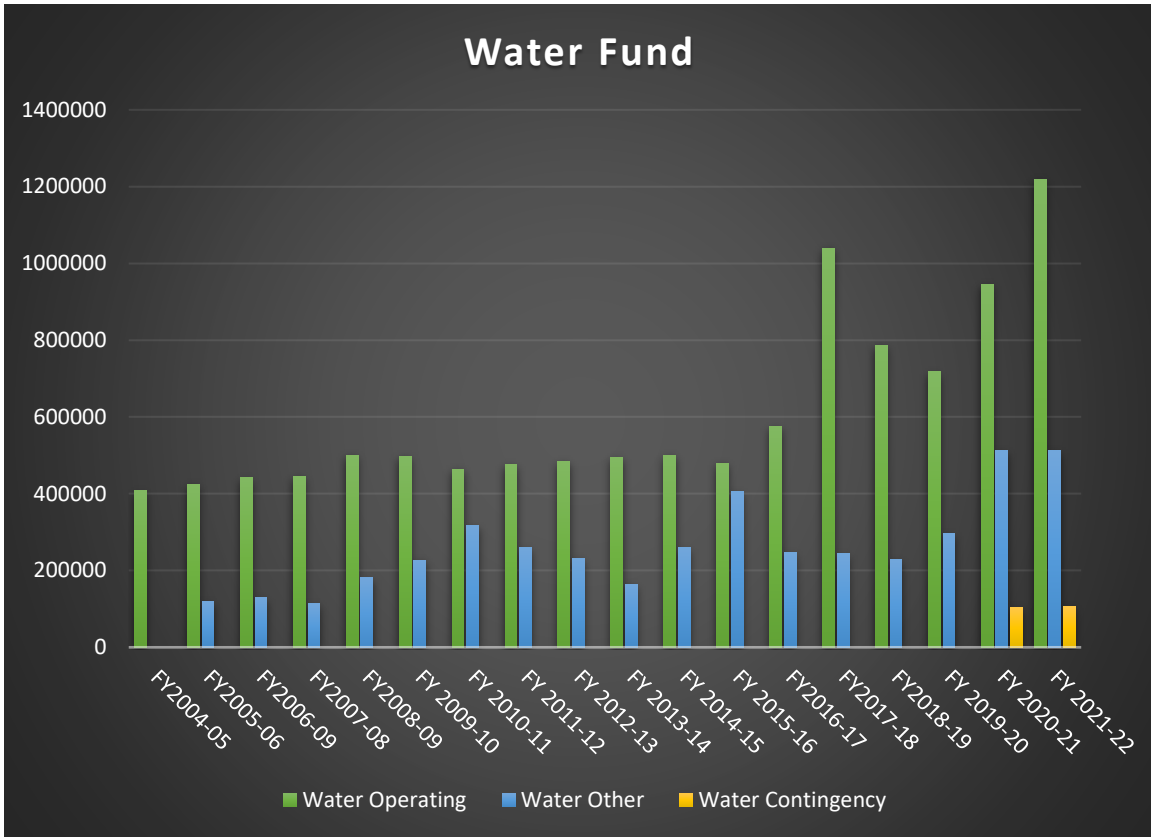


Figure 20. Water Fund Budget Comparison

The chart below depicts how the funds are spent. Forty-two percent of the total budget is directly spent on operations. Twenty eight percent of the total budget goes towards revenue bond debt.

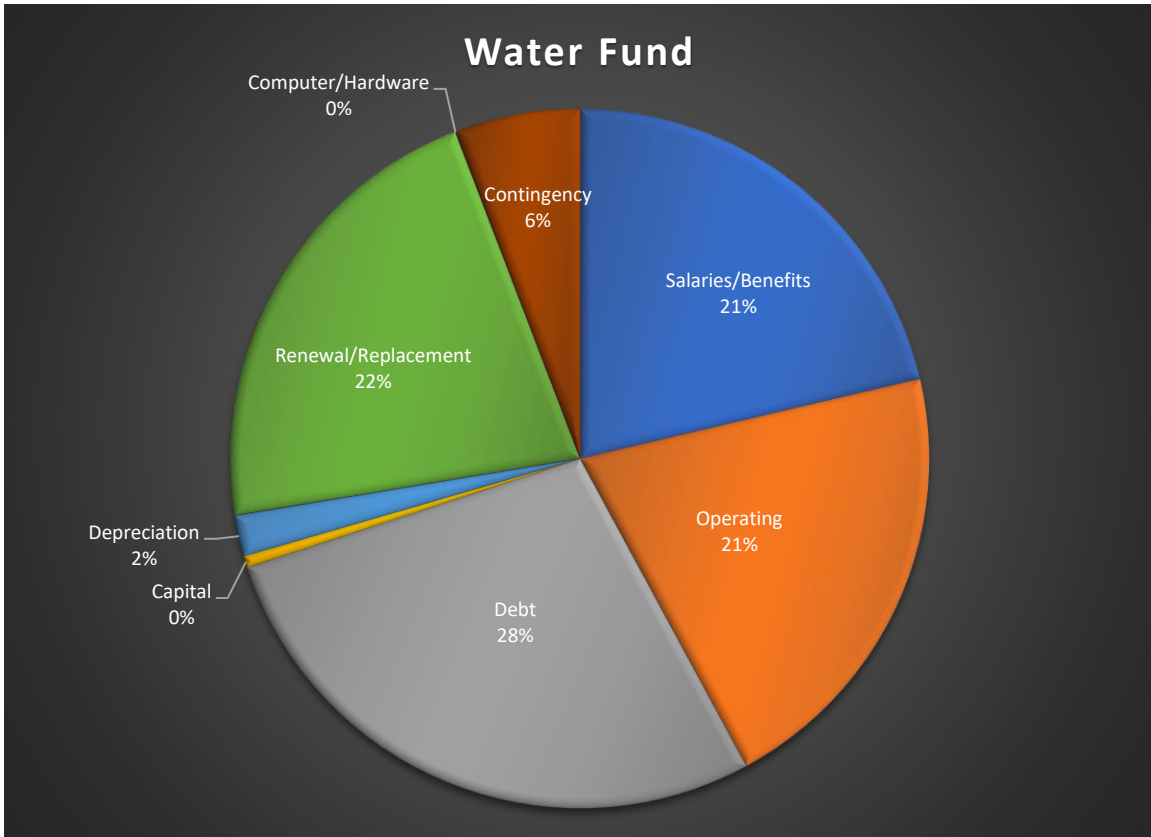


Figure 21. Water Fund Budget Graph

Water Fund Budget Highlights

The water fund total budget is \$1,836,930. This includes \$106,004 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	2012 Revenue Bond	91,780
Water User Fees	2017 Revenue Bond	420,000
Water User Fees	Renewal and Replacement	400,000
	Total	911,780

Accrued prior year funds are \$1,318,128.

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 \$225.35 for 0 gallons to 6,000 gallons and \$3.75 for each 1,000 gallons over 6,000 gallons as approved in April 2021.

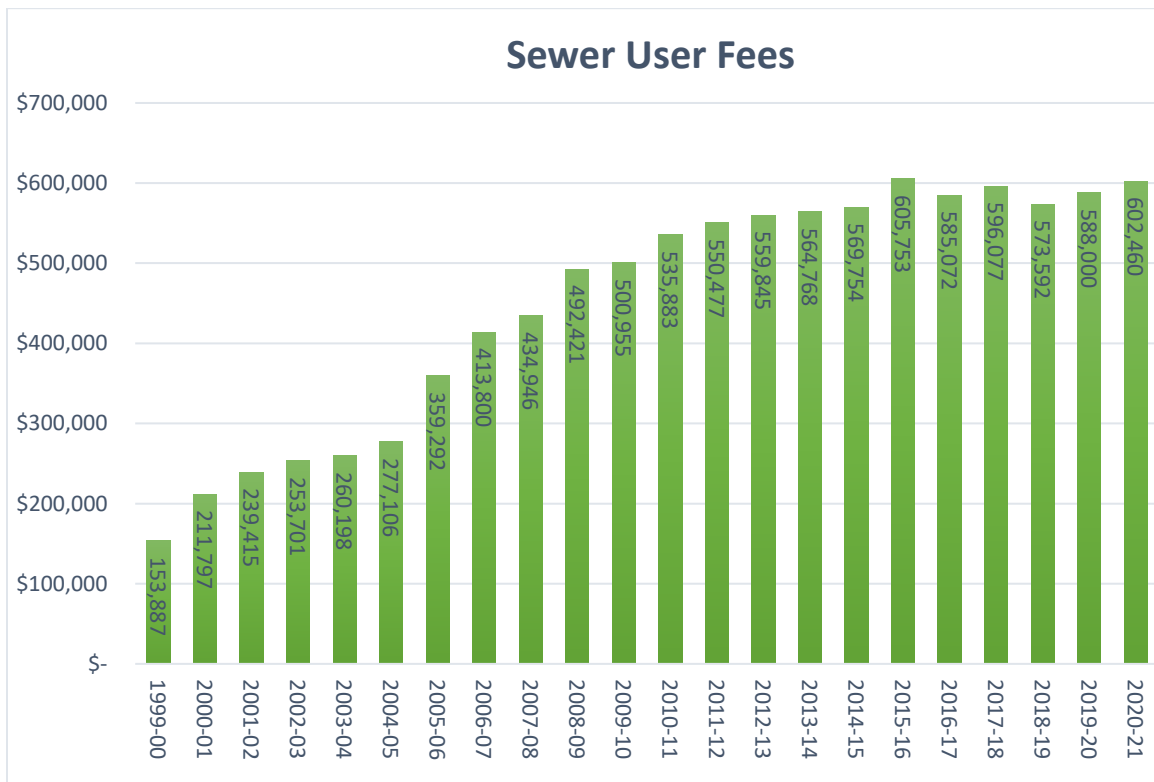
Table 28. Sewer Fund Revenues (Increase/Decrease)

Revenue	Three Years	Two Years	One Year	20-21	20-21	21-22	21-22
Sewer Department	Prior Actual	Prior Actual	Prior Actual	Approved Budget	Amended Budget	Proposed Budget	Increase (Decrease)
Transfer from R&R	-	3,098		-	-	-	-
Sewer System User Fee	596,077	573,592	586,840	602,460	602,460	632,583	30,123
Grease Trap Fee	2,000	3,400	2,000	2,000	3,000	2,000	(1,000)
Tap in Fee	2,500	10,000	25,000	12,500	12,500	10,000	(2,500)
Reconnect Fee	150	375	100	300	300	300	-
Penalty	3,358	2,267	2,597	3,000	3,500	3,000	(500)
Interest Income	9,729	17,266	12,558	9,000	2,022	500	(1,522)
Other Income	150	-	-	-	-	-	-
Sewer Department	613,964	609,998	629,095	629,260	623,782	648,383	24,601

The sewer rate was increased by 5% in April 2021 for commercial and residential accounts, this revenue source is projected at \$632,583 for FY 2021-22.

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

Sewer Fund User Fees



The Sewer Fund budget is \$648,383. This includes a contingency of \$61,007.

Accrued prior year funds are \$722,505.

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

Town of Edisto Beach, South Carolina

FY 2021-2022 Budget

Table 29. Sewer Fund Expenditures (Increase/Decrease)

Sewer Department	Three Years	Two Years	One Year	20-21	20-21	21-22	21-22
Expenditures	Prior	Prior	Prior	Approved	Amended	Proposed	Increase
	Actual	Actual	Actual	Budget	Budget	Budget	(Decrease)
Overhead Costs	-	-	-	-	-	-	-
Salaries and Wages	210,600	199,166	239,014	236,589	236,589	212,753	(23,836)
Mayor/Council	4,080	4,080	4,080	4,080	4,080	4,080	-
Retirement system	27,510	51,027	(95,021)	37,472	37,472	35,204	(2,268)
Payroll Taxes	17,125	14,794	17,315	18,238	18,238	16,587	(1,651)
Def Comp Expense	320	362	994	1,010	1,010	1,011	1
Printing/Office Supplies	1,200	871	618	1,000	1,000	1,000	-
Janitorial Services	420	451	414	420	420	1,152	732
Postage	1,000	1,135	1,459	1,000	1,000	1,000	-
Membership dues	700	580	186	700	700	700	-
Meetings & training	4,000	3,388	716	4,000	4,000	4,000	-
Electricity	52,000	38,548	43,897	52,000	52,000	52,000	-
Telephone Expense	1,500	1,862	2,698	2,500	2,500	2,500	-
Maintenance Contracts	2,000	1,331	2,004	2,000	2,900	2,900	-
VC3	5,200	5,585	6,709	7,412	7,412	7,600	188
Prof Fees/Audit, Miscellaneous	2,500	2,640	2,806	2,500	2,501	2,500	(1)
Insurance General	20,000	19,195	20,114	17,978	17,978	27,102	9,124
Health Insurance Expense	25,000	23,627	22,153	22,571	22,571	28,326	5,755
Insurance Auto	1,400	1,659	1,828	1,400	2,490	1,636	(854)
Bank Charges	100	-	-	100	100	100	-
Miscellaneous Expense	769	337	170	500	500	500	-
Vehicle Gas & Oil	8,000	8,364	8,662	8,000	8,000	12,000	4,000
Vehicle Repair & Maintenance	3,750	851	381	1,750	1,750	1,750	-
DHEC User Fee	1,200	1,065	1,190	1,200	1,200	1,200	-
Uniforms	750	368	413	750	750	750	-
Sys Repair Maintenance	35,000	20,158	17,437	35,000	35,000	35,000	-
Sys Supplies & Small Tools	5,000	3,805	1,274	5,000	5,000	5,000	-
Chemicals	25,000	21,092	16,778	20,000	20,000	20,000	-
Lab Tests	19,000	13,452	11,490	14,000	14,000	8,000	(6,000)
Equipment Purchases	3,000	2,607	797	3,000	3,000	1,500	(1,500)

Town of Edisto Beach, South Carolina

FY 2021-2022 Budget

Equipment Repair	5,000	1,256	1,356	5,000	5,000	8,500	3,500
Office Machines/Software	800	774	1,002	800	800	850	50
Complex Building Maintenance	500	62	23	250	250	250	-
Pagers & Communication	1,800	1,607	496	1,800	500	1,300	800
Building Maintenance	4,000	748	2,061	4,000	4,000	4,000	-
Legal Fees	4,000	-	-	4,000	1,000	4,000	3,000
Subtotal	494,224	446,847	335,514	518,020	515,711	506,751	(8,960)
Expenditures	Three Years	Two Years	One Year	20-21	20-21	21-22	21-22
Sewer Department Other	Prior	Prior	Prior	Approved	Amended	Proposed	Increase
	Actual	Actual	Actual	Budget	Budget	Budget	(Decrease)
Equip/Vehicle Depreciation	17,300	21,814	46,632	46,716	46,716	34,625	(12,091)
Depreciation Expense	-	53,831	-	-	-	-	-
Renewal/Replacement	60,000	60,000	60,000	45,000	45,000	45,000	-
Computer Hardware/Software	1,000	-	1,224	1,000	1,000	1,000	-
CIP Miscellaneous	55,000	393	-	-	-	-	-
Subtotal	133,300	136,038	107,856	92,716	92,716	80,625	(12,091)
Expenditures	Three Years	Two Years	One Year	20-21	20-21	21-22	21-22
Sewer Contingency	Prior	Prior	Prior	Approved	Amended	Proposed	Increase
	Actual	Actual	Actual	Budget	Budget	Budget	(Decrease)
Sewer Contingency	-	-	-	18,524	15,356	61,007	-
Subtotal	-	-	-	18,524	15,356	61,007	-
SEWER TOTAL FUND	627,524	582,885	443,370	629,260	623,783	648,383	(21,051)

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

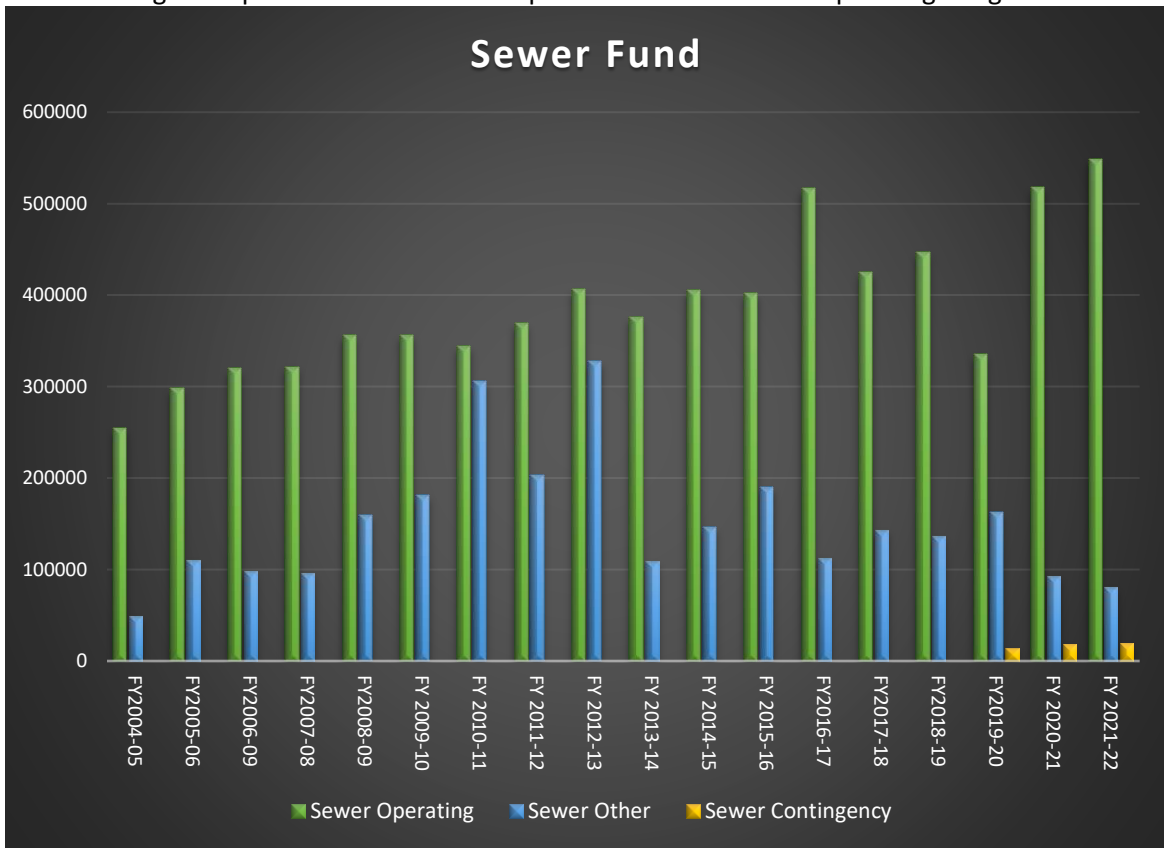


Figure 22. Sewer Fund Budget Comparison Graph

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

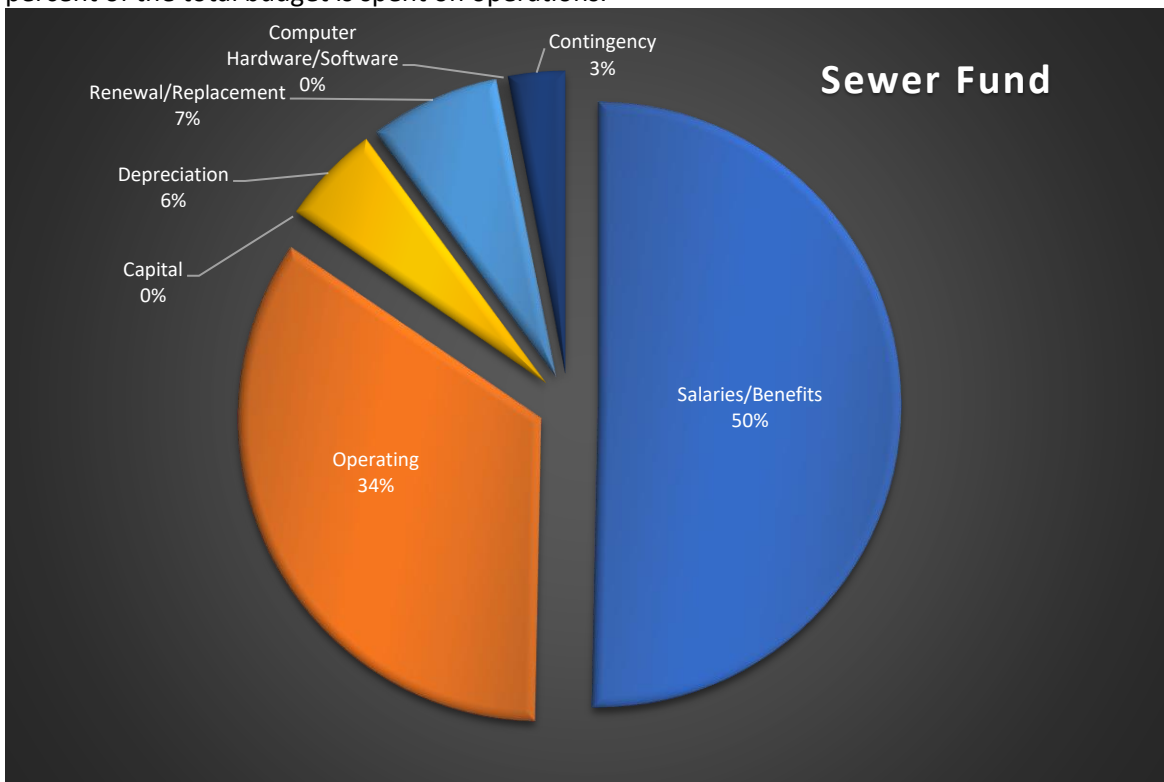


Figure 23. Sewer Fund Budget Graph

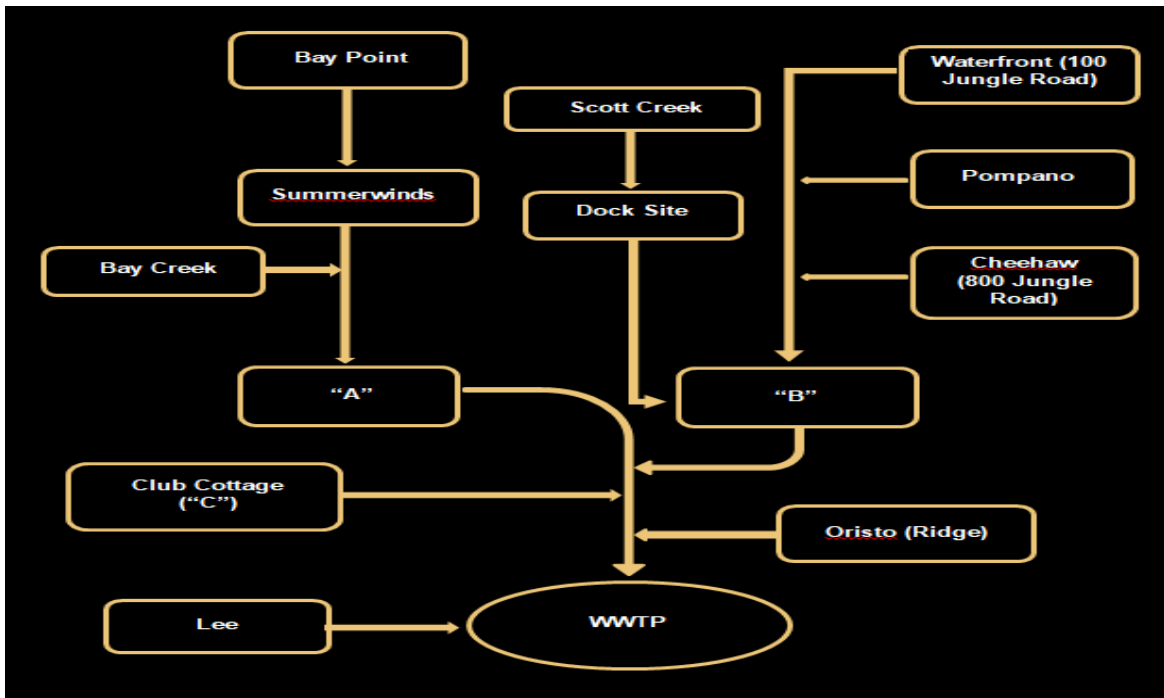
Highlighted changes are listed below.

Table 30. Sewer Fund Budget Highlights

Funding Source	Description	Amount
Sewer User Fees	Renewal and Replacement	45,000
	Total	75,123

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. Development of a sewer Capital Improvement plan was awarded to American Engineering (AE) in May 2020. During the evaluation process, AE determined that the sewer collection system was over capacity at Lift Stations A and B. This prompted the Town to issue a moratorium on sewer taps. AE recommended a two phased approach to correct this issue. In May 2021, Council approved the engineering portion of the solution. In addition, AE presented additional observations that the Town could address in-house.



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 principal 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 2021-2022 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

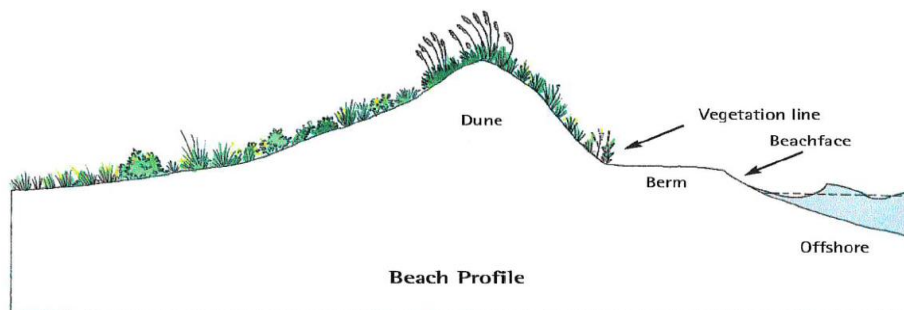
The Electronic Municipal Market Access website, or EMMA®, is the official repository for information on virtually all municipal securities. The Municipal Securities Rulemaking Board (MSRB) operates the EMMA® website under authority granted by the U.S. Securities and Exchange Commission (SEC). Each year, the water and sewer system analytics are updated and reported on EMMA®. 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.

Projects

Storm Damage Reduction Project

In 2001, the Town Council decided to work on a stable funding source for beach nourishment 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 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, rather than 75% federal/25% local.

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 (beachface) 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. The groins have already been lengthened and would not be included. Houses built to code have the first level of living area above this elevation and should not have blocked views.

The Town continues to seek in-kind consideration for the groin work constructed in 2017 and state appropriations for the 35% local match.

Hurricanes

The Town continues to work with the Federal Emergency Management Agency to obtain reimbursements and closure of projects from storms as far back as 2015. To date three project have been closed.

Sea Turtle Protection Project

Phase II of the lighting project was completed in April 2021 and a LED demonstration project was initiated. If the LED project does not generate complaints, the Town may consider converting all the older fixtures to LED.

Fire Department Barracks Renovation

The Fire Barracks renovation was completed.

Recreation Master Planning Services

The Recreation Master Plan was completed. Phased improvements are being implemented.

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 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. The draft report was completed this fiscal year. There were some delays due to the COVID 19 pandemic. The next step is to broaden the study to include groundwater 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. Phase II of this project consisted of a study to determine other measures needed to relieve flooding. This was completed in May 2020 and the consultant provided recommendation to Council. The project is being designed and permitted for construction. The Town anticipates using American Rescue Plan Funds for the construction.

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.

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	6,084,086
Water Fund	1,836,930
Sewer Fund	648,383
Civic Center Fund	92,893
Total	8,662,292

Some factors impacting the budget are:

General Fund Revenues:

- The Town’s total millage rate is increasing by 4.77% from 24.07 to 25.15 mills.
- We anticipate receiving reimbursement for spot nourishment from Hurricane Dorian in the amount of \$622,058 and at least \$2,475 from Covid-19.
- New construction continues to trend upward as well as property values.

General Fund Expenditures:

- Health insurance was increased by 5%.
- A 2% cost of living increase and salary adjustments were included.
- The retainer for legal counsel was increased.

<i>General Fund Service Changes</i>	Amount	Account
2% cost of living increase, salary adjustments	74,199	4100 & 4300
General Govt Other-Capital Improvements (Listed in the next table)	289,110	4110.6500
General Government Other-Replace 3 computers and software	10,120	4110.6310
Police Department – Fitness Incentive	4,500	4200.3420
Total	377,929	

Capital Projects

ADM-Bike Path Repair (PYF)	85,000
ADM-Architectural Plan (PYF)	31,460
ADM-Arc Billow Engineering (PYF)	13,650
ADM-Finance Scanner	3,000
ADM-Clear Gov Budget Program	6,000
ADM-American Rescue Plan	150,000
Total	289,110

PYF-Prior Year Funds

Prior Year Funds

General Fund	4,292,783
Water Fund	1,317,850
Sewer Fund	722,505

Contingencies

General Fund	786,116
Water Fund	106,004
Sewer Fund	61,007

General Fund & Special Appropriations:

Item	Amount	Fund
Beach Patrol	9,460	ATAX 65% PY
Beach Patrol Code Enforcement	493	ATAX 65% PY
Law Enforcement	111,800	ATAX 65% PY
Cookin on the Creek	15,500	ATAX 65% PY
Beach Preservation (PY)	2,007,506	Local Accommodations PY
Beach Preservation	250,000	Local Accommodations
Burley Lyons Park	2,875	Local Accommodations PY
Bell Bond Debt	62,000	Local Acc. Fund \$12,000 ATAX PY Encumbered \$50,000
General Fund (Tourism related)	150,000	Local Accommodations
Beach Monitoring (2 Years)	33,535	Local Accommodations
Contract Maintenance	100,000	Hospitality
Beach Preservation	100,000	Hospitality
Code Red	5,000	Hospitality
General Fund (Tourism Related)	116,000	Hospitality
Sign Branding	15,000	Hospitality PY
Beach Plantings	50,000	Hospitality
Public Works 2013 Pickup Truck	23,597	Replacement Fund
Billfish Tournament	10,000	Alcohol Permitting
Shag Fest	10,000	Alcohol Permitting

Water Fund

1. The salary split was adjusted from 50% water/50% sewer to 60% water/40% sewer.
2. Insurance for the water plant increased insurance premiums by \$21,831.

Sewer Fund

1. The sewer rates were increased by 5% beginning June 2021.
2. The Town moved forward with the sewer pump upgrade project to address sewer collection system deficiencies.

Water and Sewer Fund Capital Improvements, New Services, Other

Service	Amount	Funding Source
Replace 2 Insertion Valves	12,000	Water R & R PY
New Generator Well No. 8	TBD	Utility Equipment Replacement
Work Authorization #14-Sewer CIP	11,061	Sewer R & R PY
Lift Station A and B Pump Replacement (Engineering)	112,000	Colleton County
Lift Station A and B Pump Replacement	757,000	Grant and Enterprise Funds

Our accomplishments can be attributed to dedication and perseverance of our excellent team of professionals who work for and serve the Edisto community. 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 several key projects this past year which will have lasting social and environmental impacts on the community. This is even more impressive since all was accomplished during a pandemic. While others were quarantined and working virtually, the Edisto team continued working in person to maintain services to the public. All should be applauded for their efforts and accomplishments during this time.

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