

TOWN OF EDISTO BEACH Annual Budget 2013-14



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Town of Edisto Beach, South Carolina

Mayor



Mayor
Burley L. Lyons

Town Council



Council
Pete Anderson



Council
Jane S. Darby



Mayor Pro Tempore
Babe Hutto



Council
Tommy Mann

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:

Council Goals and Action Plan

Council Goals and Action Plans FY 2013-2014

Beach Management and Preservation		Mayor Lyons		
Action Plan	Who	Date	Action Taken	
Formalize plan of how we govern what happens on beachfront	Council	05/10/2012	Established beachfront mgt committee to advise council	
Support State legislation for beachfront retreat (resolution)	Council		On-going through Coastal Council	
Form Beachfront Mgt Committee	Council	05/10/2012	Completed	
Establish Beachfront Mgt Committee Bylaws	Council	05/10/2012	Completed	
Appoint Committee	Council	05/10/2012	Completed	
Plan to build dunes where eroded and protect what we have	Building Dept	02/01/2012	Completed	
Install additional Protect our Dune Signs	Building Dept	06/01/2012	Completed	
Continue preventative measures	Building Dept	08/31/2012	Continue with sandfencing and plants/ordered/look at pushing sand/sand scraping	
Seek Funding for Groin Extension Study	Administration	08/09/2012	\$19,295 local accomodations funds for groin lengthening/NTP includes demonstration project	
Groin Study Completion	CSE	01/25/2013	Completed	
Locally Preferred Plan ACOE	Beachfront Mgt	02/14/2013	Completed	
Colleton County Funding	Council	02/14/2013	Completed-Council met with Colleton County Council to discuss funding	
Seek Funding \$10 million groin lengthening	Administration	10/31/2013		
Feasibility Study with ACOE	Administration	Sep-13	In Progress-latest schedule shows completion in 2014/made final payment for study to acoe	
Meeting with ACOE/DHEC about demonstration project	Administration	Jun-13	Schedule to be placed on agenda in june	
Colleton County Delegation Request	Town Attorney	03/14/2013	Resolution	
2016 Beach Nourishment Permit	CSE	Jan-15	Need to begin permitting for 2016 and seeking funds	
Seek Federal Funding for 50 year projects	ACOE/Council	May-14	Need to lobby in Washington/Senators	

Water Quality Improvement		Councilman Mann		
Action Plan (Continuation from last years plan)	Who	Date	Action Taken	
URS Engineering Study	W/S Com	12/08/2011	Completed	
Obtain quotes based on said Study	W/S Com	11/08/2012	Completed	
Review RO Study	W/S Com	11/08/2012	Completed	
Seek input via referendum or survey	Administration	11/13/2012	Spoke with elections office/60 day to do election-cost \$2,500	
Review impacts of Legislative changes (ie fluoride levels exceedances)	Administration	07/31/2012	None are in the works/completed	
Joint meeting with Water and Sewer/Council on Reverse Osmosis	Administration	01/24/2013	Completed	
Resolution calling for referendum	Council	02/14/2013	Completed	
US Justice Department Approval for referendum	Municipal Clerk	02/20/2013	In progress	
Secretary of State approval for election date	Municipal Clerk	Apr-13		
Quotes for Public Relation Firm	Administration	02/25/2013	Completed	
Public Relations Campaign	W/S Com	Apr-13	2 mailings, 1 web survey and 2 public hearings	
Referendum	Elections Commi	06/25/2013		

Governmental Relationships		Councilman Anderson		
Action Plan	Who	Date	Action Taken	
Host Legislative Delegation at Edisto	Darby/Mann	05/01/2013		
Develop Contact Email List	Council	02/25/2013	In Progress	
Edisto presence at Colleton County Council Meetings	Council	02/25/2013	Sent copy of meeting schedule to Council	
Attend CTC and Economic Alliance Meetings	Council	02/25/2013	Sent Copy of meeting schedule to Council	
Edisto presence in Columbia during Legislative Session	Council	02/25/2013	Sent copy of session date and web link to Council	
Acknowledge Successes in Writing and Socially	Council/Adm			

Notify Elected Officials of Edisto Events

Municipal Clerk

Ongoing

Equitable State ATAX Legislation		Councilman Hutto	
Action Plan	Who	Date	Action Taken
Research pros/cons ("robin hood" clause)	Town Attorney		House Ways and Means Licenses, Fees, Insurance Tax and Other Charges subcommittee H3787 – Deletes certain requirements for counties and municipalities on accommodations expenditures and eliminates the Tourism Expenditure Review Committee– carried over for interested parties to work out a compromise. Myrtle Beach City Manager Tom Leath testified on this bill. Summary of the bill as introduced: Gives the administrative law court the authority to hear certain legal challenges related to tourism expenditures by cities and counties and eliminates the Tourism Expenditure Review Committee
Draft proposed legislation	Town Attorney	02/27/2012	
Resurrect draft proposed legislation and resubmit to include ace basin	Administration	03/15/2013	
Meet with Delegates to garner support	Council	03/31/2013	

Staff Priorities		Councilwoman Darby	Support Town Administrator
Action Plan	Who	Date	Action Taken
Requests	Council	04/18/2013	Action by Council prior to 2013-14 Budget Approval
Utilities Request for additional manpower	Utilities	02/19/2013	Completed
Review Current Manpower and job functions	Utilities/Adm	03/15/2013	
Determine operational needs and if new position will impact rates	Utilities/Adm	03/30/2013	
Submit to Council for consideration	Council	04/18/2013	
Fire Department			
Special Events-Review fire truck ride liability	FD	02/19/2013	Completed
Contact insurance carrier for guidance and current policies	Administration	02/19/2013	Completed
Brainstorm to see if alternatives exist to protect tradition	Council	03/14/2013	
Council direction	Council	04/18/2013	
Fire Truck Station 20	FD		Need to submit proposals for replacement
Council approval to purchase	Council	04/11/2013	Take recommendations to Council
Police Department			
Perform salary and benefits review for all staff	PD	02/19/2013	
Review previous information and gather current	Directors/Adm	03/14/2013	
Council direction	Council	03/14/2013	Police department priority for current positions
Council direction	Council	06/30/2013	For all other departments
Beach Patrol ATV	Council	03/13/2013	Purchase held waiting on Colleton County input regarding UTV. UTV available but not suited for BI
Building Department			
Council direction on Market vendors/electricity/lights	Bldg		

General Budget/Special Finances		Town Administrator	
Action Plan	Who	Date	Action Taken
Set Budget Calendar	Adm		Completed

Coordinate with Staff Priorities	Adm/Darby		
Work with others on Committees and Boards	Adm	02/25/2013	In progress

Council Accomplishments FY 2012-13

OUR VISION:
Maintain Edisto Beach
as a family sanctuary.

OUR MISSION:
Enhance and maintain
Edisto's reputation as a
family-oriented vacation
destination

Policy Actions
2012-2013

- Enacted distracted driver policy
- Established Burley L. Lyons Park rules
- Enacted fund balance policy
- Revised Sign Ordinance
- Added yard sale language to the codes
- Partnered with Ocean Ridge for security which funded 50% of police officer position on Edisto Beach
- Met with Sheriff Strickland to discuss Edisto issues
- Attended and graduated from Elected Officials Institute
- Hosted Colleton Legislative Delegation Meeting
- Adopted law enforcement agreement with Colleton County
- Adopted Capital Improvement Plan for the Construction Fund and Sewer Renewal and Replacement
- Extended sunset provision for mobile vending
- Purchased 2412 Murray Street
- Reviewed placing utilities underground
- Revised lease with Alltel
- Enacted a credit card policy
- Submitted resolution asking Colleton Legislative Delegation enact legislation supporting inmates pick up litter of SC Highways

Town of Edisto Beach



We are committed to
enhancing our citizens'
quality of life by
providing the highest
quality of services that
reflect our community's
desires

- Enacted Ordinance to establish beach patrol code enforcement officers
- Adopted a resolution to oppose any increases in taxes through reorganizations
- Requested Colleton County dedicate funds for future beach nourishment
- Continued rapport with Colleton County Council by attending and participating in Colleton County Council Meetings
- Increased participation by attending other committee meetings where funding may be acquired such as CTC and recreation
- Participated in numerous legislation functions to discuss Edisto issues with Legislators
- Conducted Teambuilding exercise
- Conducted Goal setting and Council retreat

Management Actions

- Applied for and received grant funds for turnout gear for fire services
- Participated in the Great American Shakeout (earthquake training)
- Applied for grant through NOAA for Scott Creek Restoration Project which would restore flows into Scott Creek
- Applied for SAFER Grant to replace a fire truck at Station 20
- Issued RFP for copier lease
- Negotiated agreement with AshBritt for Debris Removal services on Edisto Beach
- Researched fire truck replacement costs for engine 1401
- Reviewed police and fire standard operating guidelines
- Evaluated several optional insurance coverage for employees
- Coordinated with SCE&G tree trimming contractor
- Conducted survey to evaluate town services and improvement needed

Accomplishments 2012-13

Town Services Focus

- Developed new design for Channel 2
- Purchased updated software for Police Department records management
- Council met with School District Superintendents in support of beach and island schools
- Applied for grant and received grant funding to upgrade radios and purchase cameras for Police Department
- Applied for funding through several funding sources to pave Myrtle Street extension

Infrastructure and facilities Focus

- Installed water lines at Point Street to provide better water service and fire protection
- Replaced Lion's Club well pump
- Replaced baffle curtain and aerators in waste water lagoon
- Dredged 1,000 tons of sludge from waste water lagoon
- Painted Council chambers, hallway and railings at Town Hall
- Maintained landscaped areas at Town hall and planted annuals
- Performed GIS survey and mapping of water and sewer assets
- Replaced control panel at Summerwinds
- Replaced Well 5 at State Park
- Obtained easements for Yacht Club Road drainage
- Council issued a referendum to allow voters to decide on water improvement project (RO)

Strategic Plan and Development Focus

- Notified owners in Block HH about covenant agreement with Wyndham
- Conducted contractor training class on new codes
- Reviewed erosion on Edisto Beach and potential solutions for homeowners
- Continued to work with Army Corps of Engineers on Feasibility Study and completed Tentatively Selected Plan (TSP) milestone
 - Coastal Science Engineers

conducted a study on groin lengthening

Health/Safety/Welfare Focus

- Renewed CODERED and weather alert response
- Updated Hurricane plan and notification list
- Entered into agreement with the Presbyterian Church for an offsite emergency operations center and performed electrical work for emergency generator hookup
- Renewed Intergovernmental agreements for fire and police
- Implemented risk institute training that provides all employees ability to take online training
- Sent two firefighters to school for Fire Marshall Training
- Sent two employees to OSHA training
- Provided CPR and AED training to staff and community and began comprehensive training of volunteer firefighters
- Participated in agility recovery, a web based system that enables Town to obtain needed equipment and maintain data during an emergency
- Upgraded all regulatory signs to meet federal requirements for reflectivity

Governance Focus

- Audited Firefighter deduction submittal to Department of Revenue
- Department Heads represented the Town by participating on numerous Boards and committees of professional associations
- Developed newly elected official orientation manual

Parks & Recreation Focus

- Installed regulations sign at Burley L. Lyons Park on Portia Street and limited boat access in lagoon
- Updated rules at Bay Creek Park to address overwhelming response by vendors for Market use
- Organized 3rd Annual Trick or Treat at the creek
- Installed sewer line for restrooms at Bay Creek Park
- Issued RFP and RFQ for bathrooms

at Bay Creek Park

- Installed sandfencing and planted bitter panicum and sea oats for beach stabilization and dune protection
- Received achievement award for beach accesses from Municipal Association of South Carolina
- Edged bike paths in preparation for 2nd annual 5K run
- Repaired bridge on bike path and requested Wyndham limit golf cart use by housekeeping staff
- Repaired garbage enclosures at beach accesses
- Edged all sidewalks and herbicided
- Participated in Beach Sweep





July 5, 2013

The Honorable Burley L. Lyons
 Members of the Town Council
 Town of Edisto Beach
 2414 Murray Street
 Edisto Beach, South Carolina 29438

RE: Budget Transmittal Letter

Dear Mayor Lyons 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 2013-14 operating budget for the Town of Edisto Beach. The budget for all funds is \$5,077,564 including a General Fund budget of \$3,607,669. This represents an overall budgetary increase of \$50,144 (1%) and a General Fund increase of \$208,484 (6.1%) from the amended FY 2012-13 operating budget. The budget includes no millage adjustment and the resulting millage rate is 19.53. One mill equals \$52,571.

	General Fund	Water Fund	Sewer Fund	Total
FY 2009-10 Actual	\$3,366,860	\$749,078	\$514,324	\$4,630,262
FY 2010-11 Actual	\$3,484,015	\$1,012,391	\$786,952	\$5,283,358
FY 2011-12 Actual	\$3,237,642	\$807,295	\$564,866	\$4,609,803
FY 2012-13 Amended	\$3,399,185	\$892,850	\$735,385	\$5,027,420
FY 2013-14 Budgeted	\$3,607,669	\$858,860	\$611,035	\$5,077,564

According to the “The Economic Situation, A Quarterly Commentary” by Bruce Yandle of Clemson University, several major economic sectors have fully recovered from the great recession. These include manufacturing, retail sales, machinery wholesalers and Federal revenues. Housing is the key sector still in recovery and Yandle anticipates it to fully recover around 2016.

This document represents a conservative, but realistic budget of both expenses and revenues. Zero based budgeting was utilized in fiscal year 2011-12 to allow us to begin

with a clean slate. All subsequent years were achieved using the baseline of the previous year's budget. All Committees and Boards were contacted for input.

It represents the product of many hours of difficult deliberation by Town staff to set the course for the next year and successive years as we strive to deliver the best municipal services possible to the citizens of Edisto Beach while considering services required for the influx of tourists. While our current budget poses challenges for us, we continue to be in better financial shape than most other local governments across the nation, which have required layoffs and furloughs to operate. This is due to the structure of our revenues and our fiscally conservative policies and practices. We also believe it represents the Council's priorities as identified.

In March 2013, the Council held a planning retreat to set goals to guide Town Services. These goals and action plans are listed on page 6. Other goals, not listed as the top five priorities for the Town are incorporated into Departmental Strategic Plans.

Current Year 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 (\$601,278).

We have a balanced budget with an anticipated fund balance of \$2,425,760. Interest rates remain low. The Town invests in staggered, short term certificates of deposit at higher interest rates. The interest rate on certificates of deposit is 0.6% and the interest rate on the Local Government Investment Pool is 0.1958%.

Challenges continued this year. The state of the economy continues to have negative impacts on Edisto Beach. Colleton County maintained the same funding level as FY2012-13. Administration remains concerned that funding may be eliminated in future years and alternatives to losing this funding source need to be evaluated.

Grants/Regionalization/Privatization

Staff continue to 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 entered into a private/public partnership with Ocean Ridge Property Owner's Association to partially fund a police officer position in FY2012-13.

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

In 2013, the Town was awarded a \$400,000 enhancement grant by the Department of Transportation and was awarded \$321,167 in matching funds by the Colleton Transportation Committee for the enhancement grant. Another \$400,000 was applied for and awarded by the Colleton Transportation Committee (CTC) for drainage improvements in 2013. Because these projects are being administered by the Department of Transportation, funds were not budgeted in the Town's budget. These projects are anticipated to be completed in 2014.

The Town submitted two applications for grant funds from the National Oceanic and Atmospheric Administration (NOAA) for the Scott Creek Restoration Project which have not been awarded. The Scott Creek Drive request was \$750,000 and Highway 174 Causeway request was \$2,000,000. The picture below shows where the causeway used to be before it was damaged and removed.



Dept.	Funding Agency	Item	Amount	Match
*Adm	CTC	Sidewalk Enhancement	321,167	0
*Adm	Department of Transportation	Sidewalk Enhancement	400,000	CTC
*Adm	CTC	Drainage	400,000	0
Adm	NOAA	Scott Creek Restoration	2,750,000	0
	Total		3,871,167	

*Awarded

In FY 2012-13, the Town applied for funding through the Lowcountry Council of Governments to pave the Myrtle Street Extension but was unsuccessful. Other grants applied for and not awarded were an AFG grant for a fire truck, SC Rural Infrastructure for the reverse osmosis system, and US Department of Justice for a

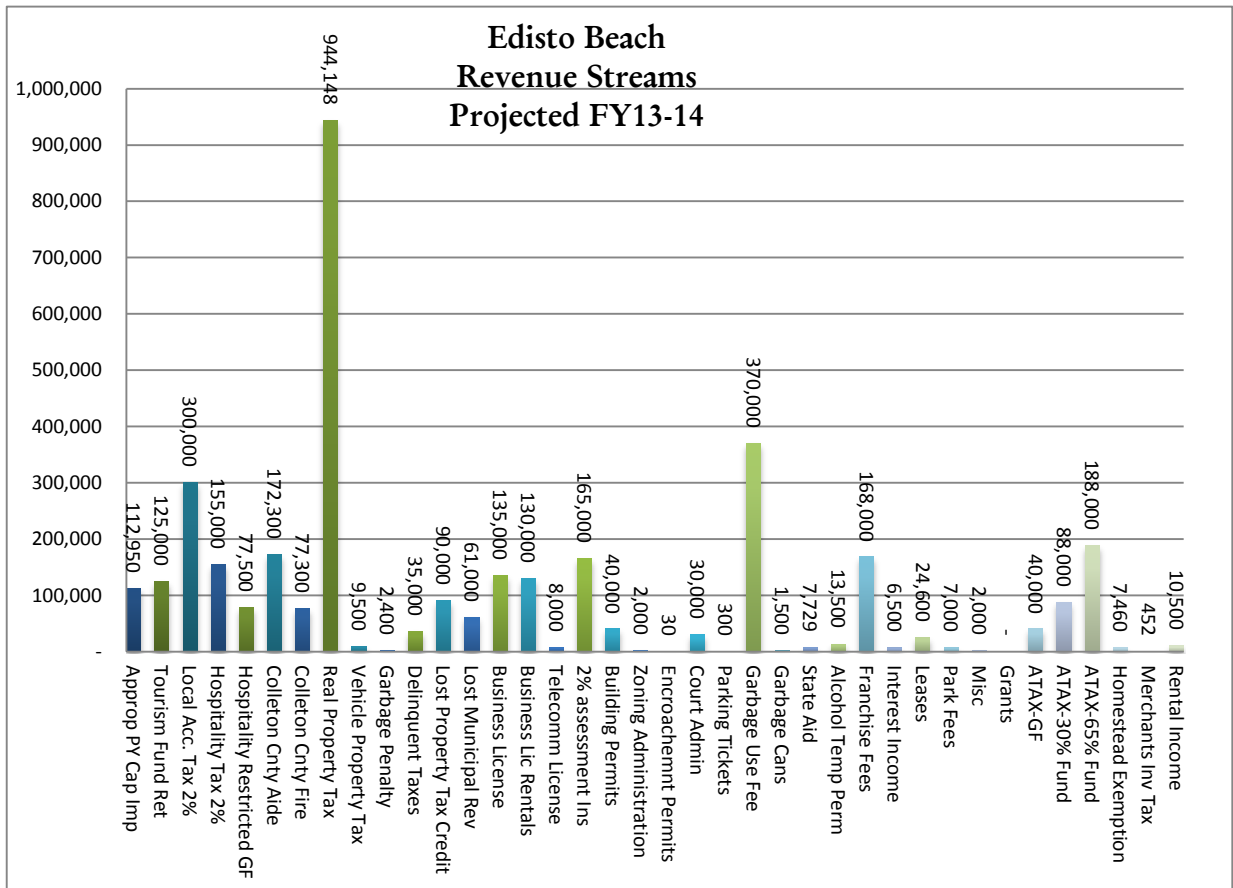
camera system. Additional grant opportunities may be available from other sources as yet to be identified and will be pursued to leverage tax dollars with grant funds.

Where does the money come from?

The operating and capital budgets are financed by the revenue sources identified in the following figures. Total projected revenues for FY 2013-14 is \$5,077,564, a 1% increase from the FY 2012-13 amended budget.

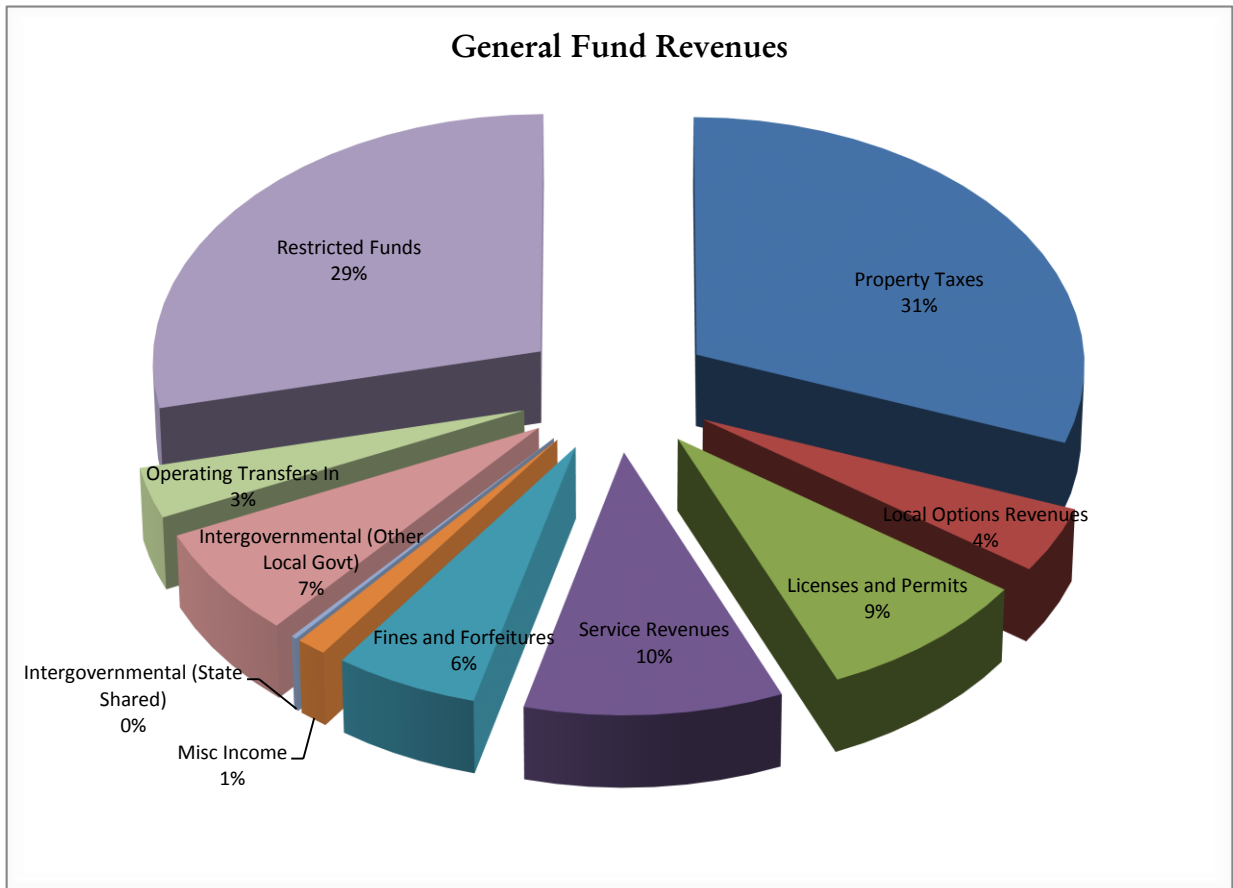
Several methods are used to project the individual revenue sources used to finance local government. The sources producing the most revenue are modeled using time series statistical programs. The results are modified based on current and projected economic trends, and views of experts as conveyed in local, state, and national publications. When projecting the secondary sources, extrapolation of trends is used, and 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. Often the initial amounts are modified after discussions with staff and evaluation of outside 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.

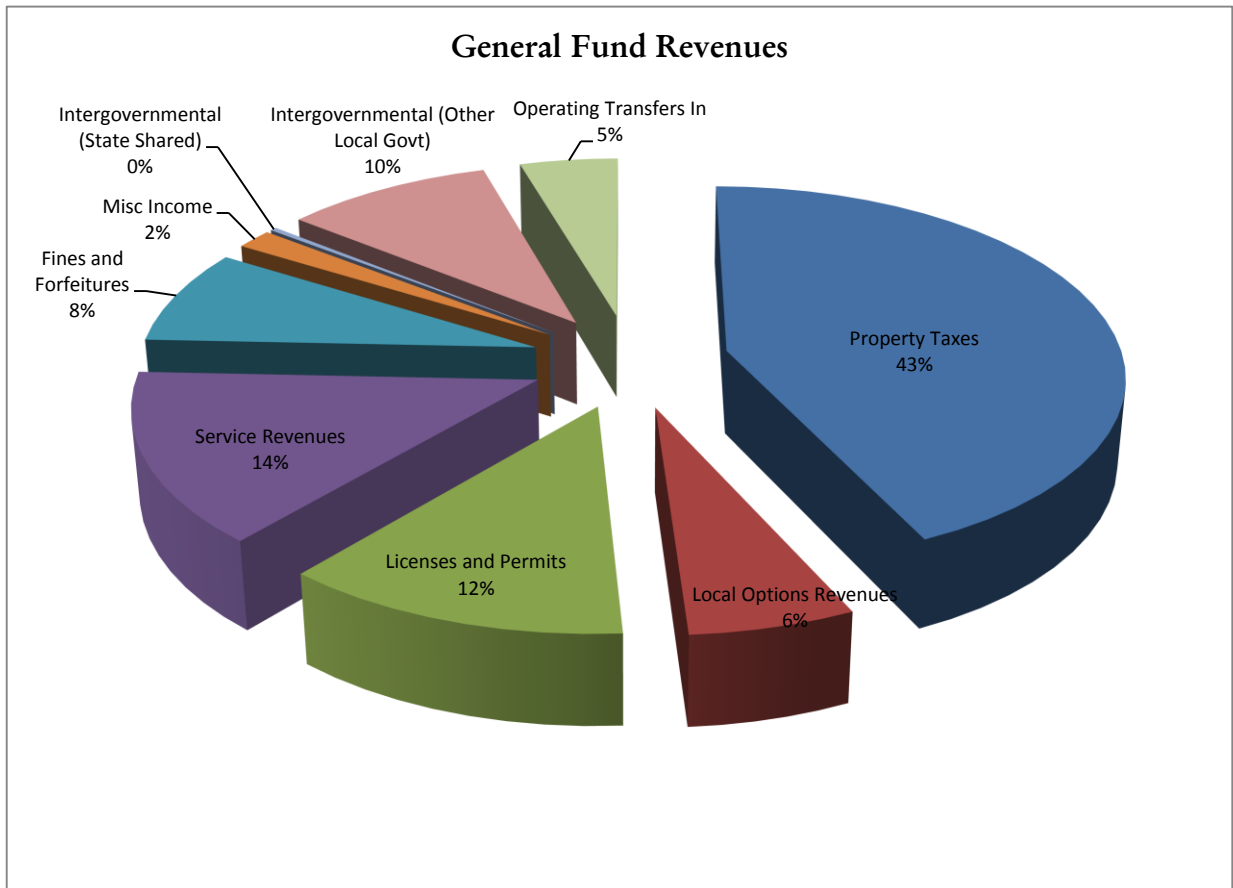


Some of the identified revenue streams are not entirely available to the Town for general operations, such as portions of the Local Accommodations Tax, Hospitality tax, ATAX funds and grants. Some revenues are restricted and can only be used for designated purposes as defined by state code.

The graph below depicts all revenues including restricted funds with the exception of grants which are not included in the revenues.

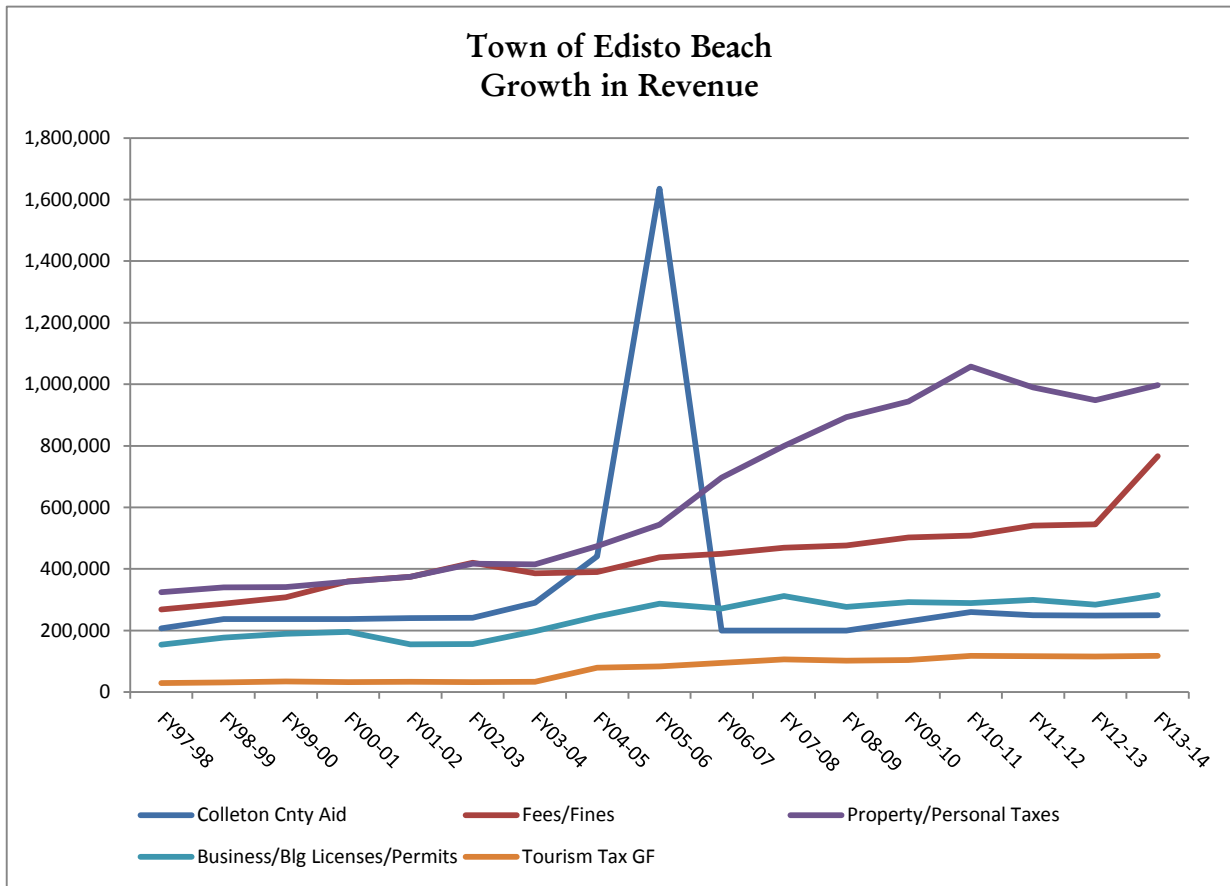


The following graph is adjusted to remove all revenue sources that are not available to the Town for operations. “Operating transfers in” are portions of restricted funds that are allowed to be used for designated operational purposes.



Taxes known as ad valorem property taxes collected on real estate, personal property and vehicles account for 43% or the majority of the general fund revenues. Business licenses and building permits account for 12% of the general fund revenues which are equal to last year. This year, \$112,950 was appropriated from the prior year for “one time” capital improvements or equipment purchases.

Prior Year Funds	
Fire Chief Office Repairs	\$4,950
Apt Building Vinyl Siding and Garage Ceiling Repair	\$5,000
Retention Building Repairs	\$10,000
Bay Creek Park Market Building Repairs	\$1,000
Police Vehicle	\$37,000
Myrtle Street Extension Paving (1/2 cost)	\$35,000
Document Management	\$20,000
Total	\$112,950



Of the five largest revenue sources, most show slight or incremental increases over time. There was a slight increase in Colleton County aid between FY 2009-10 and FY 2010-11 when Colleton County increased funding. This was short-lived as funding was decreased by 4% in FY 2011-12. Colleton County maintained the reduced level of funding into FY 2013-14. Property taxes dipped in FY 2012-13 and show a slight recovery in FY2013-14. The increase in fees/fines was associated with growth. Tourism taxes have remained relatively constant.

Administration is a proponent of maintaining a conservative approach to the revenue forecasting. This approach is reflected in the estimates used in preparing this budget.

Millage rate

The budget provides a total millage rate of 19.53. This rate does not include a millage cap increase of 2.07%, as allowed according to Section 6-1-320 of the South Carolina Code of Laws. 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 monthly consumer price indexes for the most recent twelve-month period consisting of January through December of the preceding calendar year, plus, beginning in 2010, the percentage increase in the previous year in the population of the entity as determined by the Division of Research and Statistics of the SC Budget and Control Board. The consumer price index increased and was 2.07% from Calendar Year 2012 to Calendar Year 2013. The population of Edisto Beach was 0%. Adding these two

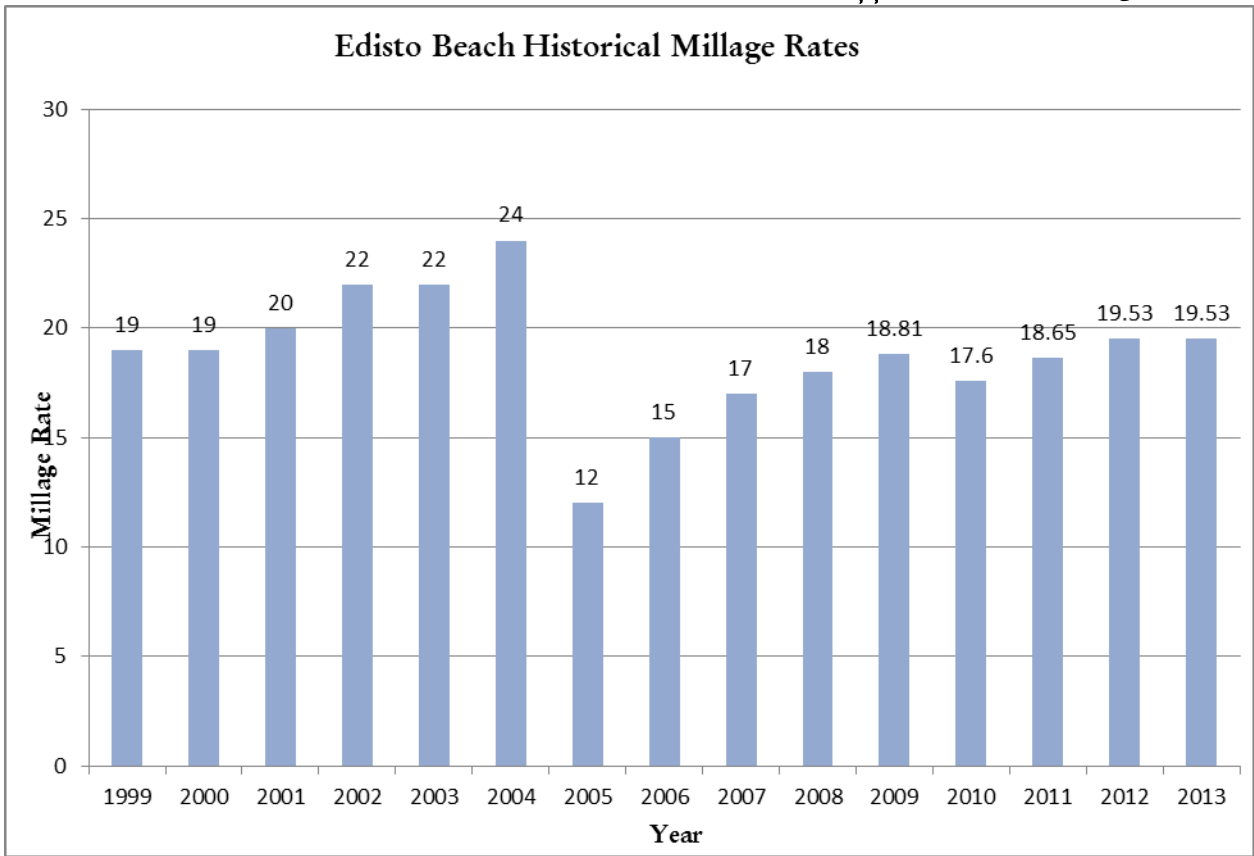
components together yields a millage cap of 2.07% for the Town of Edisto Beach. South Carolina Code sets a “hard cap” on millage increases. The 2.07% millage is being banked for future use.

In 2011-12, the millage was increased from 17.60 to 18.65 using all previously banked millage caps. As part of the compromise reached on the Point of Sale legislation (Section 6-1-320, South Carolina Code of Laws) in the 2011 legislative session, local governments and school districts now have the opportunity to look back or “bank” millage increases for future use if needed. Before this change in the code, millage increases were limited to the prior calendar year’s average Consumer Price Index increase year plus the percentage increase in the Town’s previous year population as determined by the SC Budget and Control Board, Division of Research and Statistics. Officials now have the flexibility to increase millage in one year by up to the previous three years’ total increases, but not previously imposed by Council plus the current millage cap. This will discourage the “use it” or “lose it” millage increase Act 388 encouraged. Below is a table showing the millage bank.

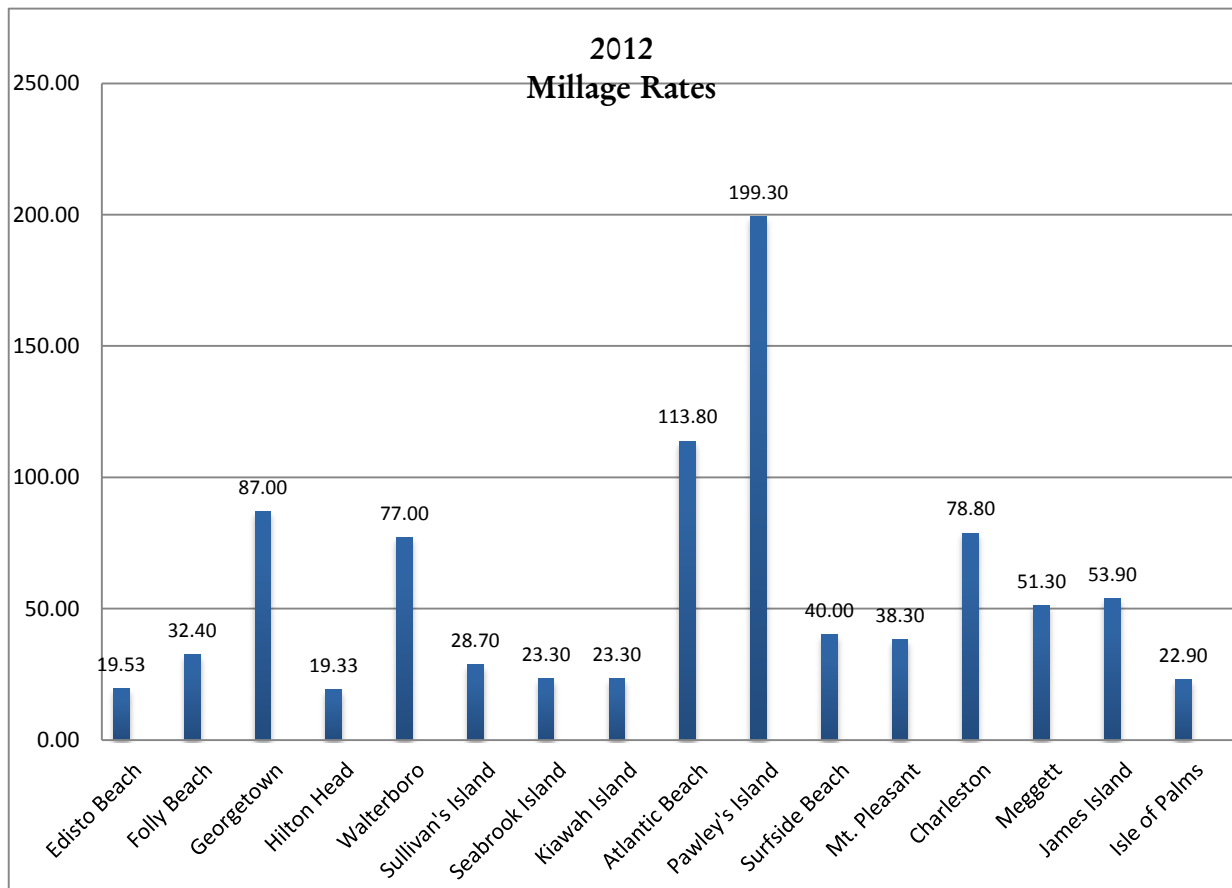
Fiscal Year	Prior Year Millage	% Average CPI	% Population Growth	Allowable Annual % increase of millage rate	Millage Bank Used	Millage Bank Balance
FY 08-09	18	2.85	1.45	4.3	-4.3	0
FY 09-10	18.81	3.8	0.7	4.5	-4.5	0
FY 10-11	17.60	0	0.7	0.7	-0.7	0
FY 11-12	18.65	1.64	0	1.6	-1.6	0
FY 12-13	18.95	3.16	0	3.2	-3.11	.05
FY 13-14	19.53	2.07	0	2.07	0	2.12

When thinking about property taxes, you need 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.

Historical millage rates are shown below.



Figures comparing Edisto Beach’s millage rate to other municipalities in South Carolina are shown below.



Maintain the level of service expected by residents, businesses and visitors

The budget transmitted herein provides additions to the same level of services as the previous year. The police department added a seventh officer position partially funded by Ocean Ridge Property Owners Association.

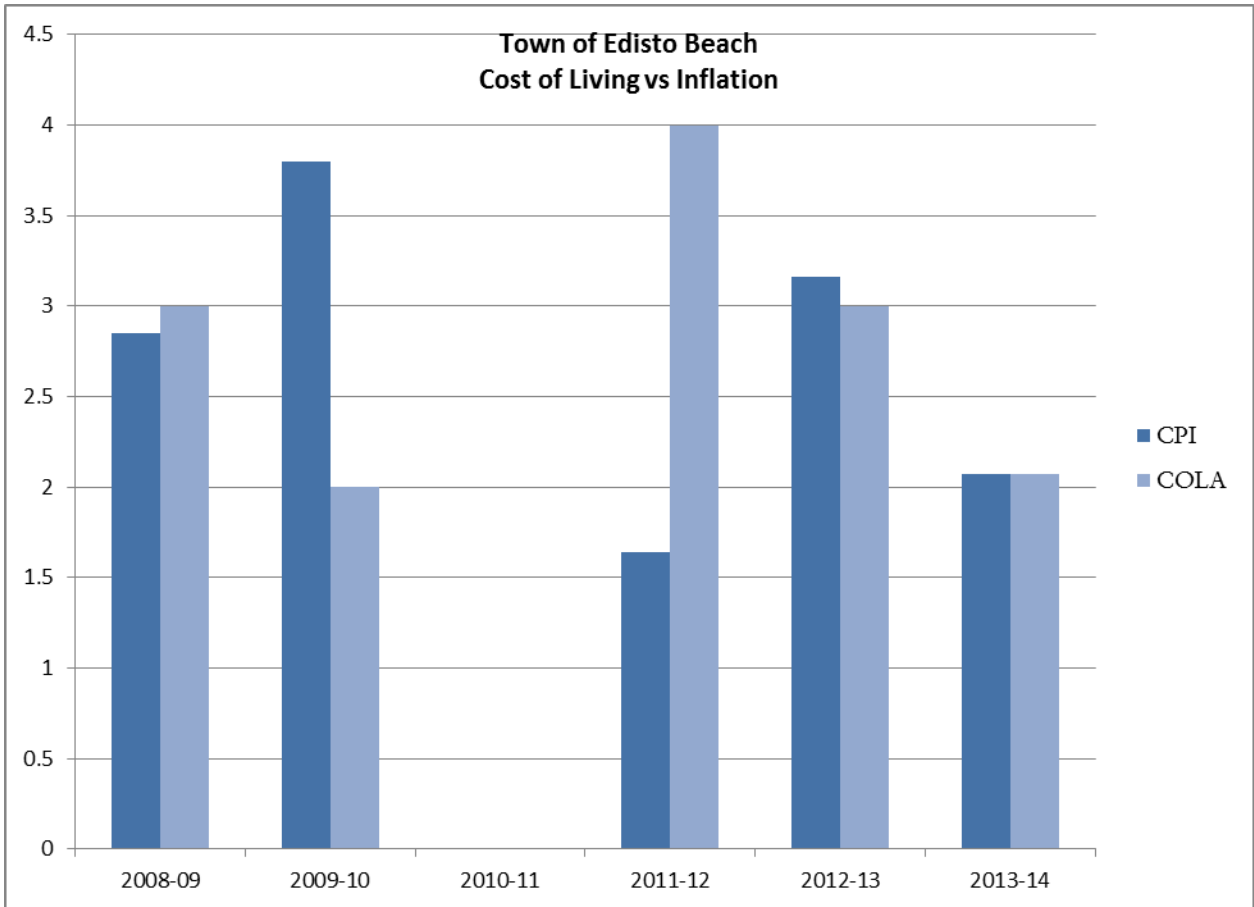
Minimize the impact on the Town's employees

Edisto Beach, like other communities has experienced 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. In the past, the Town has provided unilateral merit and cost of living increases. This industry standard does not promote exceptional performance because average or poor performance is often awarded the same as above average or exceptional performance.

Council recommended Administration work towards a pay for performance system which was implemented in FY 2010-11. Employees who excelled in performance are reviewed for salary adjustments. Adjustments are not unilateral, but based on numerous factors including job performance, certifications, achievements, etc. Salary adjustments for performance are included in this budget.

This year a 2% cost of living (COLA) increase is included in the budget for all employees who are not in their introductory period and are performing satisfactorily.

Over the past year, sick and annual leave policies were revised by Town Council reducing the Town’s liability. The graph below shows a historical snapshot of cost of living increases compared to inflation.



The Town of Edisto Beach offers a competitive benefits package. All full-time employees receive 100% employer paid health, dental, life and long term disability insurance. Beginning in January 2014, health insurance anticipated costs will increase from \$440/monthly to \$497/monthly, a 13% increase. In addition, full-time employees can purchase dependent healthcare. The Town also offers other elective insurance options for employees such as short term disability, cancer policies, etc.

The Town provides pension benefits for all of its full-time employees through a traditional, joint-contributory, defined benefit plan in the state wide South Carolina Retirement System. The SCRS provides members a guaranteed monthly pension based on a formula that includes the member’s average final compensation, years of service and benefit multiplier of 1.82 percent. Employees deposit 7.5% (SCRS) or 7.84% (PORS) tax deferred of gross pay and a member is vested after 8 years. Typically members can retire at age 65 with 5 years of service. Police and fire can retire at age 55. The employer pays 10.60% for employees in the South Carolina Retirement System and 12.64% for employees in the Police Officers Retirement System. The PORS rates increased from last year. Some additional changes to the pension plan were also implemented.

Other benefits include fifteen paid holidays, 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.

BUDGET IN BRIEF

General Fund Overview

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 Overview to account for anticipated revenues in Special Funds such as the ATAX and Local Accommodations taxes.

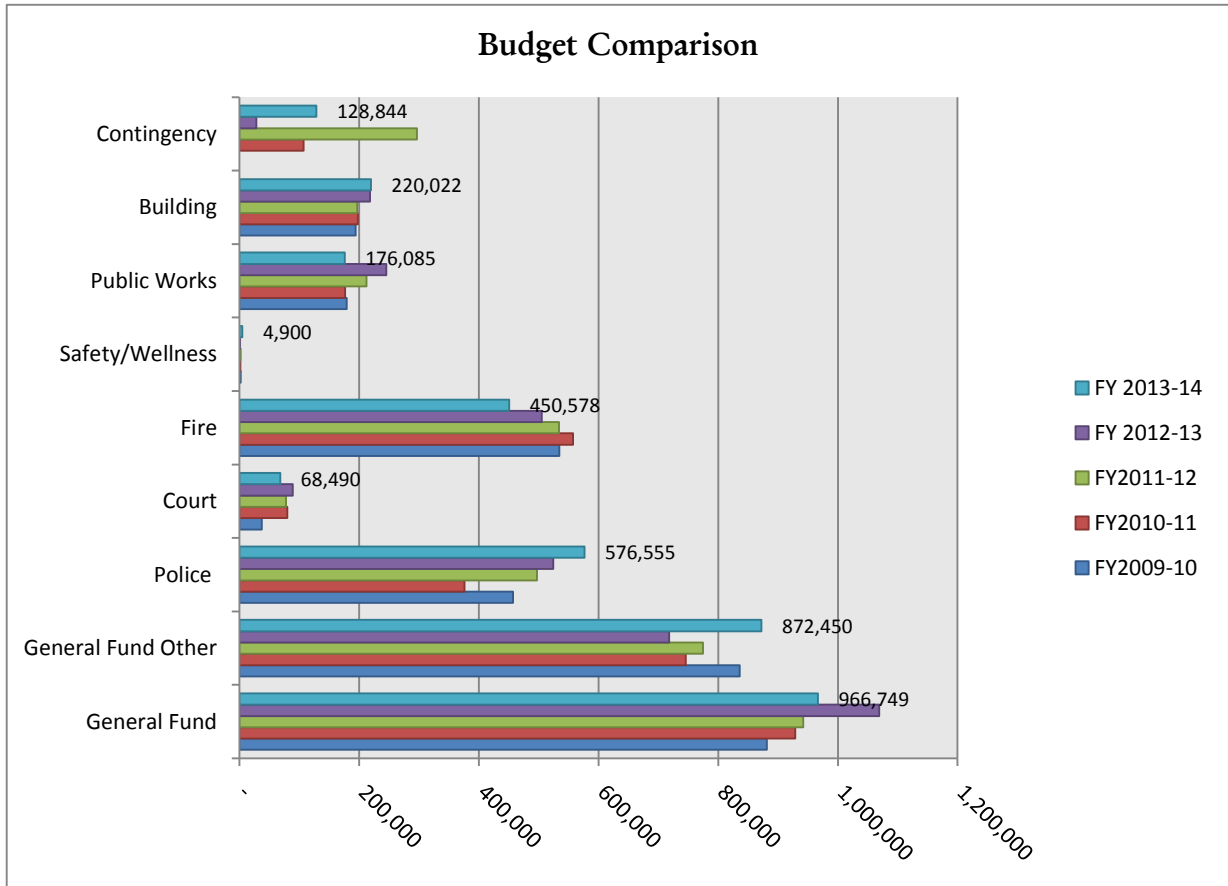
The General Fund operating budget for FY 2013-14 totals \$3,607,669 and represents an increase of \$208,484 or 6.1% from the previous year's budget of \$3,399,185. Contingency funds are \$128,844.

General Fund	Amended Budget	Proposed Budget
	FY 2012-13	FY 2013-14
	\$3,399,185	\$3,607,669
% Change		6.1%

Items of note within the General Fund are listed below:

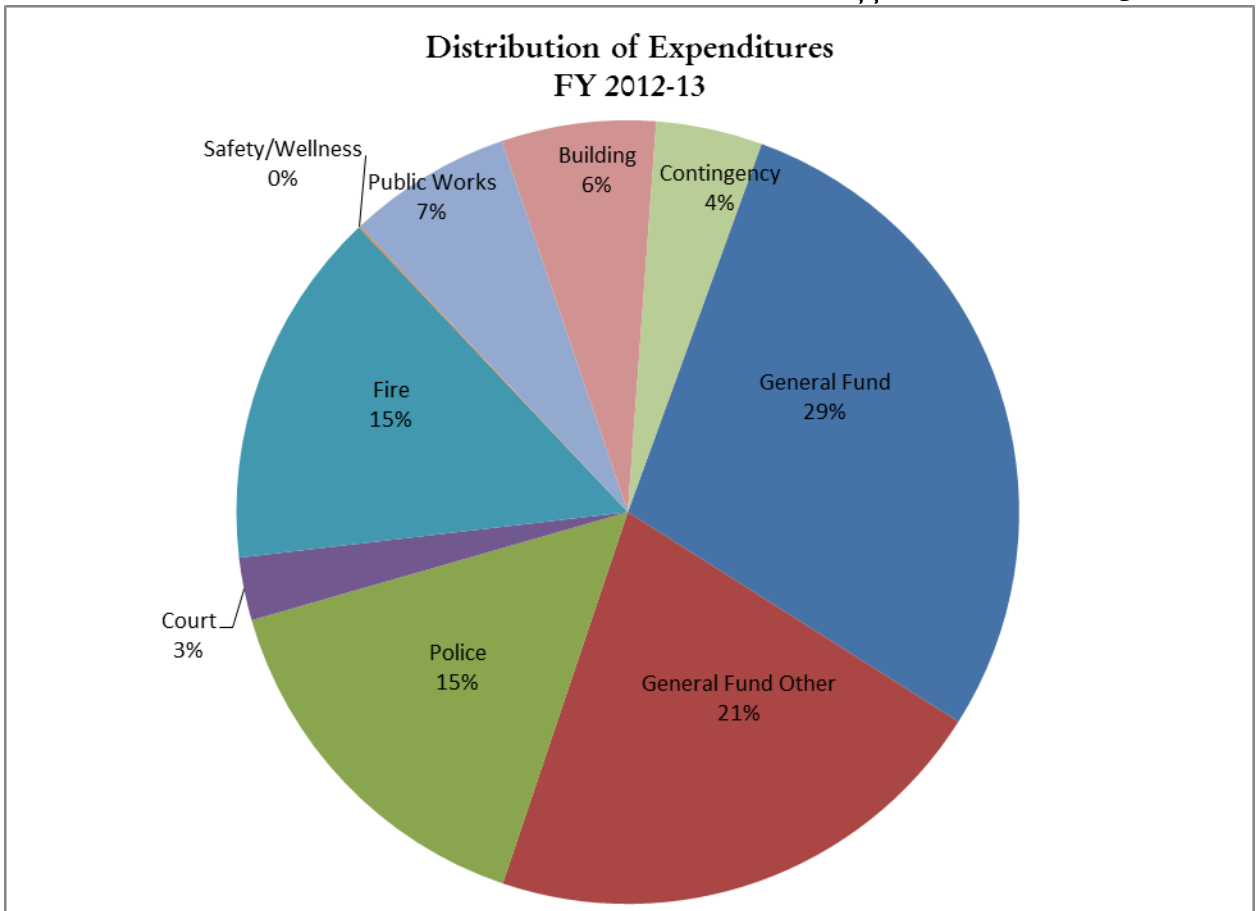
Service Changes	Amount	Account
2% COLA for Employees	12,193	****.1010
2% Pay for Performance Municipal Clerk	571	4100.1010
POP3 to exchange	3,888	4100.3225
Insurance General (10% increase) + claims	14,930	****.3360
Insurance Staff Health (13% increase)	8,165	****.3361
Christmas Bonus-Added part time	1,700	4100.3400
Legal Fees-Town Attorney pay adjustment	2,747	4100.9100
Website update; replace 4 computers	15,000	4110.6310
Capital Improvements	112,500	4110.6500
Salaries- PD (Pay adjustments)	4,366	4200.1010
PD Pagers/Communication (camera/radio)	5,500	4200.9080
FD Fire Engine Maintenance (ladder)	7,500	4400.3150
FD Uniforms (Class C)	6,396	4400.3520
Employee physicals	2,000	4500.4010
PW Equipment Purchases (traffic counters)	1,800	4700.9050
Building (Permit Clerk 2% Perf)	512	4800.1010

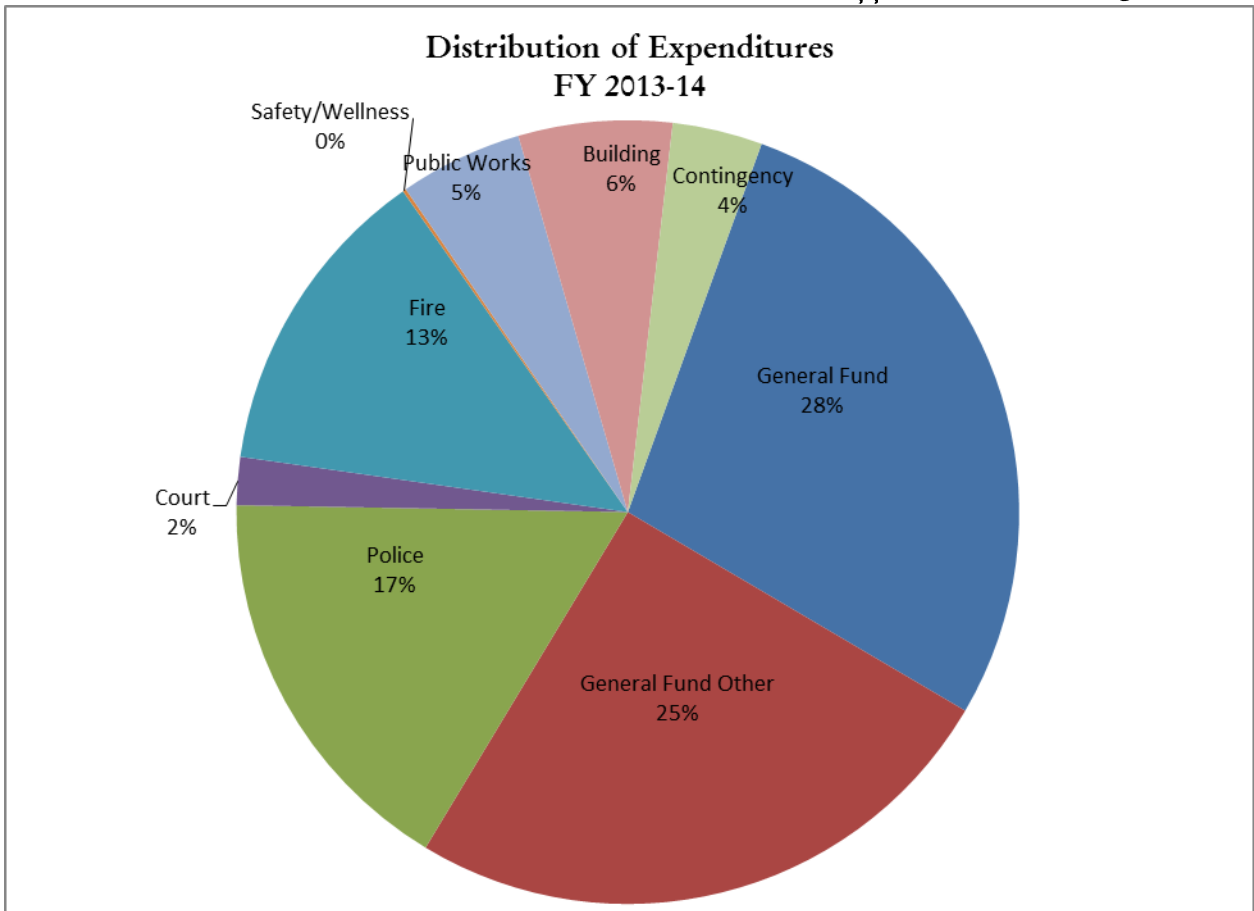
The following graph compares historical expenditures and/or budgets by department by year.



Relatively, the operating costs from fiscal year 2012-13 to 2013-14 have remained constant. In FY 2012-13, the Town purchased 2412 Murray Street which accounts for the reduction from FY2012-13 to FY2013-14 under General Fund. General Fund Other increased because of capital costs using prior year funds. The Police Department also increased because of a salary adjustment for officers and the addition of the seventh police officer plus costs associated with said position.

Seventy-one percent (71%) of general fund expenses are directly related to operations and providing services to the citizens of Edisto Beach. The 25% labeled, general fund other, are offsetting accounts for Special Funds such as ATAX and Local Accommodations, have restricted uses, are not used for general operations and services and are not funded by property taxes but through tourism related services.





Departments maintained or had minimal increases in their overall budgets. Other strategies implemented to decrease departmental costs include partnering, assessments of workloads to determine whether positions should be full-time or part-time and coaching staff on ways to perform functions efficiently and effectively. The Town continues to work with Colleton County or private entities on cost-sharing opportunities.

Department Budget	FY11-12	FY12-13	FY 13-14	Difference	% Change
Administration	942,346	1,068,826	966,749	-102,077	-.09
General Gov't Other	774,561	718,000	872,450	154,450	21.51
Police	497,143	524,519	576,555	52,036	9.9
Municipal Court	77,755	89,432	91,180	1,748	1.9
Fire	533,836	505,322	497,782	-7,540	1.5
Safety and Wellness	2,403	1,086	4,900	3,814	351
Public Works	212,585	245,305	249,187	3,882	1.6
Building	197,014	218,231	220,022	1,791	0.8
Contingency	296,622	28,464	128,844	100,380	352
Total	3,237,642	3,399,185	3,607,669	208,484	6.1

This year, a 2% cost of living allowance (COLA) was budgeted. The net increase in salaries is \$53,369 as depicted in the table below. This cost includes Police Department salary adjustments, various departmental pay for performance increases and a new position for the Utilities Department.

Department Salaries	FY 2012-13	FY 2013-14	Difference
Administration	123,160	126,000	2,940
Police Department	280,200	303,687	23,487
Municipal Court	43,632	44,485	853
Fire Department	277,504	260,000	-17,504
Public Works	91,740	92,125	385
Building Department	137,942	137,400	-542
Utilities Department	320,250	364,000	43,750
Total			53,369

REVENUES GENERAL FUND

General Fund Revenue

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 akin to a rental for use of public property and is not a tax. It may be negotiated and may be at a higher rate than a business license tax. A franchise fee may be granted by ordinance (S.C. Code §5-7-260)

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

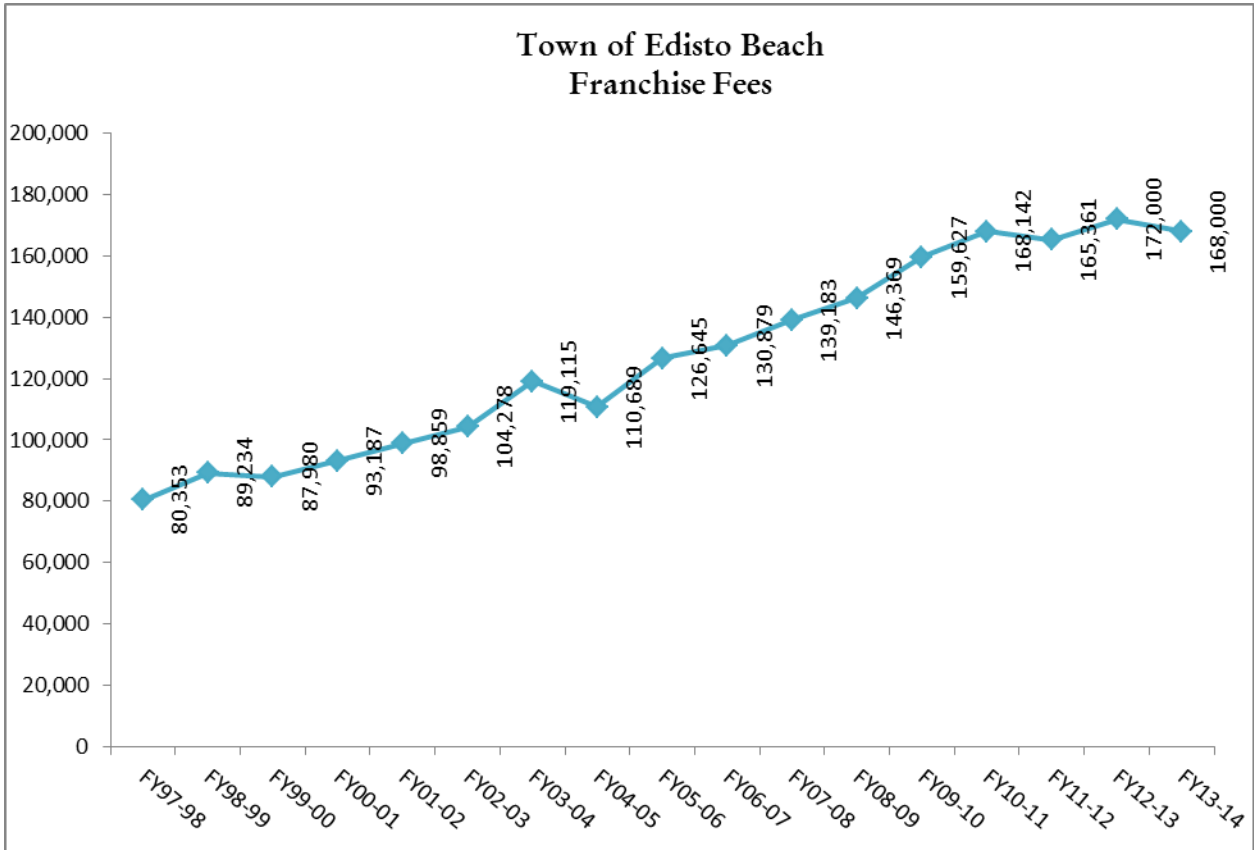
Franchise Fees on Cable-As of May 23, 2006, (the effective date of the Act), no municipality or county may issue a cable franchise pursuant to §58-12-30. All cable franchises must be issued by the Secretary of State. Prior to 2006, the Town utilized the Municipal Association of South Carolina cable television franchise management service to manage negotiating, transferring and determining franchisee's compliance. The Town collects a franchise fee from Comcast who pays 5% of the gross receipts to the Town on a quarterly basis. In FY2012-13, AT&T began offering U-Verse and will pay a franchise fee of 5%.

Franchise Fees on Water and Sewer-The Town owns and operates its own water and sewer utility. In an effort to boost general fund revenues with

limited sources, enterprise funds (water and sewer) often charge franchise fees or administrative fees.

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

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



Lease Agreements

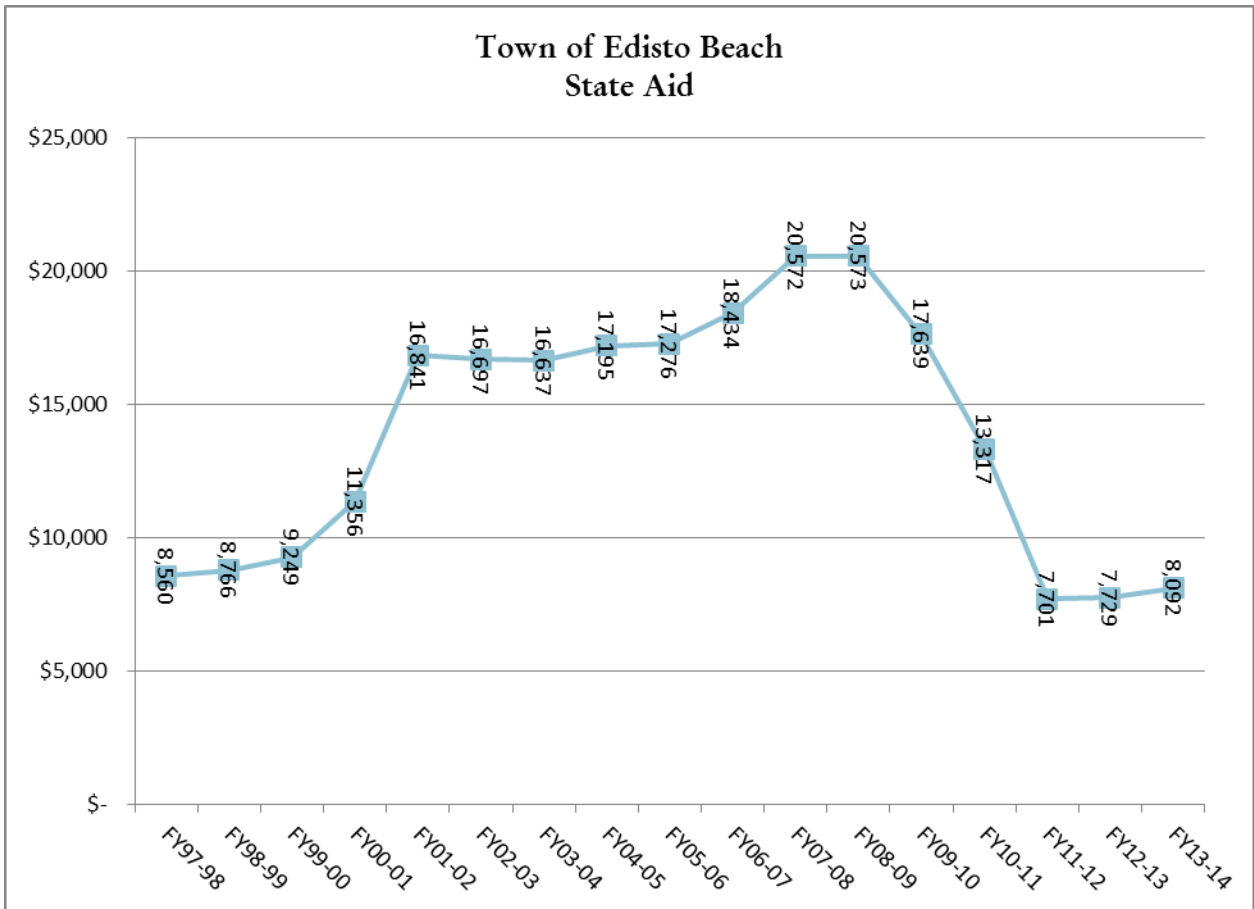
This category accounts for revenues received from lease agreements. The Town had two lease agreements. One lease agreement is with Alltel and was executed in 1999 to place telecommunications equipment on the Water Tower. The term is five years with four additional term renewals. The first term payment is \$18,000; the second term is \$21,660; the third term is \$25,920; and the fourth term is \$31,104. The second lease agreement executed in 2004 was with Verizon for telecommunication equipment on the Water Tower and this lease was terminated this year resulting in a revenue decrease next year of \$20,700. In FY2012-13, Alltel renegotiated their lease and added antennae to the tower. The adjusted cost is \$24,600.

Aid to Subdivisions

The revenue from seven tax sources: banks, beer, wine, gasoline, motor transport, alcohol (mini bottle) and income taxes, go directly to the state general fund. Instead of

local governments receiving revenues directly from these seven tax sources, the state calculates the amount of revenue local governments receive based on 4.5 percent of the previous year's state general fund base revenue. This percentage represents the amount of revenue local governments received from these seven taxes in 1990. According to state law, legislators must set aside the revenue for the LGF before making other state budget commitments, guaranteeing a consistent revenue stream to municipalities and counties annually. 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' populations grow, their share of the LGF increases causing a corresponding decrease in non-growing cities/towns.

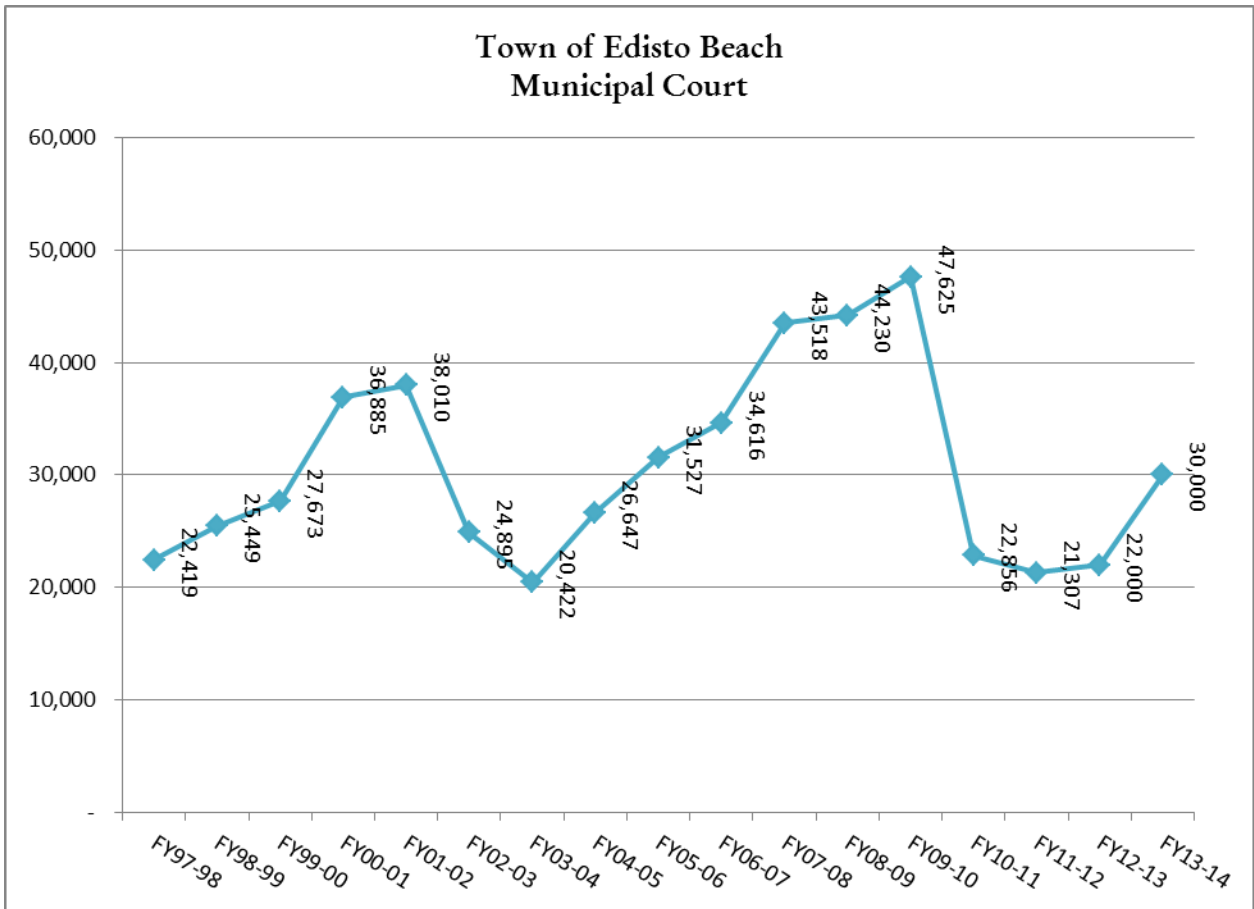
Since FY 2008-09, state aid has steadily dropped. This year's state aid is \$8,092.



Municipal Court Fines

Fines are the monetary punishment meted out by municipal courts. Fine revenue for offenses other than traffic violations is general revenue of the Town. The majority of revenues from fines (70%) is submitted to the state and must be used to construct and maintain roads, bridges and culverts in Town and to enforce laws regulating the use of highways by motor vehicles. The Town has typically had fairly good success in

collecting court fines and has \$29,931 in outstanding fines over the past 19 years. Court revenues have decreased by 37% since FY09-10.



Interest

Interest income remains low. The current interest rate on the Town’s checking account is 0.05% down from last year’s rate of 0.1%. The pooled interest rate is 0.1958% below last year’s rate of 0.2956%. The rate in 2008 was 2.8%. Last year, the Town implemented staggered investments using certificates of deposit. The interest rate on the certificates of deposit are 0.6% down from last year’s rate of 0.9%.

GENERAL FUND DEBT

Debt (General Fund)

General Statutes limit the amount of general obligation debt that a unit of government can issue up to the eight percent (8%) of the total assessed value of taxable property located within that government’s boundaries without a referendum. General obligation debt is defined as any indebtedness that is secured in whole or part by a pledge of property taxes. The Town may incur General Obligation debt over the eight percent (8%) limit when approved by a majority vote in a referendum as authorized by law. Based on the estimated total assessed value of \$51,067,340, the legal debt margin

for the Town of Edisto Beach is \$4,085,387. The Town’s current General Obligation debt is \$0.

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

The Standard and Poor’s Bond Rating for the Town was re-evaluated in 2012. The Town maintained an A+ rating while most other governmental agencies received a lower 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. The Town periodically reviews possible actions to maintain or improve its bond ratings by various rating agencies. The next review is scheduled for 2014.

SPECIAL FUNDS

State Accommodations Fund

A two percent (2%) local accommodations tax on transient rental property (less than 90 days continuous rental) is imposed by the state and credited to the municipality in which it is collected as authorized by S.C. Code §12-36-2630 (3). 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. An advisory committee appointed by the Council is required to make recommendations if more than \$50,000 is received. The Town of Edisto Beach designated the Chamber of Commerce to manage and direct expenditures of the ATAX 30% according to an Ordinance of 7-11-1985. The ATAX 65% allocations are decided by the ATAX board and approved by Town Council. The fund balance is \$390,696. The projected income for FY 2013-14 ATAX 65% is \$188,000.

Budget Comparison	FY09-10	FY10-11	FY 11-12	FY 12-13	FY 13-14
ATAX General Fund	37,714	38,832	39,711	40,000	40,000
ATAX 30% Fund	76,284	82,994	88,267	85,000	88,000
ATAX 65% Fund	165,283	179,820	191,246	185,000	188,000

Fiscal Year 2013-14 encumbered and special projects are listed below:

ATAX 65%	Project	Amount
Current Balance		390,696
Revenues FY 2013-14		188,000
PY Encumbered	Police Beach Patrol	(17,285)
PY Encumbered	Bay Creek Park Bond Retirement (Interest)	(50,000)
PY Encumbered	Fire Department Beach wheelchair	(601)

PY Encumbered	Bay Creek Park Restroom	(85,000)
PY Encumbered	PD Digital Cameras	(59,645)
PY Encumbered	Music and Shag Fest	(5,500)
PY Encumbered	Shrimp Fest	(4,000)
Ending Balance		356,665

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 liquors in 2 ounces or less. The fund balance is \$24,948. The projected income is \$13,500. Council decided in FY 2009-2010 through FY 2011-12 to place \$12,500 in a storm water fund to pay for future storm water projects.

Budget Comparison	FY09-10	FY10-11	FY 11-12	FY 12-13	FY 13-14
Alcohol Permitting	8,250	21,050	14,850	13,000	13,500

Fiscal Year 2013-14 encumbered and special projects are listed below:

Alcohol Permitting	Project	Amount
Current Balance		24,948
Revenues FY 2013-14		13,500
PY Encumbered	Scott Creek	(3,250)
PY Encumbered	Storm Water Misc.	(10,990)
Ending Balance		24,208

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 5-14-98. The fund balance is \$1,485,318 of which \$1,011,036 has been designated for future beach nourishment. The projected income for FY 2013-14 is \$300,000. Administration is working with the US Army Corps of Engineers regarding “work in kind” credit and is confident the Town’s remaining funding of \$280,223 will be significantly reduced releasing this funding for other projects. For all intents and purposes the ACOE project has reached its conclusion unless Federal Funding is obtained.

Budget Comparison	FY09-10	FY10-11	FY 11-12	FY 12-13	FY 13-14
Local Accommodations	274,746	283,162	311,261	285,000	300,000

Fiscal Year 2013-14 encumbered and special appropriations are listed below:

Local Accommodations	Project	Amount
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Current Balance		1,485,318
Revenues FY 2013-14		300,000
PY Encumbered	Beach Preservation (Bank)	(1,011,137)
FY 2013-14	Bell Bond Debt	(50,000)
FY 2013-14	Beach Preservation	(200,000)
FY 2013-14	Beach Nourishment Permitting	(375,000)
	Ending Balance	149,181

Council decided in FY 2009-2010 to earmark \$200,000 of these funds each year to go towards beach preservation. Council approved placing an additional \$400,000 in beach preservation for FY 2011-12. Although Council has the authority to utilize up to 50% of the Local Accommodations' revenues, Administration has not had to utilize this funding mechanism to offset general fund expenditures.

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 fund balance is \$371,293. The projected revenues for FY 2013-14 are \$155,000. Fifty percent of the revenues from hospitality taxes are transferred into the general fund for tourism related town services.

Budget Comparison	FY09-10	FY10-11	FY 11-12	FY 12-13	FY13-14
Hospitality	132,024	156,975	153,221	150,000	155,000

Fiscal Year 2013-14 encumbered and special appropriations are listed below:

Hospitality Fee	Project	Amount
Current Balance		371,293
Revenues FY 2013-14		155,000
PY Encumbered	CSE Beach Monitoring	(1,603)
PY Encumbered	Code Red	(5,000)
PY Encumbered	Beach Walkover repair	(5,000)
PY Encumbered	Sand fence	(7,200)
FY 2013-14	Bell Bond Debt	(25,000)
FY 2013-14	General Fund	(77,500)
	Ending Balance	404,990

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 \$624,989. The projected revenue for FY 2013-14 is \$167,694.

Depreciation Schedule

General Fund Vehicle/Equip Replacement Schedule	
General	16,250
Police	57,716
Fire	61,627
Bldg.	6,709
Public Works	25,392
Annual Total	167,694

Fiscal Year 2013-14 encumbered and special appropriations are listed below:

Vehicle Equipment Fund	Description	Amount
Current Balance		624,989
General Fund	Depreciation	16,250
Police Department	Depreciation	57,716
Fire Department	Depreciation	61,627
Building Department	Depreciation	6,709
Public Works	Depreciation	25,392
FY 2013-14	Dodge Charger (Replace 2009 Chevrolet Impala (2G1WS57M791170196))	(37,000)
FY 2013-14	Ford F150 (Replace 2005 Chevrolet pickup (1GCHC24U45E302713))	(18,000)
FY2013-14	Pumper(Replace 1995 Ford Pumper (1FDYF80E9SVZ53339))	(240,806)
FY 2013-14	Kubota Lawnmower (Replace 2001 Kubota (51323))	(13,100)
	Ending Balance	483,777

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 \$430,030. The revenue for FY 2013-14 is \$65,246.

Depreciation Schedule

Utilities Vehicle/Equip Replacement	
Water Veh/Equip. Replacement Fund	31,966
Sewer Veh/Equip. Replacement Fund	33,280
Annual Total	65,246

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

Vehicle Equipment Fund	Description	Amount
Current Balance		430,030
Water Fund	Depreciation	31,966
Sewer Fund	Depreciation	33,280

Ending Balance 495,276

Water System Renewal and Replacement Fund

This fund was established to replace and renovate items in the water system. The current fund balance is \$96,115. The projected revenue for FY 2013-14 is \$0. The last rate increase was December 2011, the rates were increased by 5%. No rate change is proposed for FY 2013-14. The Town has aggressively worked on maintenance of failing infrastructure which explains the decrease in available funds. R&R was not budgeted this year, because the Town refinanced the revenue bond and through that process received \$429,084 in construction funds.

Water System R&R	Description	Amount
Current Balance		96,115
Revenues FY 2012-13		0
	Ending Balance	96,115

Sewer System Renewal and Replacement Fund

This fund was established to replace and renovate items in the sewer system. The current fund balance is \$280,976. The projected revenue for FY 2013-14 is \$0. No rate increase is proposed for FY 2013-14.

Sewer System R&R	Description	Amount
Current Balance		280,976
Revenues FY 2013-14		0
Grit Chamber	Separates solids in WWTP	(38,000)
	Ending Balance	242,976

Bay Creek Fund

This fund was established to account for General Obligation Bond funds designated for Bay Creek Park improvements. The fund balance is \$36,313. Port-o-lets cost \$375.00 per month with an annualized cost of \$4,500. Irrigation costs have not been captured at this time. Prior to the dissolution of the Bay Creek Park Committee, the remaining funds were designated for the construction of restrooms at the park. Funding (\$85,000) for the restrooms was acquired through ATAX funds and is in the process of being designed. Completion is expected by August 2013.

Bay Creek Fund	Description	Amount
Current Balance		36,313
Revenues FY 2013-14		0
PY Encumbered	Bay Creek Park Electrical	(7,600)
	Ending Balance	28,713

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 \$27,468.

For auditing purposes, the Volunteer Firefighters formed a committee and developed a budget for the volunteer firefighter fund. Revenues primarily come from 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.

The fund balance is \$40,999. Donations for FY 2013-14 are being solicited to purchase 4 sets of bunker gear for the Fire Department.

Construction Fund

In 2012, the Town of Edisto Beach refinanced the Water and Sewer Revenue Bond and through this process, received \$429,084 in funding. These funds are proposed to be used to construct the Point Street Water Extension project; start preliminary engineering report (required when wastewater plant is at 80% capacity); and replace 6” and 8” valves in water distribution system.

Utilities Capital Improvements		
Preliminary Engineering Report	\$ 50,000.00	Required when 80% capacity is reached
Upgrade Control Panels		
Wastewater Tx Plant	\$ 10,000.00	FY 2012-13
Waterfront	\$ 9,000.00	FY 2012-13
Pompano	\$ 9,000.00	
Aerators	\$ 12,000.00	3-5 HP
VFD Lift Station B	\$ 6,000.00	FY 2012-13
<i>Subtotal</i>	\$ 96,000.00	
Water Capital Improvements		
		Bid Amount
Point Street Upgrades	\$ 280,000.00	246,441.50
6" and 8" Valve Replacements	\$ 53,234.84	
<i>Subtotal</i>	\$ 333,234.84	
Total	\$ 429,234.84	

PROPRIETARY FUNDS

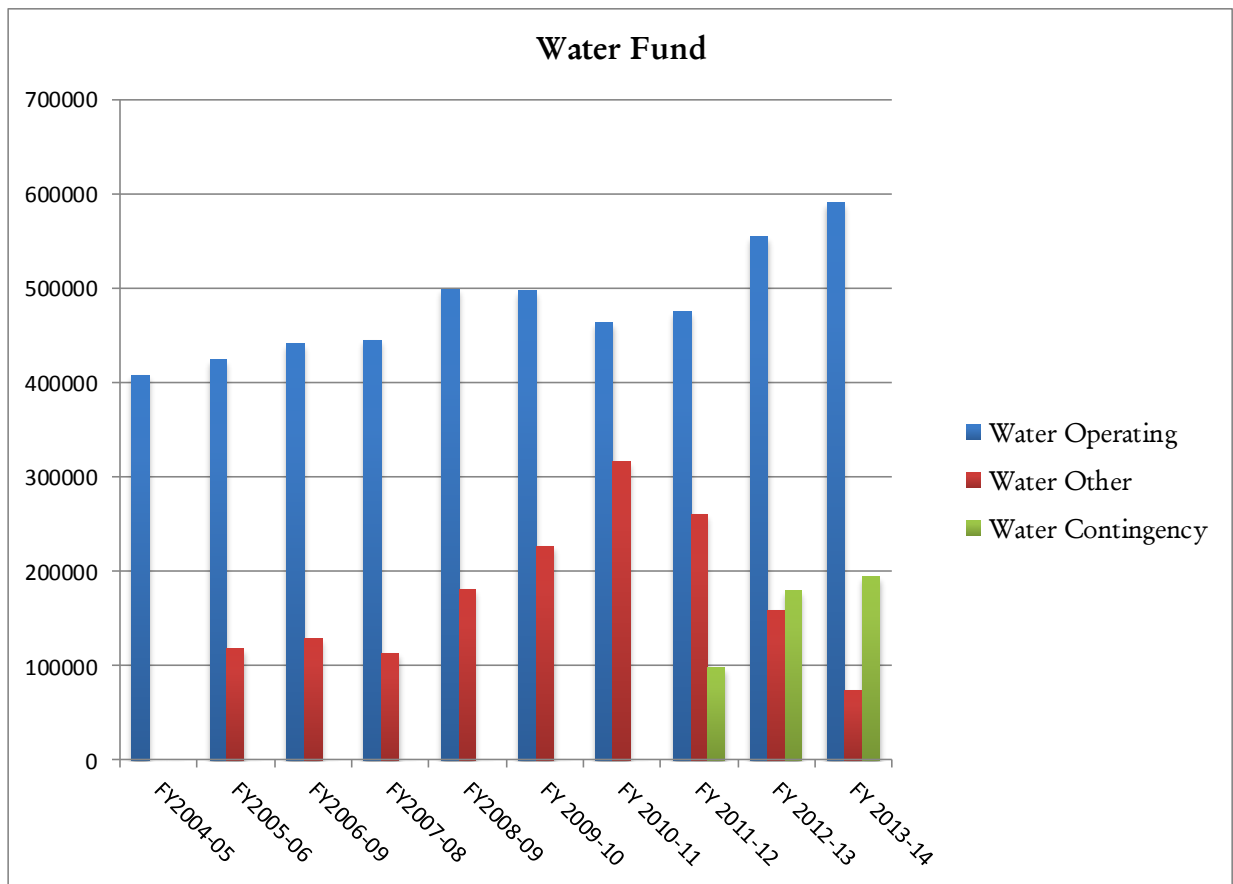
Enterprise Funds

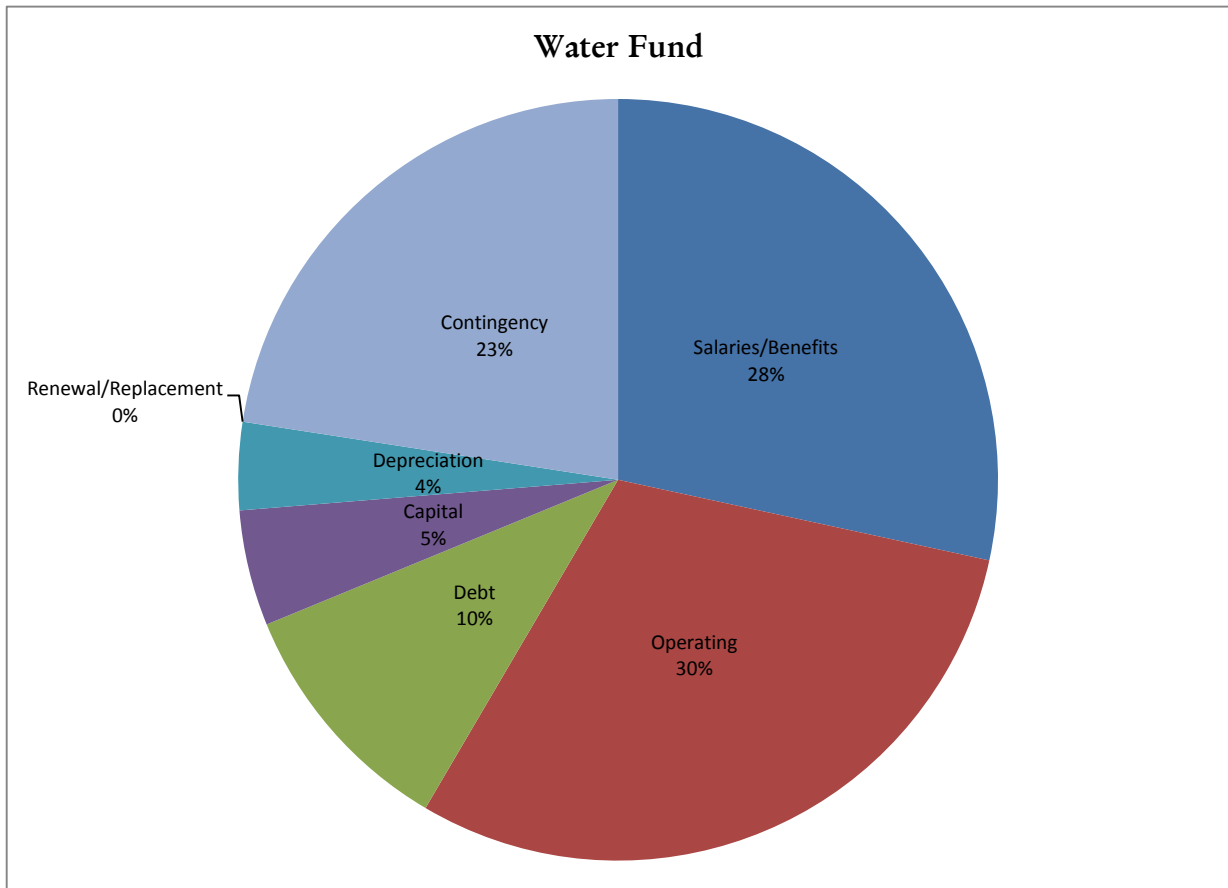
Enterprise funds are used to account for operations that are financed and operated in a manner similar to private business enterprises. The intent is that the cost of providing goods or services to the general public and other local governments on a continuing basis will be financed and recovered primarily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

Water Fund

A water user fee finances the water operations. Fees are collected semiannually. The fee is based on increasing volumetric rates for increased consumption. This places the cost for the operation of the system on the high end user. The rate was increased in December 2011 by 5% to begin accruing funds sufficient to fund capital improvement projects on the water system as recommended by the rate study. The current rate is \$129.23 for the first 24,000 gallons of water. The second 24,000 gallons is charged at \$1.44 per 1,000 gallons. The third 24,000 gallons increases to \$1.61 per 1,000 gallons and after that each additional 1,000 gallons is \$1.80. Rates outside the Town limits begin at \$258.47 for the first 24,000 gallons. The state park’s rate is \$531.37 for the first 24,000 gallons.

Based on historical trends and a relatively fixed number of commercial and residential accounts, the total revenue from user fees is projected at \$807,000 for FY 2013-14. There were no R & R transfers into operating. On June 25, 2013, voters will decide whether to fund a reverse osmosis/aquifer storage reservoir project to address water quality and supply.





The water fund total budget is \$858,860. This includes contingency of \$193,780 and debt service of \$94,125 in principal and interest payments. The budget also includes ½ cost of an additional operator, ½ cost of a 2% performance increase for the Utility Billing Clerk and ½ costs of performance increases for operators scheduled to complete additional training and certifications:

Funding Source	Description	Amount
Water User Fees	½ cost of COLA and performance	5,625
Water User Fees	½ cost of additional position	16,500
PY Accrued Funds	Point Street Extension	39,735
Water User Fees	Replace computers	1,000
Total		62,860

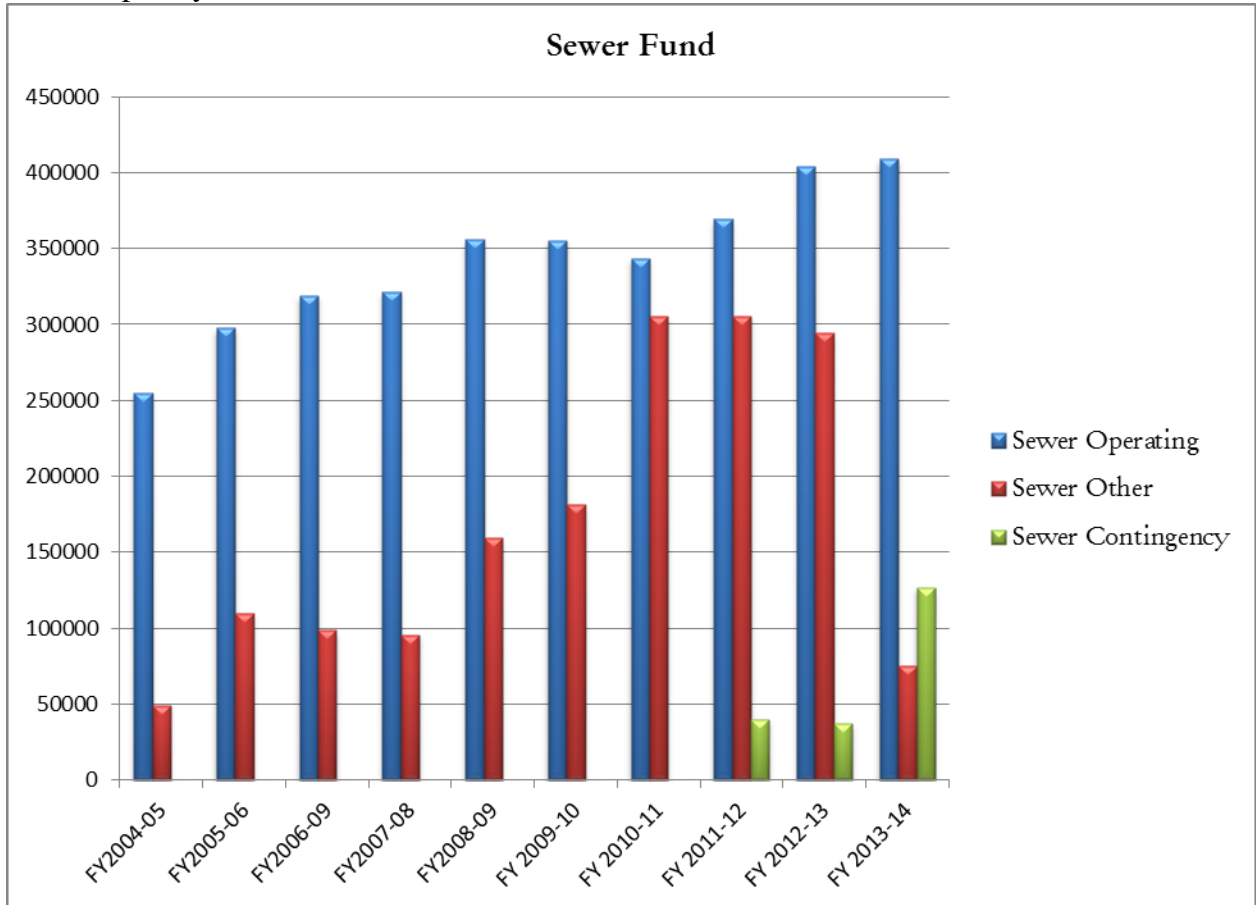
Accrued prior year funds are \$846,304

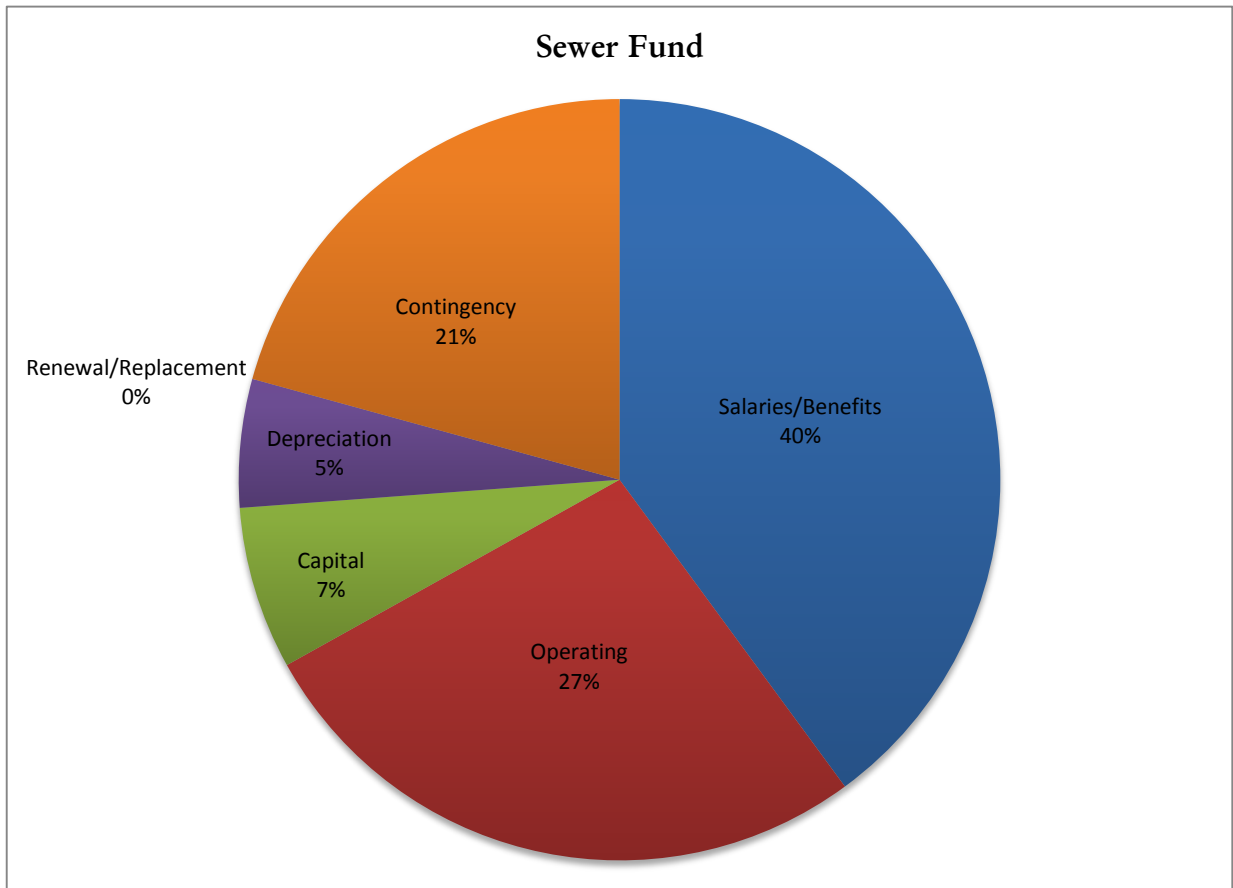
Sewer Fund

A sewer user fee finances the sewer operations. Fees are collected semiannually. The fee is based on a volumetric rate. The rate was increased by 5% in December 2011 and the current rate is \$198.45 for the first 6,000 gallons and each additional 1,000 gallons is \$3.31. Based on historical trends and a relatively fixed number of commercial and residential accounts, user fees are projected at \$560,000 for FY 2013-14.

The Sewer Fund total budget is \$611,035. This includes a contingency of \$126,690.

Accrued prior year funds are \$383,237.





The budget includes special projects or funding totaling \$596,735. This budget also includes ½ the cost of an additional operator position, ½ the cost of a 2% cost of living increase, ½ cost of 2% performance increase for the Utility Billing Clerk and ½ costs of performance increases for operators scheduled to complete additional training and certifications. These changes are listed below.

Funding Source	Description	Amount
Sewer User Fees	½ Cost COLA and Performance	5,625
Sewer User Fees	½ Cost Additional Position	16,500
PY Encumbered	Rehabilitate Lift Station C	39,735
Sewer User Fees	Replace computers	1,000
	Total	62,860

Newsletter Fund

This is a special account established to account for newsletter subscription funds. The current balance is \$6,897.

DEBT (ENTERPRISE FUND)

Debt (Enterprise Fund)

The Town renegotiated the Town’s Revenue Refunding and Improvement Bonds, Series 1999, as interest rates were at an extremely low level. The Series 2012 bonds

were negotiated for a 30-year term that closes in 2042. The amount of the Series 2012 bonds is \$1,675,000 with annual payments of \$88,794 and a principle payment of \$35,000 due every year until 2016. The net interest rate is 3.2%. Debt service funding in the amount of \$94,935.83 from the Series 1999 bonds was transferred into the Series 2012 to fund the new Debt Service Reserve Fund. The \$125,355 currently on deposit with US Bank, the trustee, will be used to pay future debt service. The cumulative savings of refunding the Series 1999 Bond is \$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

At closing, \$429,099 was transferred to Enterprise Bank as custodian for the Series 2012 Construction Fund and anticipated distributions are outlined in that section. 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.

BUDGET HIGHLIGHTS

General Fund	3,607,669
Water Fund	858,860
Sewer Fund	611,035
Total	5,077,564

Some factors impacting the budget are:

General Fund Revenues:

- The Town's total millage rate is 19.53 mils.
- The millage cap of 2.07% was not used but banked for future use.
- General Fund Contingency is \$128,844.
- New construction accounted for an increase in assessments of \$65,000 in the 4% class and \$1,676,500 in the 6% class for FY 2013-14 and accounts for \$2,014 in new taxes.
- One mil is \$52,571.

General Fund Expenditures:

- A 2% cost of living increase was included to offset a 2.07% inflationary rate.
- Four positions were left unfilled in the Fire Department and are being filled by part-time firefighters.

Service Changes	Amount	Account
2% COLA for Employees	12,193	****.1010
2% Pay for Performance Municipal Clerk	571	4100.1010
POP3 to exchange	3,888	4100.3225
Insurance General (10% increase) + claims	14,930	****.3360
Insurance Staff Health (13% increase)	8,165	****.3361
Christmas Bonus-Added part time	1,700	4100.3400
Legal Fees-Town Attorney pay adjustment	2,747	4100.9100
Website update; replace 4 computers	15,000	4110.6310
Capital Improvements	112,500	4110.6500
Salaries- PD (Pay adjustments)	4,366	4200.1010
PD Pagers/Communication (camera/radio)	5,500	4200.9080
FD Fire Engine Maintenance (ladder)	7,500	4400.3150
FD Uniforms (Class C)	6,396	4400.3520
Employee physicals	2,000	4500.4010
PW Equipment Purchases (traffic counters)	1,800	4700.9050
Building (Permit Clerk 2% Perf)	512	4800.1010

Fund Contingencies

General Fund	128,844
Water Fund	193,780
Sewer Fund	126,690

Accrued Prior Year Funds

General Fund	2,425,760
Water Fund	846,304
Sewer Fund	383,237

General Fund & Special Appropriations:

Project	Est. Cost	Funding Source
Bell Bond Debt	175,000	Local Acc. Fund \$50,000 ATAX PY Encumbered \$50,000 Hospitality Funds \$25,000 General Fund \$50,000
Police Beach Patrol	17,285	ATAX PY
Fire Department Beach Wheelchair	601	ATAX PY
Music and Shag	5,500	ATAX PY
Shrimp Fest	4,000	ATAX PY
PD Cameras	59,645	ATAX PY
Bay Creek Restrooms	85,000	ATAX PY
Scott Creek	3,250	Alcohol PY
Storm Water Misc.	10,990	Alcohol PY
Beach Preservation (Bank)	1,011,137	Local Accommodations PY
Beach Preservation	200,000	Local Accommodations
CSE Permitting	375,000	Local Accommodations
CSE Beach Monitoring	1,603	Hospitality PY
Code Red Contract	5,000	Hospitality PY
Beach Walkover Repair	5,000	Hospitality PY
Sand Fence	7,200	Hospitality PY
General Fund (Tourism Related)	77,500	Hospitality
Bay Creek Park Electrical	7,600	Bay Creek Park PY
Dodge Charger (Replace 2009 Chevrolet Impala (2G1WS57M791170196))	37,000	Vehicle Replacement
Ford F150 (Replace 2005 Chevrolet pickup (1GCHC24U45E302713))	18,000	Vehicle Replacement
Pumper(Replace 1995 Ford Pumper (1FDYF80E9SVZ53339))	240,806	Vehicle Replacement
Kubota Lawnmower (Replace 2001 Kubota (51323))	13,100	Vehicle Replacement

Water Fund

1. No increase in fee

Sewer Fund

1. No increase in fee

Water and Sewer Fund Capital Improvements, New Services, Other

Project	Amount	Funding Source
Grit Chamber	38,000	Sewer R & R
2% COLA and Performance	5,625	Water User Fees
Increases	5,625	Sewer User Fees
Rehabilitate Lift Station C	39,735	Sewer PY
Point Street Engineering	39,735	Water PY
Additional Position	16,500	Water User Fees
	16,500	Sewer User Fees
Computers	1,000	Water User Fees
	1,000	Sewer User Fees

As the Town continues to develop there will be new challenges to address. Although Edisto Beach is 85% “built-out”, there still remains limited growth. The Town will continue to make adjustments to services expected by the public.

I am grateful to be involved in preserving Edisto Beach and maintaining its low country charm and noncommercial atmosphere. I would like to thank the Council, staff and citizens for their support and contributions as we plan for our Town’s future.

Sincerely,

Iris Hill

Iris Hill
Town Administrator