

# **TOWN OF EDISTO BEACH Annual Budget 2017-18**



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# Town of Edisto Beach, South Carolina

## Mayor



Jane S. Darby

## Town Council



**Mayor Pro Tempore**  
Susan Hornsby



**Council**  
Jerome Kizer

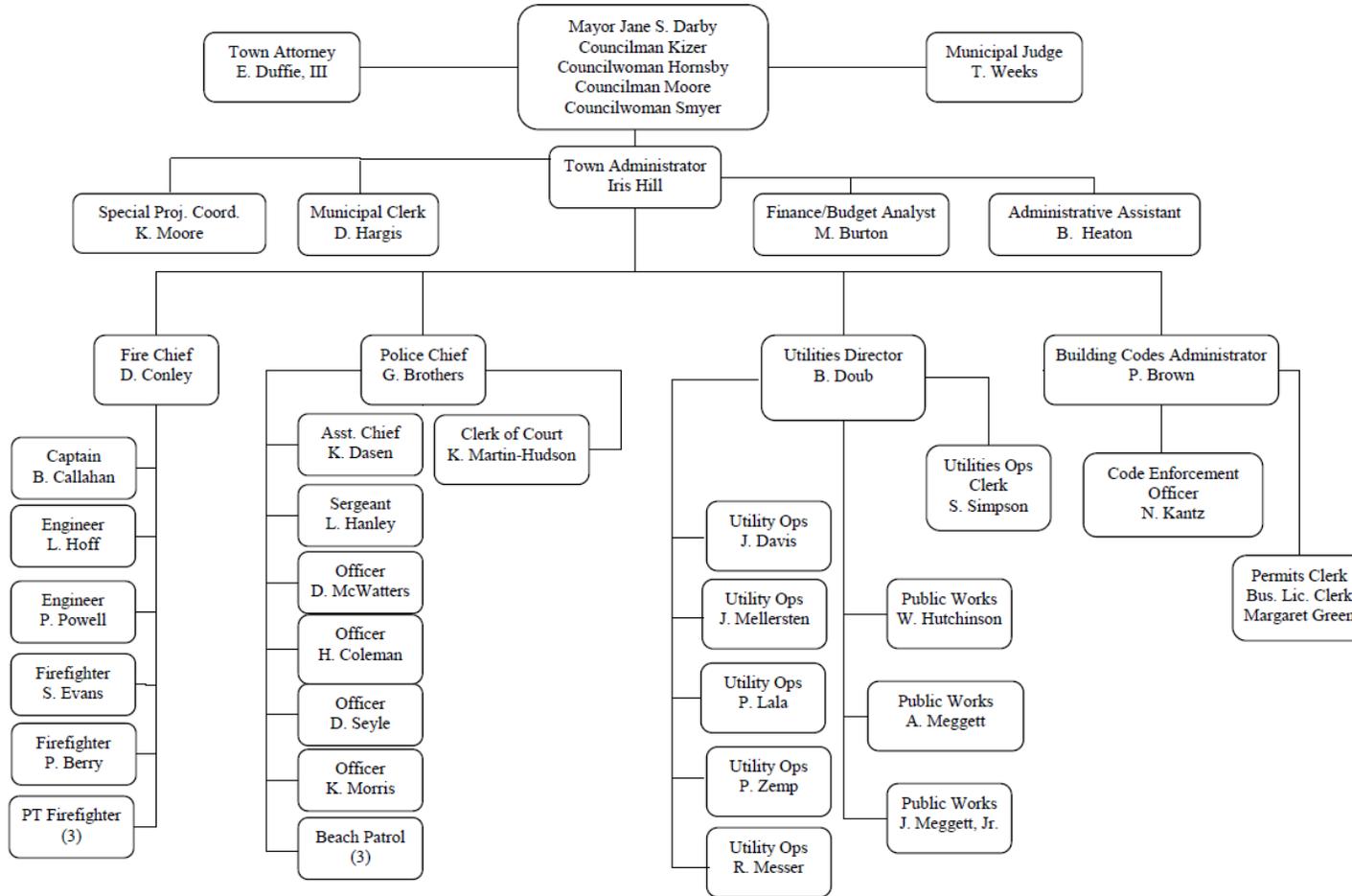


**Council**  
Crawford Moore



**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 30, 2017

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 2017-18 operating budget for the Town of Edisto Beach. Carefully planned expenditures over several years continue to enable the Town to accommodate economic ups and downs. As a result, the Town is in excellent financial condition. However, there are outside influences that impact our budget, such as unfunded mandates (pension liability, gas taxes) or other proposed legislative initiatives that indicate we continue to proceed with caution in the future.

The budget for all funds is \$6,508,633 including a General Fund budget of \$4,512,538. This represents an overall budgetary decrease of \$682,028 (-9.5%) and a General Fund decrease of \$1,025,359 (-18.5%) from the amended FY 2016-17 operating budget.

At the time of this report, the Town has not received assessment data from Colleton County. Since this is a reassessment year, the Town may have to adjust the millage rate (rollback millage) after the beginning of the new fiscal year.

The reassessment is a process required by State law to determine the change in market value of property over a certain period of time in order to provide equity among taxpayers. Reassessment is a revaluation of real estate. The rollback millage is calculated by dividing the prior year property taxes levied as adjusted by abatements and additions by the adjusted total assessed value applicable in the year the values derived from a countywide equalization and reassessment program are implemented. This amount of assessed value must be adjusted by deducting assessments added for property or improvements not previously taxed, for new construction, for renovation of existing structures, and assessments attributable to increases in value due to an assessable transfer of interest.

The budget does not include a millage adjustment and all millage caps have been banked. The millage rate remains at 20.71. Under the advice of the Colleton County Assessor, the Town developed this budget using the assessment values from 2016. One mill equals \$51,945.

	General Fund	Water Fund	Sewer Fund	Civic Center	Total
<b>FY 2009-10 Actual</b>	\$3,366,860	\$749,078	\$514,324	\$0	\$4,630,262
<b>FY 2010-11 Actual</b>	\$3,484,015	\$1,012,391	\$786,952	\$0	\$5,283,358
<b>FY 2011-12 Actual</b>	\$3,517,062	\$807,295	\$564,866	\$0	\$4,889,223
<b>FY 2012-13 Actual</b>	\$3,612,417	\$821,513	\$568,777	\$0	\$5,017,189
<b>FY 2013-14 Actual</b>	\$3,619,371	\$821,513	\$575,326	\$0	\$5,016,210
<b>FY 2014-15 Actual</b>	\$3,914,397	\$859,979	\$581,216	\$0	\$5,355,592
<b>FY 2015-16 Actual</b>	\$4,157,330	\$866,405	\$618,817	\$53,379	\$5,695,931
<b>FY 2016-17 Amended</b>	\$5,537,897	\$921,100	\$660,800	\$70,864	\$7,190,661
<b>FY 2017-18 Proposed</b>	\$4,512,538	\$1,269,600	\$654,300	\$72,195	\$6,508,633

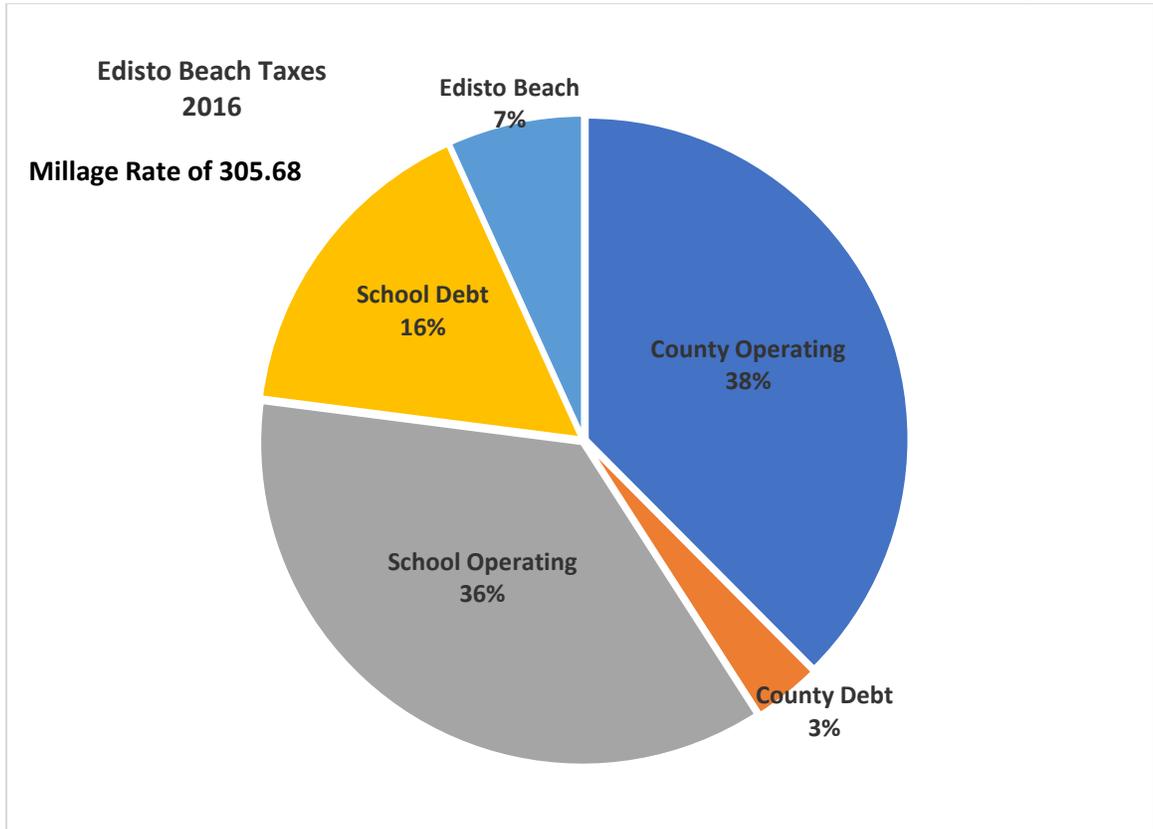
The Amended FY 2016-17 budget was substantially higher than the original budget because of impacts and costs associated with Hurricane Matthew. The budget was amended to add \$1,000,000 in emergency funds for recovery after Hurricane Matthew. The Town continues to work with FEMA on reimbursements and the preliminary State budget proposes funding to reimburse the municipalities their 25% share.

In February 2017, the Council held a planning retreat to set goals to guide Town Services. These goals are listed on page 7. Other goals, not listed as the top priorities for the Town are developed as Departmental goals.

#### Short Term Factors and Budget Guidelines

The objectives of this budget are to preserve the current level of services with basically flat revenues while making progress towards and implementing 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 adjusted by outside indicators.
- ❖ **Unpredictable Inflation.** There continues to be no prediction regarding inflation.
- ❖ **Flat Assessments.** According to the Colleton County Assessor, assessments remain flat. New growth continues, but the millage rate of 20.71 does not provide much relief. A majority of the 305.68 millage rate based taxes support County and School operations.



- ❖ **Maintain target fund balances to preserve financial integrity.** This budget exceeds the targeted fund balance position established by the Town Council.
- ❖ **Annual Review of all significant fees.** Major fees are reviewed annually and adjusted as needed. The garbage fees and water rates were adjusted to account for increases in providing these services.
- ❖ **Wage adjustments.** A 2% cost of living allowance is included in this budget. This helps offset an increase in employee retirement contributions. Step increases for additional certifications (that are job applicable) are built in.
- ❖ **Employee benefits.** The South Carolina Retirement employer contribution rates are scheduled to increase 2% this fiscal year and additionally for the next 5 years to offset unfunded pension liabilities. The General Assembly has fully funded the second 1% increase in employer contributions for 2018. Public Employee Benefits Authority (PEBA) will issue credit invoices to each employer for 1% of the employer contributions based on its share of the appropriated funds (\$13,582.37).
- ❖ **Local Government Fund.** This funding remained the same and since the Town receives minimal funding from the LGF, any change is not detrimental to the revenue stream.
- ❖ **Unfunded Pension Liability.** In FY 2016-17, the Town included an unfunded retirement liability of \$2,519,001 in its annual audit
- ❖ **Beach Nourishment and Groin Lengthening.** Beach Nourishment and Groin Lengthening project was completed in June 2017. The project was funded from numerous sources. What began as a \$10,000,000 project, ended up being an \$18,000,000 project after the scope was modified to account for damages from Hurricanes Joaquin and Matthew.
- ❖ **Water Improvements.** Council approved funding of the Water Improvement Project that includes additional water supply, water storage and water quality components. The re-rating of the Town's financial stability through Standard and Poor's has been completed and the Town maintained an A+ rating. The Town was able to acquire insurance on this

bond issue which also makes our bonds more desirable and basically increases our rating from an A+ to a AA-. The project is progressing. There is pending litigation regarding the rezoning of the site of the project.

- ❖ **Continuity of Operations.** To maintain continuity of operations, management has taken steps to train staff to replace employees who will be retiring. Practices have also been implemented to cross train staff in numerous areas to maintain continuity of operations.
- ❖ **Productivity.** As the Town offers additional services and amenities such as the civic center, Bay Creek Park, etc. and public demand for services increase, staffing is necessary to meet these demands. Additional staff were added to address this increase in demand.
- ❖ **Increased demand for public safety services.** The Town continues to experience an upturn in the demand for public safety services. This may be a result of other coastal communities banning alcohol and restrictions of pets on the beach making Edisto Beach more desirable. Also, as subdivisions such as Spring Grove are developed, day traffic is expected to increase. Regardless, as demand for these services increases, additional staffing will be necessary.
- ❖ **Legislative Mandates.** The Town continues to monitor new legislation that impacts the Town. This year pension changes and gas taxes were implemented that impacts the budget. Business license legislation continues to be a cause of concern.

### **Basis of Budgeting**

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

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

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

Town of Edisto Beach				
<i>List of Funds</i>				
				Included
Fund	Fund Type	Description	Appropriated	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
Bay Creek Park	Special Revenue	Accounts for activities related to the construction of Bay Creek Park. Operations of the park are accounted for in the general operating public works parks and recreation.	No	No
Water R&R	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 R&R	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
ATAX 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 I & I	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 \$752,089.

We have a balanced budget with an anticipated fund balance of \$3,270,422.

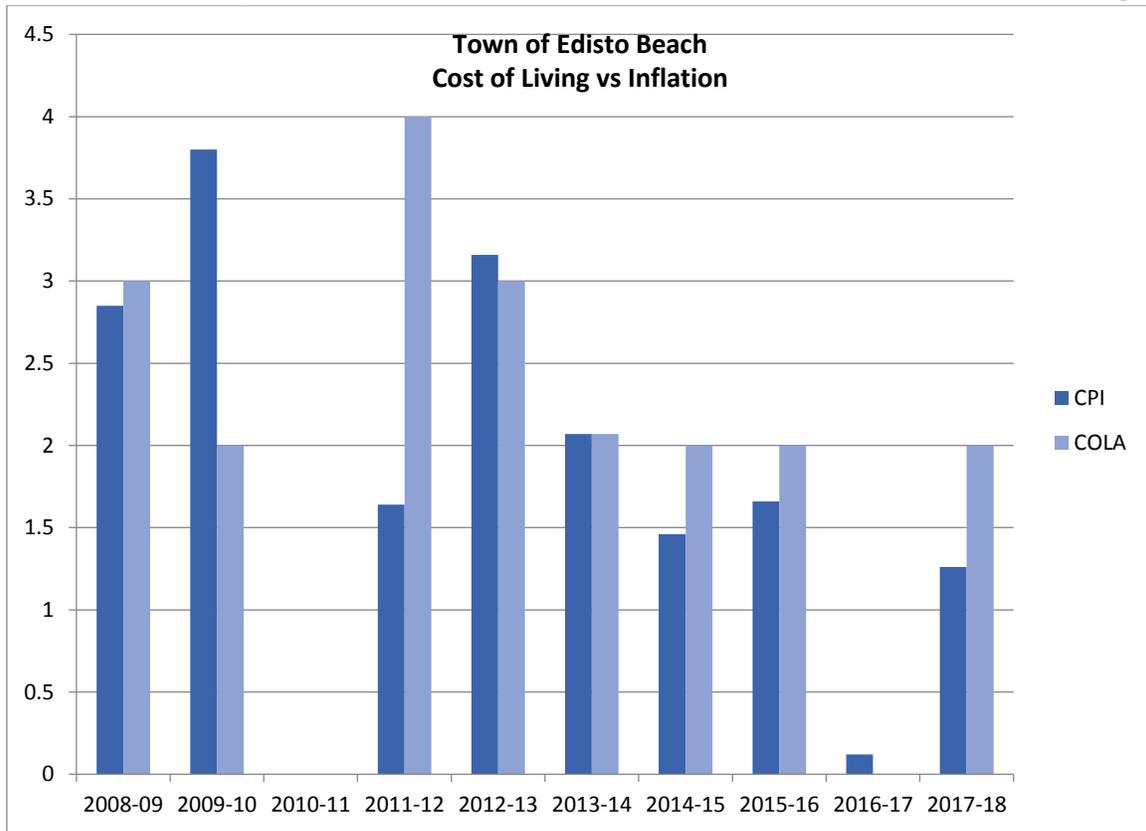
**Recognize and Reward Employees**

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 has 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, etc. Salary adjustments for performance are included in this budget. Although this program has been implemented, the Town continues to experience high turn-over.

Employees who provide exceptional service are also recognized with Starfish Awards. Three Starfish Awards equals one day off.

A cost of living (COLA) allowance was not provided in 2016. A 2% COLA is included in the FY 2017-18 budget. The graph below shows a 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 July 2016, employees will also be provided with coverage from Air Med Care. In January 2018, health insurance anticipated costs will increase from \$482.94/monthly to \$531.24/monthly, a 10% increase. The rate increases are not provided to the Town until August of 2017. 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 9% (SCRS) or 9.75% (PORS) tax deferred of gross pay and a member is vested after 8 years. Employees hired before July 1, 2012 are vested in 5 years. Typically, members can retire at age 65 with 5 years of service. Police and fire can retire at age 55. The employer contribution increased from 11.56% to 13.56% for employees in the South Carolina Retirement System and from 14.04% to 16.04% 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 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.

**Maintain Level of Services Expected**

The Town began using social media to keep citizens and visitors updated on events and news happening on Edisto Beach. The Town’s website has a poll function so additional data from the

public can be obtained. These polls will be used to help guide Council on individual issues. Social Media and Code Red were critical components during Hurricane Matthew and were utilized to keep residents apprised of emergency situations and support services.

### **Regionalization/Privatization/Grants**

Staff continues 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 continues to partner with Ocean Ridge Property Owner's Association to partially fund a police officer position obtained in FY2012-13 which funds \$36,247 of the position. Global Positioning Systems in police vehicles allow the Town to verify it is meeting the required amount of patrol time per the agreement with Ocean Ridge.

The Town partnered with Colleton County in 2016 to manage the Civic Center. Colleton County provides financial support in the amount of \$47,085 for this service. These funds have typically been used to maintain the building and grounds.

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

Although the budget relies heavily on property taxes, the Town has varied revenue sources. Historically, grant funding has been utilized to 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 2016-17, Colleton County provided \$4,000,000 in Capital Project Sales Tax funds for the 2017 beach nourishment project. There is no match to this funding.

In 2016-2017, the State provided \$15,000,000 for beach nourishment in the State Budget. The SC Parks Recreation and Tourism Department (SCPRT) developed a grant application process to apply for these funds. Initially the Town applied for \$5,000,000 which was revised to \$6,800,000 after Hurricane Matthew. The Town was successful in obtaining this grant funding for the beach nourishment and groin lengthening project. The stipulation of the agreement is the Town will reimburse a portion of those funds to SCPRT if the Federal Emergency Management Agency provides funds for beach erosion as a result of Hurricane Matthew.

After Hurricane Matthew, the State offered grant funding for additional mosquito control services. The Town was successful in obtaining a grant for \$2,216.00 from the Department of Health and Environmental Control to purchase additional mosquito control chemicals. These funds must be expended between July 1, 2017 and June 30, 2018.

In June 2014, Colleton Transportation Committee (CTC) reallocated \$250,000 for drainage improvements. This resulted in a reduction of \$150,000 from the original allocation. Because these projects are being administered by the Department of Transportation, funds were not budgeted in the Town's budget. The drainage project consists of addressing the drainage issues on Myrtle Street close to Lybrand Street and completion of the paving of Myrtle Street near Sunset Street. In order to continue with this project, the CTC was asked to commit to the original funding

amount. The Town met with the CTC and obtained the funding commitment and this project is scheduled to commence November 2017.

The Building Department acquired a Coastal Access Improvement Fund Grant with a 50/50 match. The Town’s share is \$24,750 and is budgeted in Hospitality Funds. Three beach accesses will be repaired-Lybrand Street (17), Mitchell Street (19) and Beach Access 32. This project has commenced.

The Police Department applied for \$16,000 in grant funds from the Department of Public Safety to provide electronic citations. The Town’s match is \$1,600 and is budgeted under Police Grant Expense (4110.5300)

Dept.	Funding Agency	Item	Amount	Match
*Adm	Colleton County (CPST) (FY 2016-17)	Beach Nourishment	4,000,000	0
*Adm	SC PRT (FY 2016-17)	Beach Nourishment	6,800,000	0
*Adm	DHEC	Mosquito Control Chemicals	2,216	0
*Adm	CTC	Myrtle Street Drainage	250,000	0
*Building	DHEC	Beach Access Walkovers	24,750	24,750
Police	Department of Public Safety	Electronic Citations	16,000	1,600
Total			11,092,966	26,350

\*Awarded

**Millage rate**

There is no increase in 20.71 millage rate in this budget. 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 2016, 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 increased and was 1.26% from Calendar Year 2016 to Calendar Year 2017. The population of Edisto Beach increased by 0.72%. Adding these two components together yields a millage cap of 1.98% for the Town of Edisto Beach. 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.

Fiscal Year	Prior Year	% Average	% Population	Allowable Annual % increase of millage rate	Millage Bank Used	Millage Bank Balance
FY 11-12	18.65	1.64	0	1.64	0	1.64
FY 12-13	19.53	3.16	0	3.16	-4.71	.09
FY 13-14	19.53	2.07	0	2.07	0	2.16
FY 14-15	20.23	1.46	0	1.46	-3.58	.04

Town of Edisto Beach, South Carolina					FY 2017-18 Budget	
<b>FY 15-16</b>	20.23	1.62	0.73	2.35	0	2.39
<b>FY 16-17</b>	20.23	0.2	0.24	0.36	2.39	0.36
<b>FY 17-18</b>	20.71	1.26	0.72	1.98	0	2.34

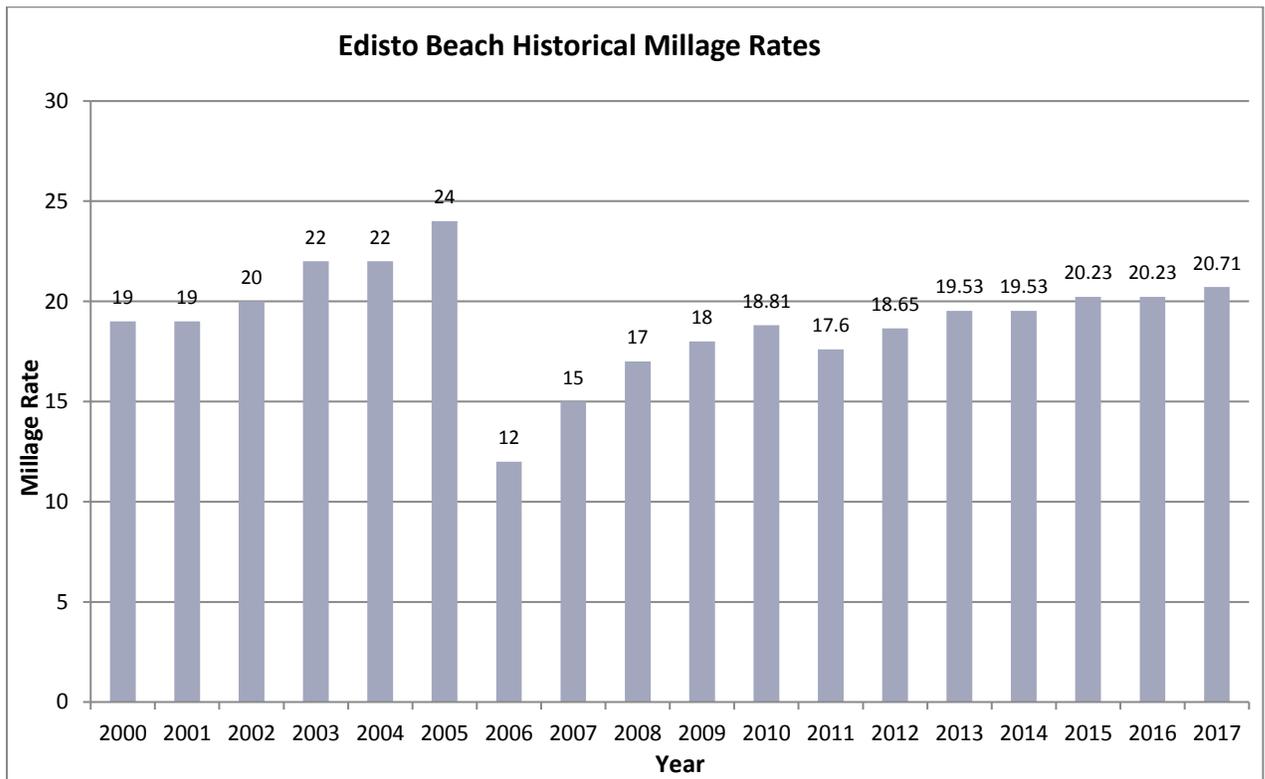
When thinking about property taxes, you need to understand the millage rate. The millage rate is a simple ratio of a dollar to each thousand dollars of the property's value. A millage rate means that it is one-thousandth of the value. Millage rates differ among towns, cities and counties and are officially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

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

Market Value	\$550,000
X Assessment Ratio.....	X 4%
Assessed Value	\$22,000
X millage rate	X 0.02071
<b>Town Taxes</b>	<b>\$455.62.</b>

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.

Edisto Beach historical millage rates are shown in the graph below.



### Financial Information and Policies

#### Fund Balance

In August 2012, Council passed a General Fund Balance Policy. This policy requires the Town maintain two months operating in general fund balance. The Town is in compliance with this

policy and must maintain or exceed a balance of \$752,039. The fund balance as of March 30, 2017 is \$3,270,422.

**Banking**

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

**Investments**

The Town adopted an investment policy in June 2010. Edisto Beach conservatively invests and only utilizes the Local Government Investment Pool and Certificates of Deposits. Investments in the amount of \$5,914,606 are invested in the South Carolina Local Government Investment Pool (LGIP). 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 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 (LGIP) interest rate is 1.1032% above last year’s rate of 0.6767%. The rate in 2008 was 2.8%.

**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**

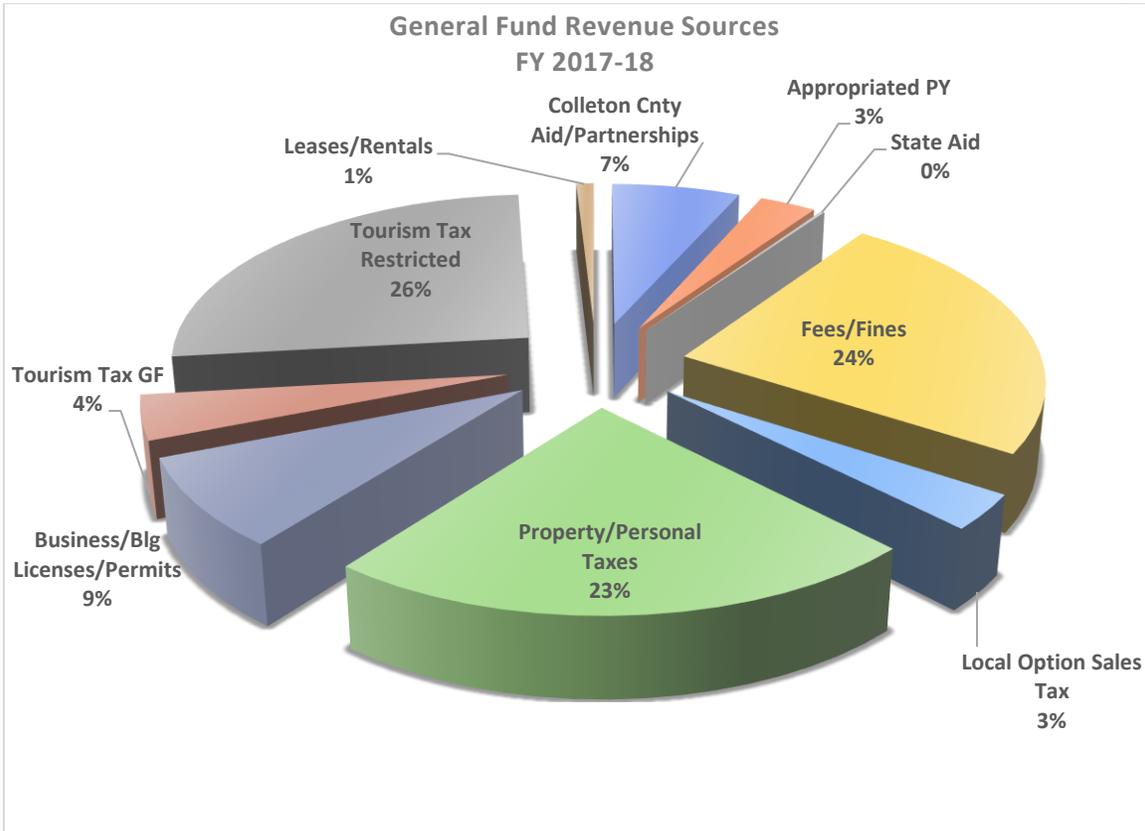
**Where does the money come from?**

The operating and capital budgets are financed by revenue sources identified in the following figures. Total projected revenues for FY 2017-18 are \$4,512,538, an 18.5% decrease from the FY 2016-17 amended budget. This revenue decrease is deceptive because the FY 2016-17 amended budget contained \$1,000,000 in prior year funds to pay for Hurricane Matthew damages. If this increase is removed, the revenue stream still decreased, but only slightly, due to one-time use of prior year funds. All other revenues basically remained stable with the exception of the addition of \$50,000 from local accommodations designated to the general fund to support tourism, public safety and public works.

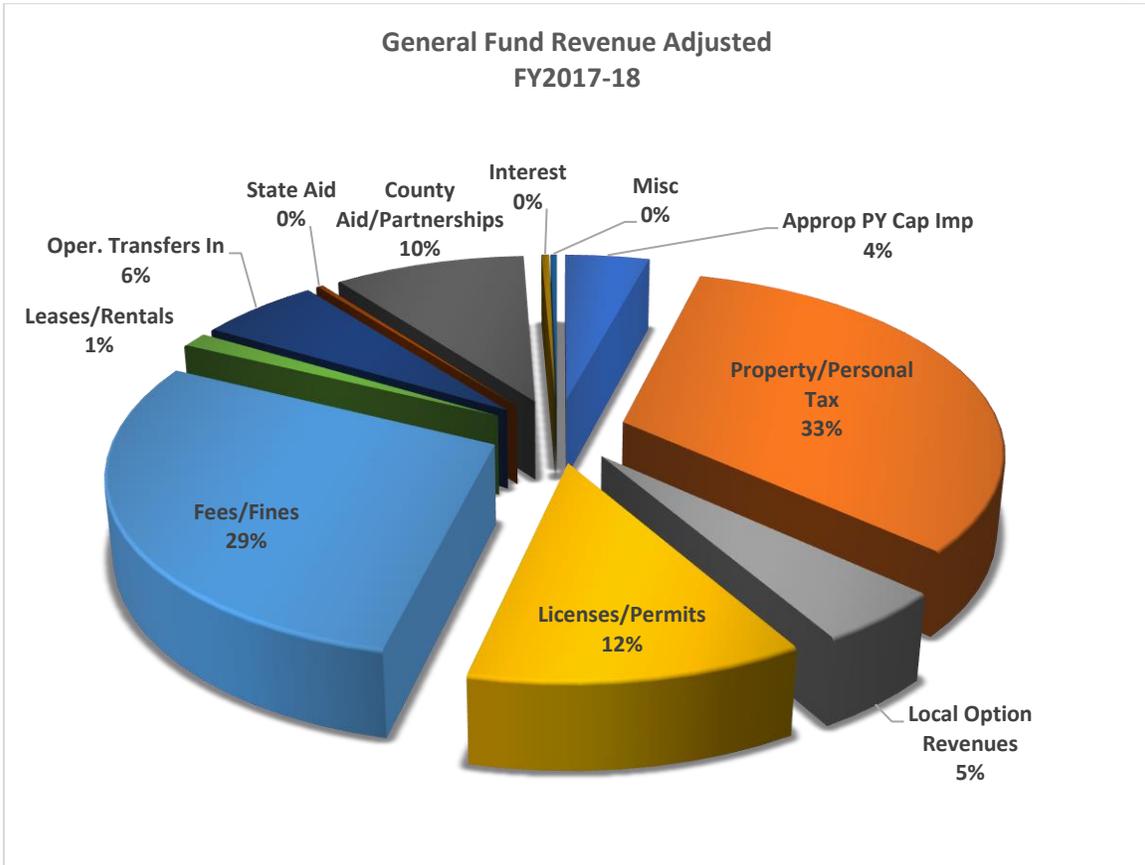
Several methods are used to forecast the individual revenue sources used to finance local government. The sources producing the most revenue are modeled using time series statistical programs. The results are modified based on current and projected economic trends, and views of experts as conveyed in local, state, and national publications. When forecasting the secondary sources, extrapolation of trends is used, 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 staffs 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 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.



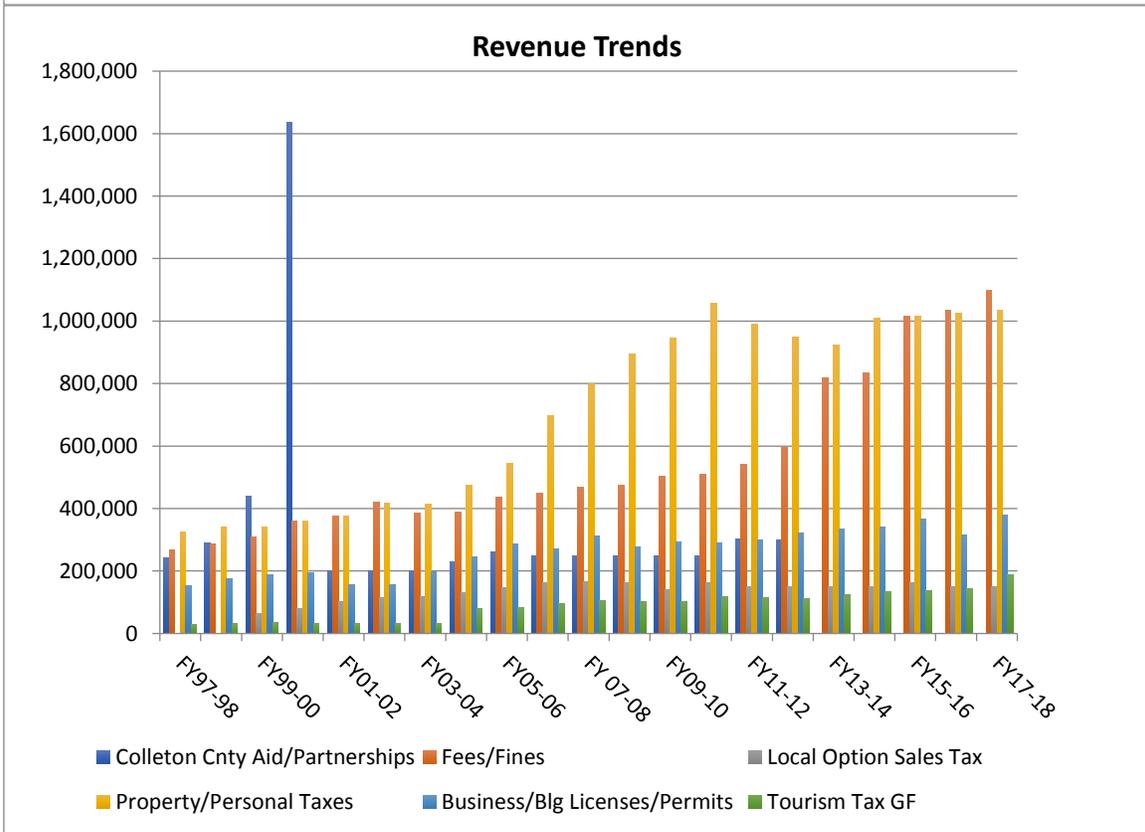
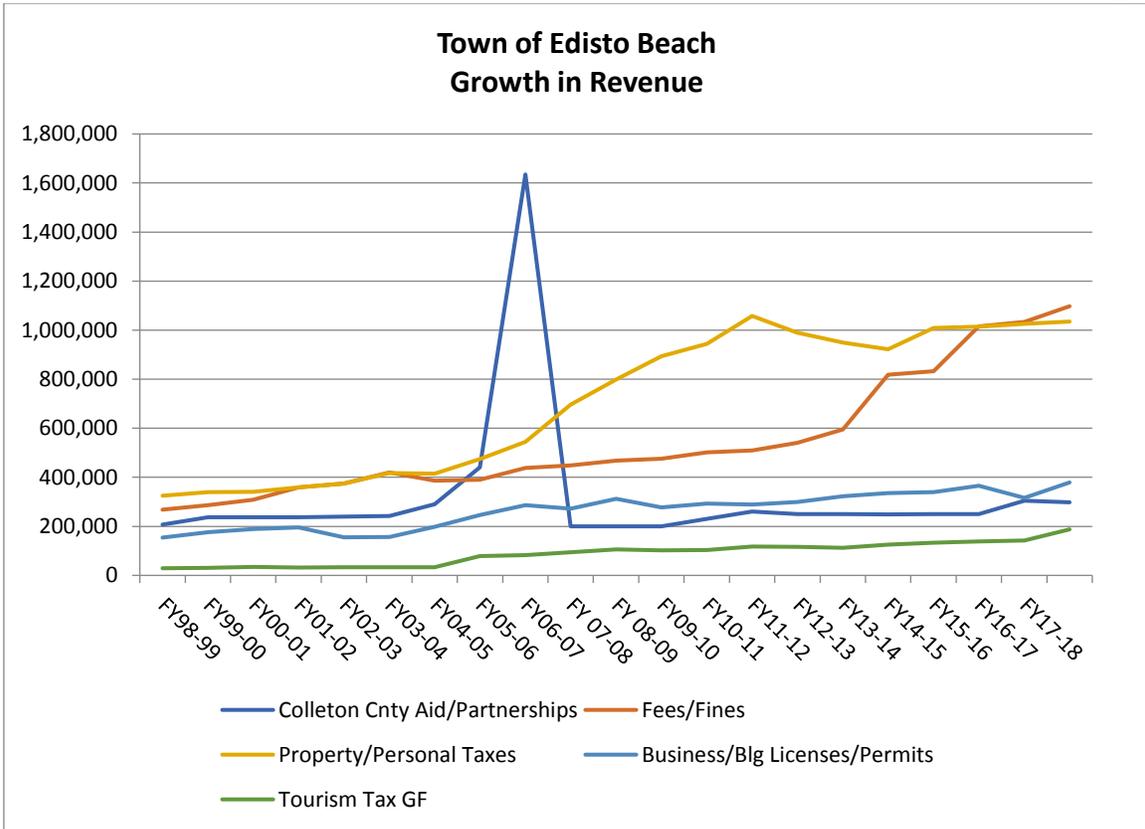


The following graph is adjusted to remove all revenue sources that are not available to the Town for operations. "Operating transfers in" are portions of restricted funds that are allowed to be used for operational purposes.



Taxes known as ad valorem property taxes collected on real estate, personal property and vehicles account for 33% or the majority of the general fund revenues. Business licenses and building permits account for 12% of the general fund revenues which is greater than last year.

Of the five largest revenue sources, some show slight or incremental increases over time. Fees and fines have steadily increased mostly due to franchise and garbage fees. Property taxes dipped in FY 2012-13 and showed a slight recovery in FY2013-14. Property taxes have increased slightly mostly due to new construction and remodels. Colleton County fees increased slightly when the Town became the property manager of the Civic Center. For budgetary purposes, these revenues are considered flat.



The Revenue line items are described in greater detail below.

**% Change General Fund Revenue**

Revenue	FY11-12 Actual	FY12-13 Actual	FY13-14 Actual	FY14-15 Actual	FY15-16 Actual	FY16-17 Amended	FY17-18 Proposed	Increase (Decrease)	% Change
Grant DPS	-	88,794	-	-	-	18,088	16,000	(2,088)	(11.5)
Other Grant	-	-	-	-	-	-	2,216	2,216	-
Ocean Ridge Security Services	-	-	-	36,247	36,568	36,642	36,642	-	-
Approp RY Capital Improve	-	-	112,950	138,050	124,362	1,313,982	131,500	(1,182,482)	(90.0)
Tourism Fund Bond Retire	125,000	125,000	125,000	125,000	125,000	125,000	125,000	-	-
Colleton County Aide	172,300	172,600	172,300	172,300	172,300	172,300	172,300	-	-
Colleton County Fire Aide	77,300	77,000	77,300	77,300	77,300	77,300	77,300	-	-
Local Acc. Tax 2%	311,261	325,905	367,960	413,761	432,845	432,845	430,000	(2,845)	(0.7)
Loc Acc.Tax 2% Restricted	-	-	-	-	-	-	50,000	50,000	-
Hospitality Tax 2%	153,221	162,478	166,607	174,346	186,230	189,754	180,000	(9,754)	(5.1)
Hospitality Restricted GF	76,611	81,239	83,304	87,173	93,115	94,877	90,000	(4,877)	(5.1)
Vehicle Property Tax	9,708	9,414	11,145	12,913	15,017	13,520	15,000	1,480	10.9
Garbage Penalty	2,171	2,428	2,488	2,296	2,627	2,500	2,500	-	-
SCLGAG Reimbursement	45,089	40,580	6,312	-	-	-	-	-	-
Real Property Tax	946,049	903,596	881,439	954,630	958,631	978,717	988,402	9,685	1.0
Lost Property Tax Credit	89,598	92,799	70,971	63,079	68,509	71,000	71,000	-	-
Lost Mun Revenue	61,804	57,336	79,163	87,055	94,908	79,000	79,000	-	-
Delinquent Property Tax	26,683	28,763	21,998	32,545	31,576	25,000	23,000	(2,000)	(8.0)
Business License	135,957	145,456	142,438	158,549	167,586	145,000	200,000	55,000	37.9
Business Lic Rentals	127,057	127,208	129,838	130,978	118,198	100,000	105,000	5,000	5.0
Telecommunications License	8,559	7,934	7,702	6,260	6,460	6,500	7,000	500	7.7
2% Assessment Ins. Cos	177,302	150,180	158,586	156,849	163,495	155,000	160,000	5,000	3.2
Building Permits	36,494	49,856	52,577	41,851	70,715	62,000	65,000	3,000	4.8

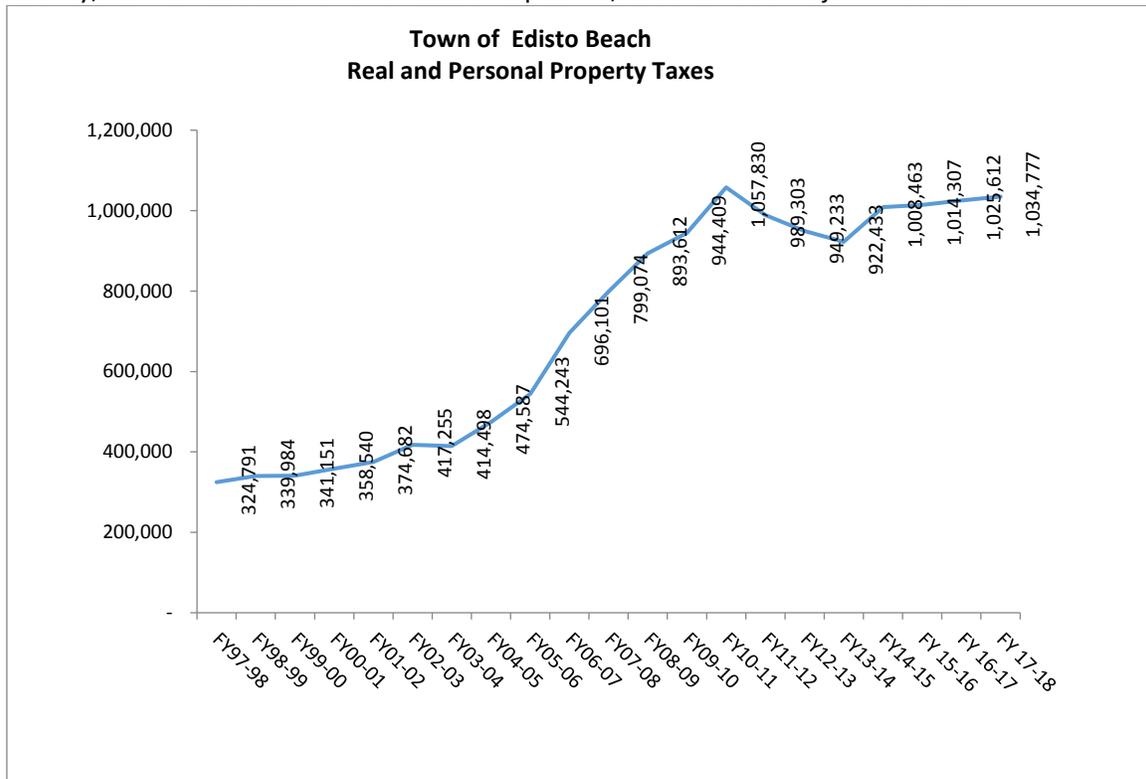
Town of Edisto Beach, South Carolina

FY 2017-18 Budget

Zoning Administration	1,555	2,650	2,445	1,825	2,965	2,200	2,000	(200)	(9.1)
Encroachment Permits	-	15	30	-	15	30	30	-	-
Court Administration	21,307	32,397	19,960	23,008	50,634	50,000	50,000	-	-
Parking Tickets	300	225	1,875	3,125	8,763	8,000	8,000	-	-
Operating Transfer In	-	-	6,908	-	-	-	-	-	-
Garbage User Fee	349,142	377,187	377,215	379,702	478,713	562,613	607,973	45,360	8.1
Garbage Cans	2,245	2,080	2,175	1,680	1,200	7,000	7,000	-	-
Charleston County aide	-	-	-	-	18,000	18,000	12,400	(5,600)	(31.1)
State Aid	7,701	8,944	8,928	8,928	8,928	8,932	8,928	(4)	(0.0)
Alcohol Temp Permit Fee	14,850	11,050	12,150	9,300	15,650	13,250	15,000	1,750	13.2
Utilities Franchise Fees	116,516	121,614	130,959	139,901	136,909	135,000	136,000	1,000	0.7
CATV Franchise Fee	48,845	57,828	60,100	60,093	61,266	60,000	61,000	1,000	1.7
ATT Franchise Fee	-	1,096	2,138	6,061	12,212	9,000	12,000	3,000	33.3
Alltel Lease	21,600	24,600	24,600	29,520	29,520	29,520	29,520	-	-
Park Fees	3,490	8,801	10,646	15,375	19,829	15,000	15,000	-	-
Misc. Income	2,593	2,220	31,005	29,101	29,712	5,000	10,000	5,000	100.0
Interest Income	6,706	6,613	4,709	6,203	14,676	12,000	12,000	-	-
Rental Income	10,500	10,050	10,500	10,500	9,350	10,800	11,400	600	5.6
Fire Department Donations	707	1,420	920	2,134	1,300	100	100	-	-
Police Department Donations	300	-	900	1,515	1,700	1,100	1,000	-	(9.0)
Event Sponsorship	-	4,500	(4,500)	-	5,750	5,000	-	(5,000)	(100.0)
Homestead Exemption	6,863	7,460	7,851	8,375	9,083	8,375	8,375	-	-
Merchants Inv. Tax	452	452	452	452	452	452	452	-	-
ATAX General Fund	39,711	37,882	41,925	45,961	45,022	47,625	47,625	-	-
ATAX 30% Fund	88,267	77,295	101,550	125,763	120,131	135,750	135,750	-	-
ATAX 65% Fund	191,246	167,472	220,025	272,487	260,285	294,125	294,125	-	-
								-	
Subtotal	3,517,060	3,612,417	3,745,544	4,052,191	4,287,507	5,537,897	4,512,538	(1,025,359)	(18.5)

**Property Taxes**

The majority of the revenues received by the Town are from property taxes. Property values remain flat and have impacted revenues. Because the Town’s millage is well below Colleton County, new construction and remodels help some, but are not a major influence.



**Franchise Fees**

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

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

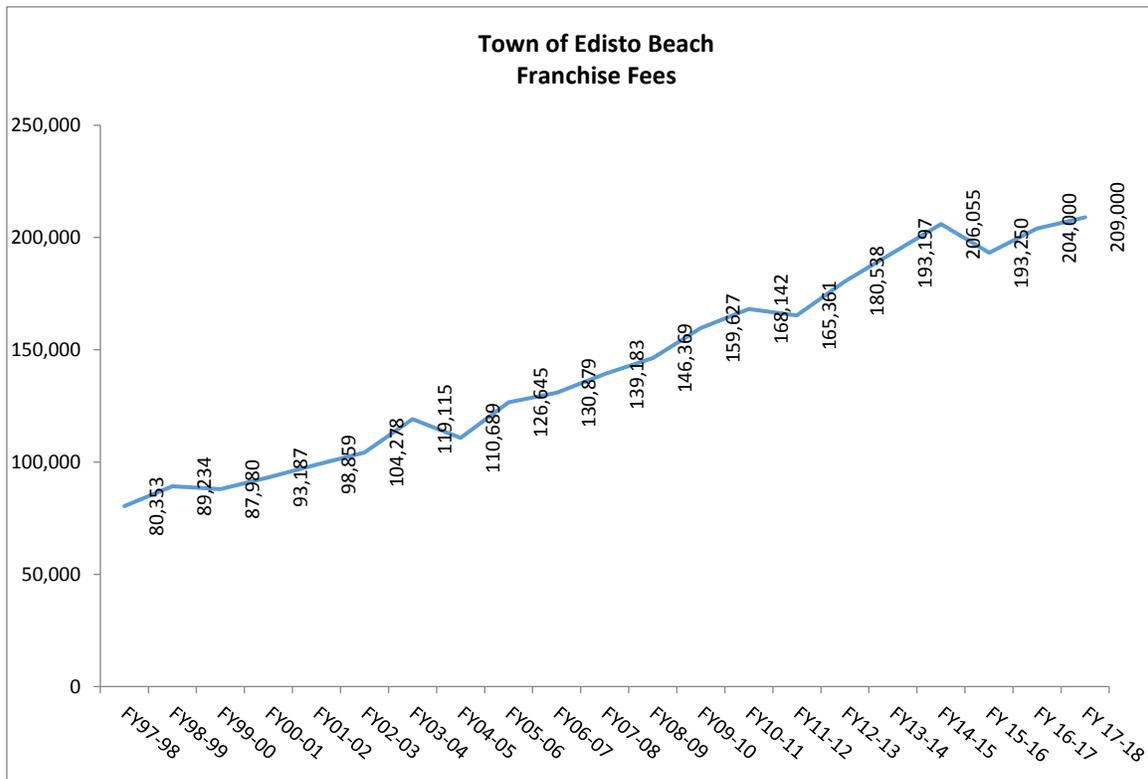
Franchise Fees on Cable-As of May 23, 2006, (the effective date of the Act), no municipality or county may issue a cable franchise pursuant to §58-12-30. All cable franchises must be issued by the Secretary of State. Prior to 2006, the Town utilized the Municipal Association of South Carolina cable television franchise management service to manage negotiating, transferring and determining franchisee’s compliance. The Town collects a franchise fee from Comcast who pays 5% of the gross receipts to the Town on a quarterly basis. In 2012-13, AT&T began offering U-Verse and pays a franchise fee of 5%. In 2015, the Town entered into an agreement with Local Government Services LLC to verify the accuracy of Comcast franchise fee submittals. This audit resulted in an

increase in franchise fees from Comcast to correct for late fees that were not being considered in the calculations.

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

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

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



**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. The cost is \$29,520.

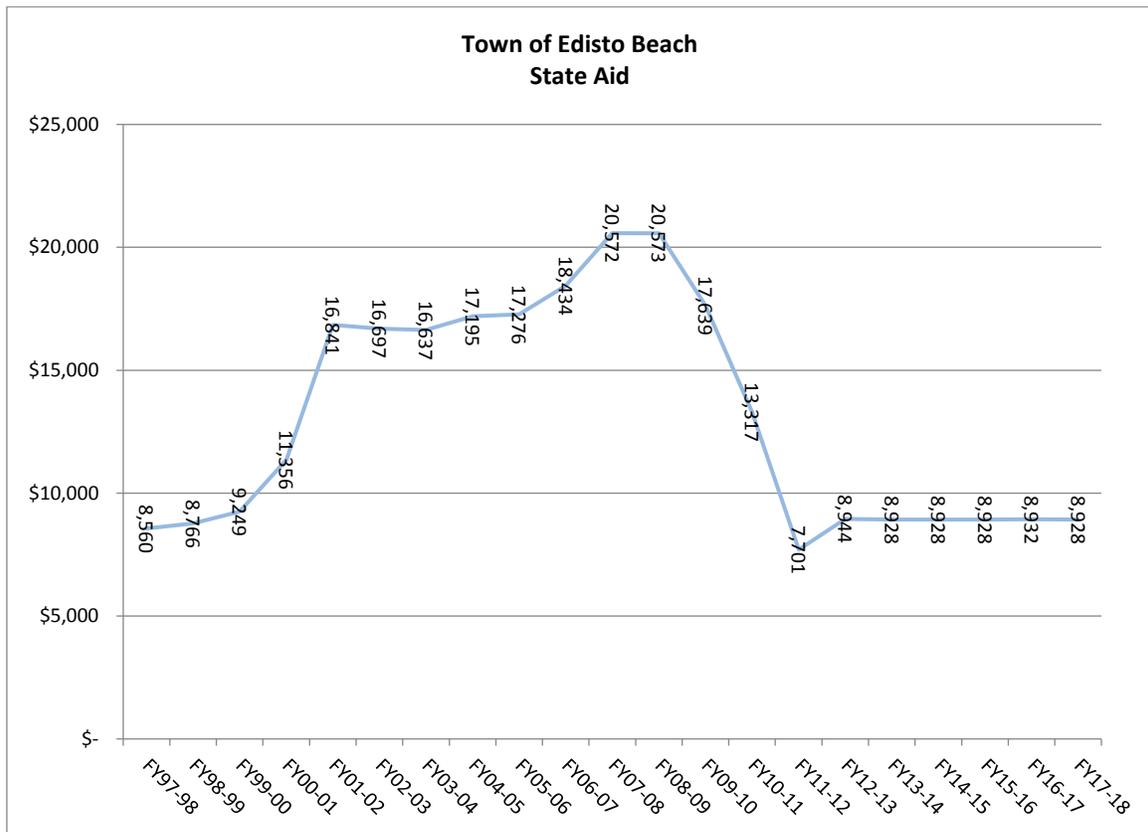
**Local Government Fund**

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

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

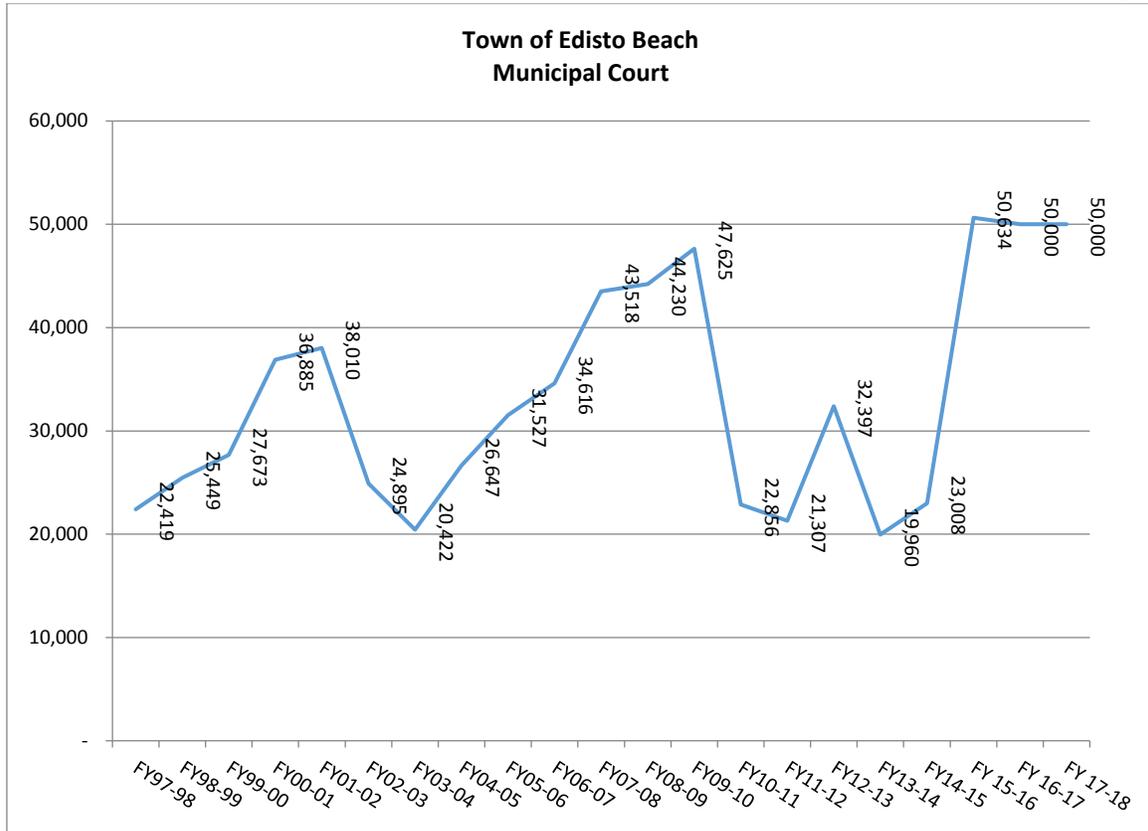
receiving revenues directly from these seven tax sources, the state calculates the amount of revenue local governments receive based on 4.5 percent of the previous year’s state general fund base revenue. The percentage represents the amount of revenue local governments received from these seven taxes 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’ population grow, their share of the LGF increases causing a corresponding decrease in non-growing cities/towns.

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



**Municipal Court Fines**

Fines are the monetary punishment meted out by municipal courts. Fine revenue, for offenses other than traffic violations is general revenue of the Town. The majority of revenues from fines (74%) is submitted to the state and must be used to construct and maintain roads, bridges and culverts in Town and to enforce laws regulating the use of highways by motor vehicles. The Town has typically had fairly good success in collecting court fines and has \$1,364 in outstanding fines over the past 15 years.



**General Fund Expenditures**

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

The General Fund operating budget for FY 2017-18 totals \$4,512,538 and represents a decrease of \$1,025,359 or -18.5% from the previous year’s budget of \$5,537,897. Contingency funds are \$78,866.

<b>General Fund</b>	<b>Amended Budget</b>	<b>Proposed Budget</b>
	<b>FY2016-17</b>	<b>FY 2017-18</b>
	\$5,537,897	\$4,512,538
% Change		-18.5%

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

Town of Edisto Beach, South Carolina

FY 2017-18 Budget

Expenditures	FY12-13	FY13-14	FY14-15	FY15-16	FY16-17	FY17-18	
General Govt Operating	Prior	Prior	Prior	Prior	Amended	Proposed	Increase
	Actual	Actual	Actual	Actual	Budget	Budget	(Decrease)
Salaries	120,290	124,519	129,883	134,667	154,410	164,840	10,430
Mayor - Council	8,640	8,640	7,680	9,660	12,240	12,240	-
Retirement System	13,235	13,504	14,149	14,875	18,335	21,500	3,165
Payroll Taxes	10,778	11,169	11,463	12,049	13,820	14,800	980
Deferred Comp Expense	594	642	644	644	644	858	214
Printing Office Supplies	5,165	6,363	5,225	5,803	7,000	7,000	-
Janitorial Service	3,180	3,420	3,296	3,392	4,000	4,000	-
Postage	3,275	5,055	5,628	4,681	4,800	4,800	-
Membership & Dues	2,795	2,200	2,254	2,470	2,500	2,500	-
Meetings & Training	5,368	5,905	9,766	9,428	16,500	16,500	-
Elec Street Lights	26,803	25,136	27,418	27,307	27,000	28,000	1,000
Electricity Complex	10,541	14,559	11,322	11,028	11,500	11,500	-
Telephone	12,552	9,621	9,727	6,870	9,285	9,000	(285)
Equip Repairs Office	65	-	-	200	200	200	-
Maintenance Contracts	13,660	17,396	20,266	24,568	28,510	30,000	1,490
VC3	26,436	37,443	41,219	37,722	41,000	41,000	-
Prof Fees/Audit Misc	14,985	14,605	17,575	21,585	16,600	25,000	8,400
Codification Project	3,321	2,113	2,209	5,538	2,000	3,500	1,500
Advertising/Pub Notices	3,061	3,004	1,576	2,201	2,000	2,000	-
Insurance General	20,975	14,283	20,375	22,665	23,121	24,650	1,529
Insurance Staff Health	11,996	12,820	13,114	13,493	14,500	18,255	3,755
Insurance Auto	755	635	500	407	410	600	190
Christmas Bonus	4,600	6,000	5,950	5,500	5,950	6,000	50
Bank Charges	1,037	726	670	614	700	700	-
Miscellaneous Expense	3,437	7,940	3,753	8,640	9,000	9,000	-
Drug Testing	836	1,170	-	420	500	500	-
Gas & Oil	765	1,214	889	264	500	500	-
Vehicle Repair/Maintenance	31	225	6,625	4,593	5,500	5,500	-
Equip /Veh Depreciation	16,250	16,250	11,403	11,403	4,528	9,528	5,000
Garbage Contract	351,772	384,282	378,917	437,125	562,613	607,974	45,361
Highway 174 Litter Expense	-	-	-	3,455	18,000	12,400	(5,600)
Furniture & Fixtures	170	-	-	-	-	-	-

Town of Edisto Beach, South Carolina

FY 2017-18 Budget

Office Machines/Software	4,497	5,165	5,169	5,717	7,000	7,000	-
Bldg Maintenance	11,243	3,423	6,779	18,656	10,000	2,000	(8,000)
Property Purchase	102,173	-	-	-	-	-	-
Legal Fees	44,937	37,082	38,184	34,338	43,500	44,370	870
Bay Creek Waterfront Bond	173,450	176,085	173,505	175,925	173,000	175,075	2,075
Emergency Funds	216	1,043	3,185	4,724	1,005,000	5,000	(1,000,000)
<b>Subtotal</b>	<b>1,033,884</b>	<b>973,637</b>	<b>990,318</b>	<b>1,082,627</b>	<b>2,256,166</b>	<b>1,328,290</b>	<b>(927,876)</b>
<b>Expenditures</b>	<b>FY12-13</b>	<b>FY13-14</b>	<b>FY14-15</b>	<b>FY15-16</b>	<b>FY16-17</b>	<b>FY17-18</b>	
<b>General Govt Other</b>	<b>Prior</b>	<b>Prior</b>	<b>Prior</b>	<b>Prior</b>	<b>Amended</b>	<b>Proposed</b>	<b>Increase</b>
	<b>Actual</b>	<b>Actual</b>	<b>Actual</b>	<b>Actual</b>	<b>Budget</b>	<b>Budget</b>	<b>(Decrease)</b>
Local Acc. Tax 2%	325,905	367,960	413,761	414,231	432,845	430,000	(2,845)
Hospitality Tax 2%	162,478	166,607	174,346	186,230	189,754	180,000	(9,754)
Police Grant Expense	-	-	-	-	18,088	16,000	(2,088)
ATAX 30% Fund	77,295	101,550	125,763	120,131	135,750	135,750	-
ATAX 65% Fund	167,472	220,025	272,487	260,285	294,125	294,125	-
Alcohol Fee	11,050	12,150	9,300	15,650	13,250	15,000	1,750
Computer Hardware/Software	18,944	8,556	13,945	12,585	14,000	8,000	(6,000)
CIP Misc	-	74,282	63,923	9,506	317,668	131,500	(186,168)
<b>Subtotal</b>	<b>763,144</b>	<b>951,130</b>	<b>1,073,525</b>	<b>1,018,618</b>	<b>1,415,480</b>	<b>1,210,375</b>	<b>(205,105)</b>
<b>Expenditures</b>	<b>FY12-13</b>	<b>FY13-14</b>	<b>FY14-15</b>	<b>FY15-16</b>	<b>FY16-17</b>	<b>FY17-18</b>	
<b>Police Department</b>	<b>Prior</b>	<b>Prior</b>	<b>Prior</b>	<b>Prior</b>	<b>Amended</b>	<b>Proposed</b>	<b>Increase</b>
	<b>Actual</b>	<b>Actual</b>	<b>Actual</b>	<b>Actual</b>	<b>Budget</b>	<b>Budget</b>	<b>(Decrease)</b>
Salaries	264,123	291,362	293,164	275,592	298,100	299,655	1,555
Salaries Beach Patrol	-	-	-	2,537	4,304	4,304	-
Retirement	30,765	30,990	38,482	36,733	43,520	46,500	2,980
Payroll Taxes	20,437	23,828	23,573	21,850	24,000	23,800	(200)
Deferred Compensation	845	825	735	65	68	65	(3)
Printing & office Supply	1,387	1,837	1,941	2,659	2,000	3,000	1,000
Janitorial Service	62	-	-	-	300	1,300	1,000
Membership and Dues	300	330	465	435	565	565	-

Town of Edisto Beach, South Carolina

FY 2017-18 Budget

Meeting, training, Travel	2,611	1,546	839	(343)	5,000	5,000	-
Insurance General	20,725	20,161	20,525	18,642	17,844	16,000	(1,844)
Insurance Staff Health	24,016	30,687	30,164	32,552	35,700	39,620	3,920
Insurance Auto	7,983	7,603	6,491	5,970	5,702	6,000	298
Misc Expense	399	741	1,091	1,209	2,400	800	(1,600)
Psychological Exam	670	-	250	250	900	900	-
Gas, oil, minor Repair	30,777	35,563	25,797	17,438	34,500	34,500	-
Veh Repair and Maintenance	7,473	8,470	11,874	11,748	13,500	13,500	-
Uniforms	3,496	5,456	7,678	6,750	7,400	7,400	-
Equip/Veh Depreciation	42,458	57,716	65,462	54,520	76,623	88,752	12,129
Furniture & Fixtures	-	-	-	212	700	700	-
Equipment Purchases	45,821	5,065	1,782	28,566	5,000	5,000	-
Pagers & Communications	868	5,589	6,321	5,763	5,750	5,750	-
Digital Camera System	-	-	-	2,992	3,000	3,000	-
Radio Purchase & Repair	64,375	1,631	(416)	1,865	4,156	4,156	-
Bldg Maintenance	6,314	1,947	363	794	2,000	2,000	-
Expenditures from Donation	-	385	2,225	-	2,790	1,690	(1,100)
Ocean Ridge Security Services	-	-	36,247	36,568	36,642	36,642	-
<b>Subtotal</b>	<b>575,905</b>	<b>531,732</b>	<b>575,051</b>	<b>565,364</b>	<b>632,464</b>	<b>650,599</b>	<b>18,135</b>
<b>Expenditures</b>	<b>FY12-13</b>	<b>FY13-14</b>	<b>FY14-15</b>	<b>FY15-16</b>	<b>FY16-17</b>	<b>FY17-18</b>	
<b>Municipal Court</b>	<b>Prior</b>	<b>Prior</b>	<b>Prior</b>	<b>Prior</b>	<b>Amended</b>	<b>Proposed</b>	<b>Increase</b>
	<b>Actual</b>	<b>Actual</b>	<b>Actual</b>	<b>Actual</b>	<b>Budget</b>	<b>Budget</b>	<b>(Decrease)</b>
Salaries	42,784	43,808	43,493	44,347	40,300	31,785	(8,515)
Municipal Judge Exp	6,800	6,600	6,800	6,400	7,000	7,000	-
Jury Expense	140	110	110	150	400	500	100
Retirement	4,535	4,611	4,741	4,905	4,160	4,150	(10)
Payroll Taxes	3,908	4,082	4,075	4,124	4,400	3,370	(1,030)
Deferred Compensation	-	-	-	-	-	390	390
Membership and Dues	120	120	195	170	175	175	-
Meetings & Training	1,118	531	810	713	2,000	2,000	-
Court Adm Fees	20,412	9,193	13,920	27,374	30,000	33,190	3,190
Insurance General	500	564	471	375	390	300	(90)

Town of Edisto Beach, South Carolina

FY 2017-18 Budget

Insurance Staff Health	5,107	5,342	5,465	5,622	5,950	6,085	135
Misc	721	194	363	470	500	700	200
Public Defender	-	-	-	-	900	900	-
<b>Subtotal</b>	<b>86,145</b>	<b>75,155</b>	<b>80,443</b>	<b>94,650</b>	<b>96,175</b>	<b>90,545</b>	<b>(5,630)</b>
<b>Expenditures</b>	<b>FY12-13</b>	<b>FY13-14</b>	<b>FY14-15</b>	<b>FY15-16</b>	<b>FY16-17</b>	<b>FY17-18</b>	
<b>Fire Department</b>	<b>Prior</b>	<b>Prior</b>	<b>Prior</b>	<b>Prior</b>	<b>Amended</b>	<b>Proposed</b>	<b>Increase</b>
	<b>Actual</b>	<b>Actual</b>	<b>Actual</b>	<b>Actual</b>	<b>Budget</b>	<b>Budget</b>	<b>(Decrease)</b>
Salaries	287,977	267,016	287,692	277,112	326,000	311,600	(14,400)
Volunteer Expenses	1,860	1,310	2,700	4,000	3,700	3,700	-
Retirement	31,892	33,388	37,037	37,047	45,770	48,420	2,650
Payroll Taxes	24,391	22,142	23,147	22,867	26,700	25,240	(1,460)
Membership and Dues	-	220	165	-	922	922	-
Meeting, training, Travel	2,499	2,160	1,734	1,471	2,732	2,732	-
Fire Engine Maintenance	17,003	16,824	10,854	-	-	-	-
Equipment Repairs	1,740	2,393	7,959	1,803	3,155	4,255	1,100
Professional Fees	-	275	-	-	1,000	1,000	-
Equipment Testing	5,011	3,073	3,711	10,015	12,000	9,300	(2,700)
Hydrant Testing/Maint	-	-	-	-	-	3,700	3,700
Physicals	3,111	7,496	7,813	4,076	5,876	5,876	-
Ins. General	18,925	20,561	20,271	17,658	20,000	14,500	(5,500)
Insurance Staff Health	9,476	9,793	19,962	16,833	35,000	36,510	1,510
Insurance Auto	8,168	7,602	7,279	6,797	6,285	6,900	615
Propane	-	43	-	-	100	100	-
Misc	585	975	1,655	1,482	1,614	1,342	(272)
Gas, oil, minor Repair	10,854	8,432	7,883	5,807	11,000	11,000	-
Vehicle Maintenance	2,374	1,003	655	587	940	1,740	800
Sm. Tools & Supplies	435	898	2,458	5,846	4,573	4,673	100
Compressor Maintenance	-	384	-	-	1,168	1,000	(168)
Uniforms	1,910	7,335	5,180	2,916	3,000	3,200	200
Turnout Gear	3,230	3,829	-	258	3,676	5,392	1,716
Equip/Veh Depreciation	61,136	61,627	80,410	77,006	82,180	81,700	(480)
Station Maintenance	4,776	5,081	4,846	11,086	7,784	10,000	2,216

Town of Edisto Beach, South Carolina

FY 2017-18 Budget

Office Equip/Software	289	2,079	796	999	470	470	-
Equipment Purchases	781	-	764	910	3,145	3,885	740
Pagers & Communications	4,133	3,215	2,920	3,668	5,000	4,000	(1,000)
Radio Purchase & Repair	897	576	2,052	2,405	8,200	8,209	9
<b>Subtotal</b>	<b>503,453</b>	<b>489,730</b>	<b>539,941</b>	<b>512,647</b>	<b>621,990</b>	<b>611,366</b>	<b>(10,624)</b>
<b>Expenditures</b>	<b>FY12-13</b>	<b>FY13-14</b>	<b>FY14-15</b>	<b>FY15-16</b>	<b>FY16-17</b>	<b>FY17-18</b>	
<b>Safety &amp; Wellness</b>	<b>Prior</b>	<b>Prior</b>	<b>Prior</b>	<b>Prior</b>	<b>Amended</b>	<b>Proposed</b>	<b>Increase</b>
	<b>Actual</b>	<b>Actual</b>	<b>Actual</b>	<b>Actual</b>	<b>Budget</b>	<b>Budget</b>	<b>(Decrease)</b>
Employee Physicals	861	1,362	775	1,746	2,932	3,000	68
HBV Vaccinations	-	135	-	342	1,470	1,700	230
Flu Vaccinations	225	200	200	625	189	200	11
Pneumonia Vaccinations	-	-	-	-	600	600	-
<b>Subtotal</b>	<b>1,086</b>	<b>1,697</b>	<b>975</b>	<b>2,713</b>	<b>5,191</b>	<b>5,500</b>	<b>309</b>
<b>Expenditures</b>	<b>FY12-13</b>	<b>FY13-14</b>	<b>FY14-15</b>	<b>FY15-16</b>	<b>FY16-17</b>	<b>FY17-18</b>	
<b>Public Works</b>	<b>Prior</b>	<b>Prior</b>	<b>Prior</b>	<b>Prior</b>	<b>Amended</b>	<b>Proposed</b>	<b>Increase</b>
	<b>Actual</b>	<b>Actual</b>	<b>Actual</b>	<b>Actual</b>	<b>Budget</b>	<b>Budget</b>	<b>(Decrease)</b>
Salaries	86,944	88,714	84,939	90,611	95,700	135,436	39,736
Salary Mosquito Control	2,370	878	675	1,305	5,000	5,000	-
Retirement	9,216	9,404	9,200	9,916	11,535	17,688	6,153
Payroll Taxes	6,990	7,042	6,831	7,257	8,000	11,161	3,161
Deferred Comp	-	-	-	-	-	130	130
Insurance General	7,375	6,439	6,055	5,755	6,000	5,000	(1,000)
Insurance Staff Health	15,460	16,024	16,391	16,863	17,850	24,340	6,490
Insurance Auto	2,070	1,794	1,389	938	842	900	58
Christmas Decorations	2,498	6,374	1,068	5,677	-	5,000	5,000
Misc	519	334	158	123	500	500	-
Gas, oil, minor Repair	9,637	9,077	6,383	4,270	10,000	10,000	-
Vehicle Repair & Maint	2,200	233	826	16	2,500	2,500	-
Equipment Repairs	2,497	4,357	3,156	1,596	3,500	3,500	-
Sm. Tools & Supplies	970	807	1,216	924	1,500	1,500	-

Town of Edisto Beach, South Carolina

FY 2017-18 Budget

Uniforms	2,106	2,123	2,262	2,429	2,500	2,500	-
Equip/Veh Depreciation	22,920	25,392	28,310	28,310	21,000	19,310	(1,690)
Street Imp/Repairs	2,633	7,912	2,286	5,738	6,000	6,000	-
Street Grading Contract	8,176	6,320	6,900	10,565	11,000	11,000	-
Beach Access Maintenance	1,475	1,598	1,500	240	1,500	1,500	-
Mosquito Chemicals	5,024	5,437	235	5,660	12,000	14,216	2,216
Equipment Purchases	1,041	3,803	1,625	2,000	2,000	2,000	-
Public Signs	9,920	6,040	1,857	5,553	5,000	3,000	(2,000)
Parks and Recreation	2,218	9,350	20,477	19,556	25,000	25,000	-
Pagers & Communications	843	904	525	617	1,000	1,000	-
<b>Subtotal</b>	<b>205,102</b>	<b>220,356</b>	<b>204,264</b>	<b>225,919</b>	<b>249,927</b>	<b>308,181</b>	<b>58,254</b>
<b>Expenditures</b>	<b>FY12-13</b>	<b>FY13-14</b>	<b>FY14-15</b>	<b>FY15-16</b>	<b>FY16-17</b>	<b>FY17-18</b>	
<b>Building Department</b>	<b>Prior</b>	<b>Prior</b>	<b>Prior</b>	<b>Prior</b>	<b>Amended</b>	<b>Proposed</b>	<b>Increase</b>
	<b>Actual</b>	<b>Actual</b>	<b>Actual</b>	<b>Actual</b>	<b>Budget</b>	<b>Budget</b>	<b>(Decrease)</b>
Salaries	131,550	131,991	126,766	140,793	153,250	149,200	(4,050)
Retirement	14,031	13,839	13,485	15,404	18,000	19,500	1,500
Payroll Taxes	10,960	10,472	9,918	11,618	12,020	12,025	5
Def Comp Expenses	-	-	46	343	372	170	(202)
Office Supplies	698	1,638	1,606	1,745	1,650	1,650	-
Memberships & Dues	655	538	642	500	800	800	-
Meetings & training	4,909	8,022	6,425	10,077	7,800	7,800	-
GIS	527	428	428	432	-	-	-
Insurance General	3,020	2,990	2,528	1,790	1,670	1,670	-
Insurance Staff Health	14,212	15,099	13,603	16,406	17,900	18,255	355
Insurance Auto	1,523	1,297	1,184	1,054	900	900	-
Miscellaneous	820	999	2,910	2,514	2,000	2,000	-
Gas, oil, minor Repair	3,369	4,190	2,508	1,418	2,000	2,000	-
Vehicle Repair & Maint	742	2,119	726	59	700	700	-
Uniforms	-	482	-	-	500	500	-
Equip/Veh Depreciation	6,709	6,709	2,715	7,940	7,938	8,796	858
Small Tools	31	-	185	9	150	150	-
Pagers & Communications	2,438	2,407	1,965	1,829	2,700	2,700	-

Town of Edisto Beach, South Carolina

FY 2017-18 Budget

<b>Subtotal</b>	<b>196,194</b>	<b>203,220</b>	<b>187,638</b>	<b>213,930</b>	<b>230,350</b>	<b>228,816</b>	<b>(1,534)</b>
<b>Expenditures</b>	<b>FY12-13</b>	<b>FY13-14</b>	<b>FY14-15</b>	<b>FY15-16</b>	<b>FY16-17</b>	<b>FY17-18</b>	
<b>Contingency</b>	<b>Prior</b>	<b>Prior</b>	<b>Prior</b>	<b>Prior</b>	<b>Amended</b>	<b>Proposed</b>	<b>Increase</b>
	<b>Actual</b>	<b>Actual</b>	<b>Actual</b>	<b>Actual</b>	<b>Budget</b>	<b>Budget</b>	<b>(Decrease)</b>
General Gov Contingency	-	-	-	-	30,154	78,866	48,712
<b>TOTAL</b>	<b>3,364,913</b>	<b>3,446,657</b>	<b>3,652,122</b>	<b>3,716,470</b>	<b>5,537,897</b>	<b>4,512,538</b>	<b>(1,025,359)</b>

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

General Fund Service Changes	Amount	Account
General Fund-2% cost of living allowance (COLA)	25,608	.1010
General Fund-1.5% increase in Employer Retirement contributions	16,448	.2100
ADM-Professional fees/Audit additional audit for FEMA Grants	8,400	4100.3260
ADM-Part-time Special Projects Coordinator to Full-Time (salary and benefits)	27,000	4100
ADM-Garbage Increase (add \$2.00 per can for roll in/roll out)	45,361	4100.5000
General Govt Other-Capital Improvements (Listed in the next table)	131,500	4110.6500
Public Works-Add Full-Time Supervisor (Salary and benefits)	44,500	4700
Public Works-Additional Chemicals DHEC Grant	2,216	4700.9010
ADM and Building-Added depreciation to replace HHR and Trailblazer	7,000	4100.3600 4800.3600
Police-Matching funds for Police Grant for Electronic Citation	1,600	4110.5300
<b>Total</b>	<b>309,633</b>	

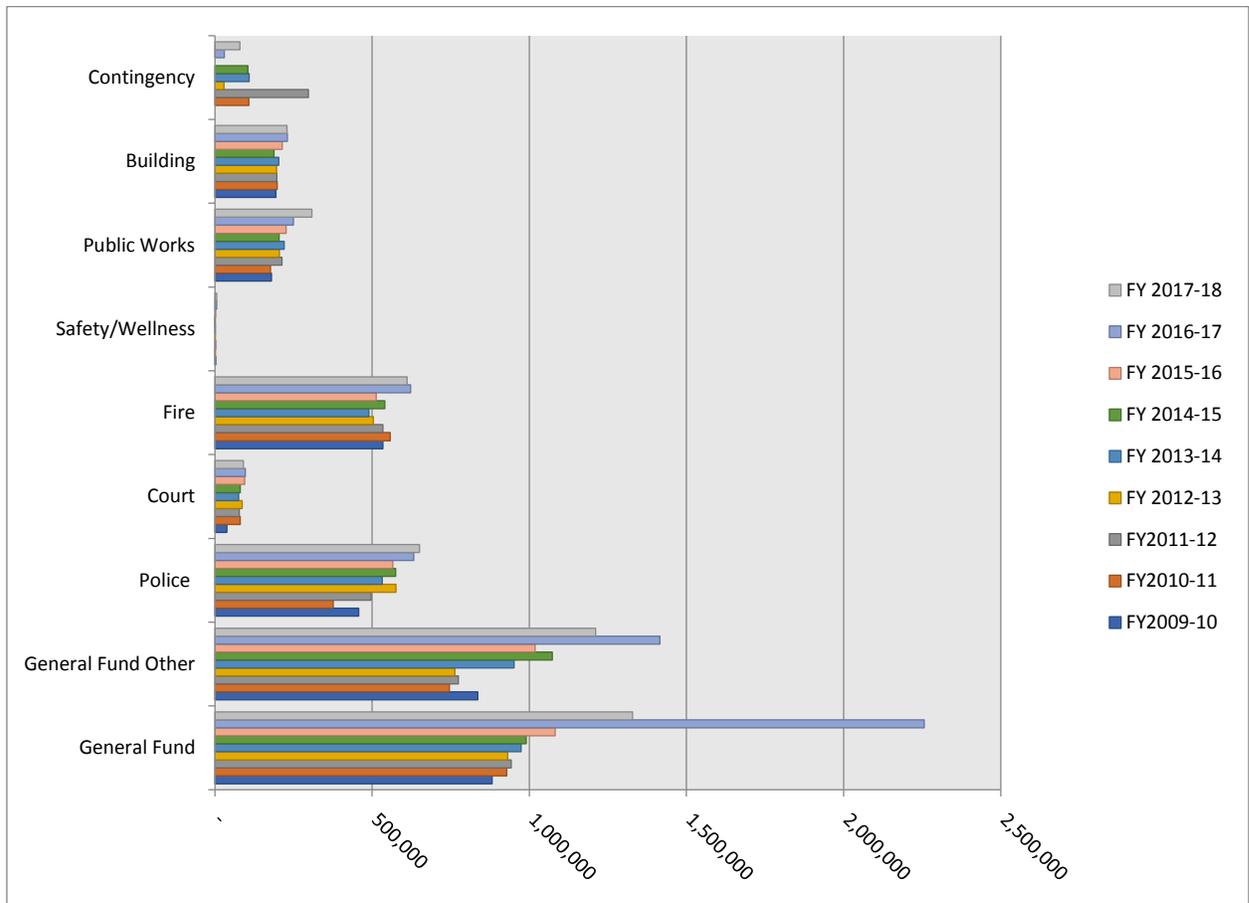
Prior year funds are used to pay for items that are non-recurring. These items are listed below:

Prior Year Funds	Amount
FD-Remodel Bunkroom (carried forward from FY16-17)	25,000
ADM-Coat, seal and restripe parking lot (carried forward from FY16-17)	5,000
PW-Repair Jungle Shores Bike Path	5,600
ADM-Recondition Building Official Office and purchase desks (\$5,000 carried forward from FY16-17)	7,000
ADM-Town’s Portion of ACOE Preliminary Engineering Design (carried forward from FY16-17)	88,900
<b>Total</b>	<b>131,500</b>

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

Town of Edisto Beach, South Carolina  
 General Fund Departmental Budget Comparison Graph

FY 2017-18 Budget



**% Change General Fund Departmental Budgets**

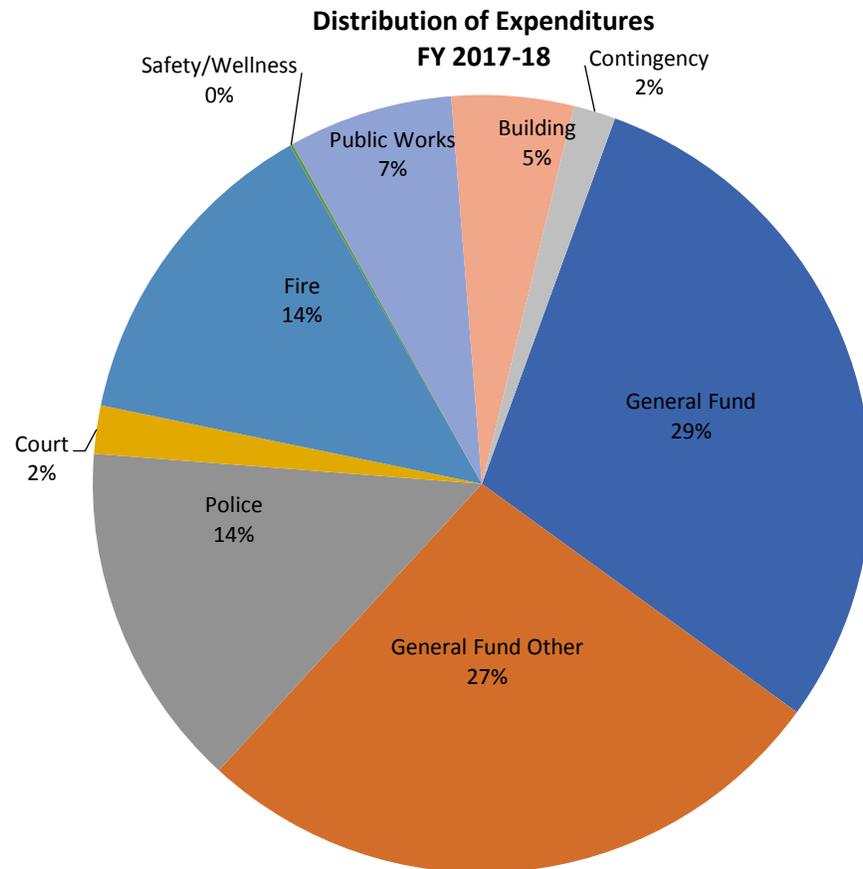
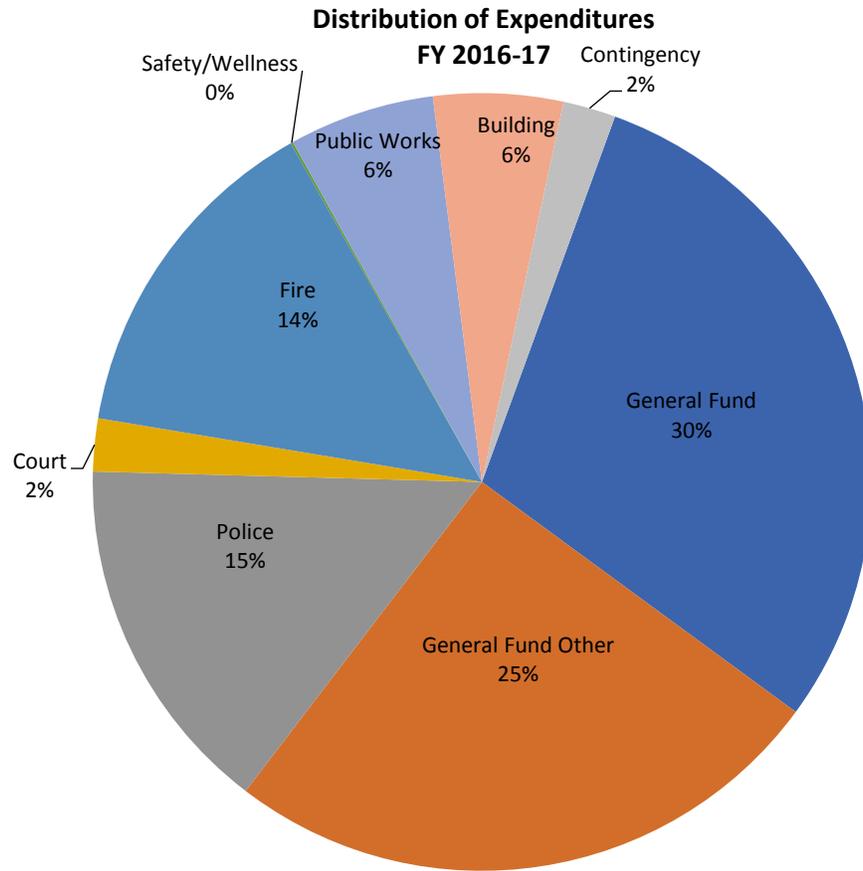
Department Budget	FY 14-15 Actual	FY15-16 Actual	FY16-17 Amended	FY17-18 Proposed	Difference	% Change
Administration	990,316	1,082,628	2,256,166	1,328,290	(927,877)	-41.1
General Gov't Other	1,073,525	1,018,618	1,415,480	1,210,375	(205,105)	-14.4
Police	575,051	656,367	632,464	650,599	18,135	2.9
Municipal Court	80,444	94,650	96,175	90,545	(5,630)	-5.8
Fire	539,941	512,647	621,990	611,366	(10,624)	-17.14
Safety and Wellness	975	2,713	5,191	5,500	309	5.9
Public Works	204,232	225,920	249,927	308,181	58,254	23.3
Building	187,638	213,930	230,350	228,816	(1,534)	0.7
Contingency	0	0	30,154	78,866	48,712	161
<b>Total</b>	<b>3,652,122</b>	<b>3,716,470</b>	<b>5,537,897</b>	<b>4,512,538</b>	<b>(1,025,359)</b>	<b>-18.5</b>

Comparatively, most Department's operating costs from fiscal year 2016-17 to 2017-18 remained the same. The Police Department shows an increase because 2 vehicles were replaced in 2016 increasing the depreciation line item. The Public Works Department shows an increase because a position was added. Administrative costs have decreased, but this is deceptive because the Administration budget was increased by \$1,000,000 in 2016 to cover costs from Hurricane Matthew. Administration had increases in depreciation to replace the trailblazer and added funds for additional audits.

The budget also includes a 2% cost of living allowance for each employee and an increase in retirement contributions. Other notable service improvements include changing one

position from part-time to full-time, increasing the garbage container roll-out/roll-in costs by \$2.00 per container, increasing the depreciation in the Building Department to replace the HHR.

Seventy-three percent (73%) of general fund expenses are directly related to operations and providing services to the citizens of Edisto Beach. The 27% 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. Capital expenses were removed to more accurately depict tourism related offsetting expenses. The graphs below provide a snapshot of how FY2016-17 compares to FY 2017-18.



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

<b>Department Salaries</b>	<b>FY 2016-7</b>	<b>FY 2017-18</b>	<b>Difference</b>
Administration	154,410	164,840	10,430
Police Department	298,100	299,655	1,555
Municipal Court	40,300	31,785	-8,515
Fire Department	326,000	311,600	14,400
Public Works	95,700	135,436	39,736
Building Department	153,250	149,200	4,050
<b>Total</b>			<b>61,656</b>

### 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 2016 assessed value of \$51,942,180, the legal debt margin for the Town of Edisto Beach is \$4,155,374. The Town's current General Obligation debt is \$0.

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

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

### Special Funds

#### State Accommodations Fund

A two percent (2%) local accommodations tax on transient rental property (less than 90 days continuous rental) is imposed by the state and credited to the municipality in which it is collected as authorized by S.C. Code §12-36-2630 (3). Allocation of the funds is specified under Title 6, Section 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 §12-35-710, et seq. The Chamber submits its budget to the Council for approval.

The ATAX 65% allocations are decided by the board and approved by Town Council. The fund balance is \$173,115. Five hundred thousand of the FY2016-17 balance was used to fund the 2017 beach nourishment project. The projected income for FY 2017-18 is \$294,125.

Budget Comparison	FY13-14	FY14-15**	FY15-16	FY16-17	FY17-18	% Change
ATAX General Fund	41,925	45,961	45,022	47,625	47,625	0
ATAX 30% Fund	101,550	125,763	120,131	135,750	135,750	0
ATAX 65% Fund	220,025	272,487	260,285	294,125	294,125	0

\*These figures are falsely low as some ATAX funds were incorrectly sent to someone other than Edisto Beach.

\*\* These figures are falsely elevated from receipt of ATAX funds received from FY12-13.

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

ATAX 65%	Project	Amount
Current Balance		173,115
Revenues FY 2017-18		294,125
PY Encumbered	Chamber Marketing (off season)	(10,000)
PY Encumbered	Chamber Marketing (expanded off season)	(25,000)
PY Encumbered	Bell Bond Debt	(50,000)
FY Encumbered	Beach Access Walkover	(22,761)
PY Encumbered	License Plate Recognition Camera	(6,000)
PY Encumbered	Beach Patrol	(8,500)
<b>Ending Balance</b>		<b>344,979</b>

**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 \$24,859. The projected income is \$15,000.

Budget Comparison	FY 13-14	FY 14-15	FY15-16	FY16-17	FY17-18	% Change
Alcohol Permitting	12,150	9,300	15,650	13,250	15,000	13.2

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

Alcohol Permitting	Project	Amount
Current Balance		24,859
Revenues FY 2017-18		15,000
PY Encumbered	Bill Fish Tournament	(10,000)
PY Encumbered	Edisto Watersports Shark Tournament	(2,000)
<b>Ending Balance</b>		<b>27,859</b>

**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 fund balance is \$206,262. There was a substantial reduction in fund balance because a majority of the funds (\$2,138,939) were used for the 2017 beach nourishment project. The projected income for FY 2017-18 is \$430,000. It is anticipated that there will be a cash balance of approximately \$500,000 after the 2017 beach nourishment project is complete. This funding will be re-invested in the beach preservation fund for future projects.

<b>Budget Comparison</b>	<b>FY 13-14</b>	<b>FY14-15</b>	<b>FY15-16</b>	<b>FY16-17</b>	<b>FY17-18</b>	<b>% Change</b>
Local Accommodations	367,960	413,761	414,231	432,845	430,000	-0.7

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

<b>Local Accommodations</b>	<b>Project</b>	<b>Amount</b>
<b>Current Balance</b>		206,262
Revenues FY 2017-18		430,000
PY Encumbered	Beach Monitoring (2016)	(13,233)
PY Encumbered	Beach Stabilization (Phase 1)	(63,378)
PY Encumbered	Bell Bond Debt	(50,000)
FY2017-18	Beach Preservation	(200,000)
FY2017-18	General Fund (Tourism Related)	(50,000)
FY2017-18	Beach Monitoring (2 Years)	(80,000)
FY 2017-18	Beach Access Improvements	(20,000)
	<b>Ending Balance</b>	<b>159,651</b>

Council decided in FY 2009-2010 to earmark \$200,000 of these funds each year to go towards beach preservation. This is the first year a portion of the local accommodations funds is being used for operations. Although 50% of the fund can be used for operations, only \$50,000 was used for tourism related operations in FY 2017-18.

**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 20<sup>th</sup> of each month. (Ordinance 4-9-1998) The fund balance is \$113,451. The projected revenues for FY 2017-18 are \$180,000. Fifty percent of the revenues from hospitality taxes are transferred into the general fund for tourism related Town services.

<b>Budget Comparison</b>	<b>FY 13-14</b>	<b>FY14-15</b>	<b>FY15-16</b>	<b>FY16-17</b>	<b>FY17-18</b>	<b>% Change</b>
Hospitality	166,607	174,376	186,230	189,754	180,000	-5.1

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

<b>Hospitality Fee</b>	<b>Project</b>	<b>Amount</b>
Current Balance		113,451

Town of Edisto Beach, South Carolina		FY 2017-18 Budget
Revenues FY 2017-18		180,000
PY Encumbered	Beach Walkover (Grant Match)	(24,750)
PY Encumbered	Beach Walkover repair	(1,453)
PY Encumbered	Bell Bond Debt	(25,000)
PY Encumbered	Beach Access Repair	(49,500)
FY 2017-18	Code Red	(5,000)
FY 2017-18	Civic Center/Bay Creek	(50,000)
FY 2017-18	Hospitality Restricted GF	(90,000)
<b>Ending Balance</b>		<b>47,748</b>

### 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 \$783,049. The projected revenue for FY 2017-18 is \$204,747.

#### Depreciation Schedule

General Fund Vehicle/Equip Replacement Schedule	
General	9,528
Police	85,413
Fire	81,700
Bldg.	8,796
Public Works	19,310
<b>Annual Total</b>	<b>204,747</b>

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

Vehicle Equipment Fund	Description	Amount
Current Balance		783,049
General Fund (ADM)	Depreciation	9,528
Police Department	Depreciation	85,413
Fire Department	Depreciation	81,700
Building Department	Depreciation	8,796
Public Works	Depreciation	19,310
General Fund (ADM)	Replace Trailblazer	(20,000)
Building	Replace HHR	(20,000)
<b>Ending Balance</b>		<b>947,796</b>

### 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 \$578,061. The revenue for FY 2017-18 is \$41,035.

#### Depreciation Schedule

Utilities Vehicle/Equip Replacement	
Water Vehicle/Equip. Replacement Fund	23,735
Sewer Vehicle/Equip. Replacement Fund	17,300
<b>Annual Total</b>	<b>41,035</b>

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

Vehicle Equipment Fund	Description	Amount
Current Balance		578,061
Water Fund	Depreciation	23,735
Sewer Fund	Depreciation	17,300
<b>Ending Balance</b>		<b>619,096</b>

#### Water System Renewal and Replacement Fund

This fund was established to replace and renovate items in the water system. The current fund balance is \$59,840. The projected revenue for FY 2017-18 is \$140,000. According to the latest Capital Improvement Plan the water needs exceed the sewer needs. The Town continues to aggressively renew and replace failing infrastructure. Once the bond revenues have been received the water system improvement project Phase I will be moved to that funding source.

Water System R&R	Description	Amount
Current Balance		59,840
Revenues FY 2017-18		140,000
PY Encumbered	Water System Improvement (Phase 1)	(140,000)
<b>Ending Balance</b>		<b>59,840</b>

#### Sewer System Renewal and Replacement Fund

This fund was established to replace and renovate items in the sewer system. The current fund balance is \$288,532. The projected revenue for FY 2017-18 is \$60,000. The sewer rates were not adjusted in 2015-16.

Sewer System R&R	Description	Amount
Current Balance		288,532
Revenues FY 2017-18		60,000
PY Encumbered	Lift Station Pompano	(70,000)
PY Encumbered	Wastewater Plant	(31,600)
FY 2017-18	Lift Station C	(30,000)
FY 2017-18	Lift Station Docksite	(70,000)
<b>Ending Balance</b>		<b>146,932</b>

#### Bay Creek Fund

This fund was established to account for General Obligation Bond funds designated for Bay Creek Park improvements. The funds in the Bay Creek Park Fund \$4,016 are ATAX funds designated for capital improvements for the park. No funds from the original bond remain. All maintenance costs have been transferred to public works. These funds have been earmarked for lighting in the stage.

Bay Creek Fund	Description	Amount
Current Balance		4,016
Revenues FY 2017-18		0
PY Encumbered	Electrical	(3,430)
<b>Ending Balance</b>		<b>586</b>

**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 \$5,138.

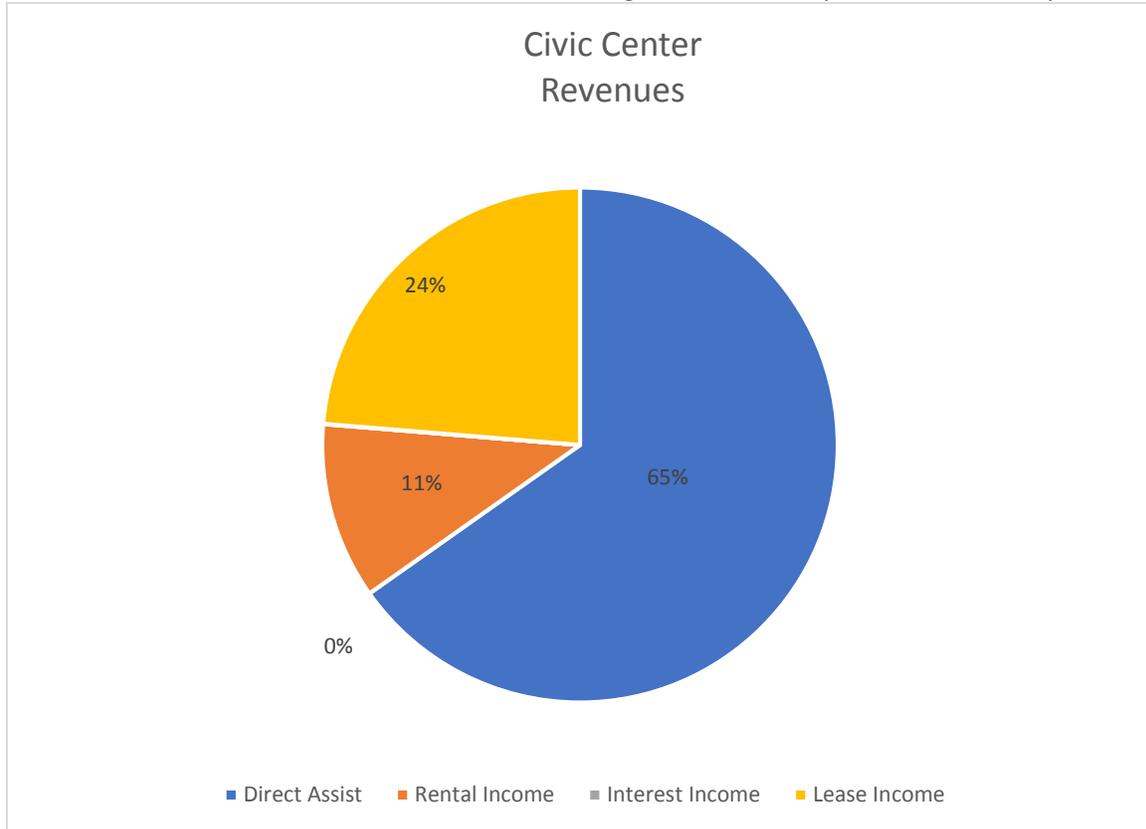
**Volunteer Firefighter Fund**

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.

The fund balance is \$99,498. As a quasi-department of the Town, Council must review and approve the annual budget submission.

**Civic Center Fund**

Town Council entered into an agreement with Colleton County to manage the operation of the Civic Center. A new fund was established to account for the revenues and expenditures of this new venture. The Town anticipates direct assistance from Colleton County in the amount of \$47,085. The Town anticipates receiving \$25,000 in revenues. Expenditures are budgeted for \$72,195. The Town leases three rooms in the building and has a steady clientele of weekly rentals.



**Proprietary Funds**

**Enterprise Funds**

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

**Water Fund**

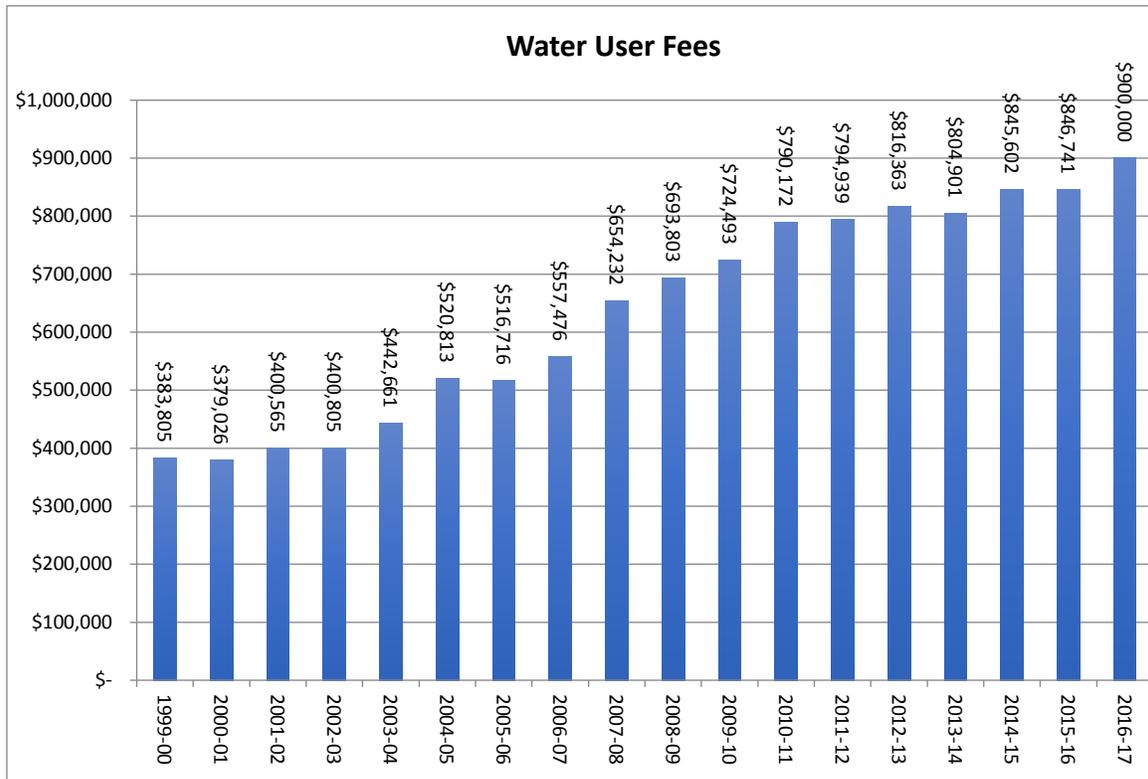
A water user fee finances the water operations. Fees are collected semiannually. The fee is based on increasing volumetric rates for increased consumption. This places the cost for the operation of the system on the high-end user. The rate was increased in June 2017 by 5% to begin accruing funds sufficient to fund the water system improvement project on the water system as recommended by the rate study. The current rate is \$163.84 for the first 24,000 gallons of water. The second 24,000 gallons is charged at \$1.83 per 1,000 gallons. The third 24,000 gallons increases to \$2.04 per 1,000 gallons and after that each additional 1,000 gallons is \$2.28. Rates outside the Town limits begin at \$327.70 for the first 24,000 gallons. The state park rate is \$673.72 for the first 24,000 gallons.

Water Fund revenues are listed in the following table:

Revenue	2014-15	2015-16	2016-17	2016-17	2017-18	
Water Department	Two Years	One Year				
	Prior	Prior	Original	Amended	Proposed	Increase
	Actual	Actual	Budget	Budget	Budget	(Decrease)
<b>Appropriated Prior Year</b>	-	-	6,500	6,500	220,000	213,500
<b>Transfer from R &amp; R</b>	-	-	-	-	-	-
<b>Construction Fund</b>	-	-	-	-	-	-
<b>Water System User Fee</b>	845,642	846,741	900,000	900,000	1,035,000	135,000
<b>Tap in Fee</b>	6,000	5,500	5,000	5,000	5,000	-
<b>Reconnect Fee</b>	800	1,150	2,000	2,000	2,000	-
<b>Penalty</b>	4,577	4,606	5,000	5,000	5,000	-
<b>Insurance Reimbursement</b>	-	-	-	-	-	-
<b>Interest Income</b>	2,819	7,004	1,850	1,850	1,850	-
<b>Bonded Interest Income</b>	8	7	-	-	-	-
<b>Miscellaneous Income</b>	174	1,398	750	750	750	-
						-
<b>Subtotal Water Department</b>	859,979	866,405	921,100	921,100	1,269,600	348,500

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

Water Fund User Fees



Based on historical trends and a relatively fixed number of commercial and residential accounts, the total revenue from user fees is projected at \$1,035,000 for FY 2017-18. There is \$140,000 budgeted for transfer into the R & R.

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

<b>Water Department</b>							
<b>Expenditures</b>	FY12-13	FY13-14	FY14-15	FY15-16	FY16-17	FY17-18	
	Prior	Prior	Prior	Prior	Amended	Proposed	Increase
	Actual	Actual	Actual	Actual	Budget	Budget	(Decrease)
<b>Overhead Costs</b>							
<b>Salaries and Wages</b>	160,326	175,112	177,947	179,144	209,225	210,600	1,375
<b>Mayor/Council</b>	2,880	2,880	2,560	3,220	4,080	4,080	-
<b>Retirement System</b>	17,188	18,624	23,595	7,732	25,010	27,510	2,500
<b>Payroll Taxes</b>	12,984	14,234	14,296	14,933	17,875	17,125	(750)
<b>Def Comp Expense</b>	198	239	247	247	250	320	70
<b>Printing/Office Supplies</b>	736	1,220	806	761	1,000	1,200	200
<b>Janitorial Service</b>	390	428	412	414	420	420	-
<b>Postage</b>	1,188	1,071	2,141	1,187	1,000	1,000	-
<b>Membership dues</b>	799	1,020	487	597	700	700	-
<b>Meetings &amp; training</b>	3,859	2,653	3,917	2,876	4,000	4,000	-
<b>Electricity</b>	45,388	46,219	44,382	43,273	48,000	48,000	-
<b>Telephone</b>	4,292	3,829	3,144	2,789	3,600	3,600	-
<b>Maintenance Contracts</b>	774	1,793	2,111	2,230	2,000	2,000	-
<b>VCR3</b>	2,945	4,680	5,153	4,715	5,200	5,200	-
<b>Prof Fees/Audit, Misc</b>	18,121	3,887	2,023	9,720	2,000	2,500	500
<b>Custodian fees</b>	1,000	1,185	1,185	1,185	1,625	1,625	-
<b>Insurance General</b>	13,245	14,235	17,108	15,315	16,711	17,000	289
<b>Health Insurance Expense</b>	18,948	22,302	21,367	20,873	26,000	25,000	(1,000)
<b>Insurance Auto</b>	1,641	1,356	1,226	1,199	1,290	1,400	110
<b>Bank Charges</b>	109	27	118	6	100	100	-
<b>Misc Expense</b>	86	627	549	755	500	500	-
<b>Vehicle Gas &amp; Oil</b>	7,522	7,790	6,687	5,444	8,000	8,000	-
<b>Veh Repair &amp; Maintenance</b>	2,857	1,345	2,187	1,580	1,500	3,750	2,250
<b>DHEC User Fee</b>	17,683	17,918	17,685	17,697	18,000	18,000	-
<b>Uniforms</b>	396	842	306	234	750	750	-
<b>GWS Maintenance Agreement</b>	17,765	17,765	17,765	19,719	19,720	19,720	-
<b>Sys Repair Maintenance</b>	16,319	21,664	25,069	25,718	35,000	35,000	-

Town of Edisto Beach, South Carolina

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<b>Sys Supplies &amp; Sm Tools</b>	4,201	4,819	5,987	3,001	6,000	6,000	-
<b>Meters &amp; meter supplies</b>	11,718	9,836	14,587	11,513	12,000	12,000	-
<b>Chemicals</b>	23,341	23,138	10,048	14,711	25,000	25,000	-
<b>Lab Tests</b>	3,323	3,235	3,122	3,124	3,500	3,500	-
<b>Equipment Purchases</b>	1,647	1,084	1,132	1,500	1,500	1,500	-
<b>Equipment Repair</b>	3,017	1,863	2,442	830	3,000	3,000	-
<b>Pipe, Hydrants Connections</b>	4,913	2,450	5,454	1,177	7,400	7,400	-
<b>2012 W/S Revenue Bond P&amp;I</b>	54,325	53,794	53,356	52,919	92,450	91,780	(670)
<b>2017 W/S Rev Bond P/I</b>	-	-	-	-	-	420,000	420,000
<b>Office Machines/Software</b>	540	646	646	680	800	800	-
<b>Complex Bldg Maintenance</b>	110	109	476	83	500	500	-
<b>Pagers &amp; Communication</b>	2,353	2,951	2,830	2,195	2,700	2,700	-
<b>Building Maintenance</b>	1,404	3,335	568	1,044	2,000	2,000	-
<b>Legal Fees</b>	4,104	2,777	4,720	2,952	4,000	8,000	4,000
<b>Subtotal</b>	484,635	494,982	499,839	479,295	614,406	1,043,280	428,874
<b>Expenditures</b>	FY12-13	FY13-14	FY14-15	FY15-16	FY16-17	FY17-18	
<b>Water Department Other</b>	Prior	Prior	Prior	Prior	Amended	Proposed	Increase
	Actual	Actual	Actual	Actual	Budget	Budget	(Decrease)
<b>Amortization Expense</b>	10,504	6,347	6,347	6,347	-	-	-
<b>Equip/Veh Depreciation</b>	35,602	31,966	21,145	21,975	21,541	23,735	2,194
<b>Depreciation Expense</b>	117,086	125,317	90,747	85,364	-	-	-
<b>Renewal/Replacement</b>	65,792	-	140,000	140,000	140,000	140,000	-
<b>Computer Hardware/Software</b>	2,281	1,074	1,291	1,513	1,000	1,000	-
<b>CIP Miscellaneous</b>	-	-	-	150,000	6,500	-	(6,500)
<b>Subtotal</b>	231,265	164,704	259,530	405,199	169,041	164,735	(4,306)
<b>Expenditures</b>	FY12-13	FY13-14	FY14-15	FY15-16	FY16-17	FY17-18	
<b>Water Contingency</b>	Prior	Prior	Prior	Prior	Amended	Proposed	Increase
	Actual	Actual	Actual	Actual	Budget	Budget	(Decrease)
<b>Water Contingency</b>	-	-	-	-	137,653	61,585	(76,068)

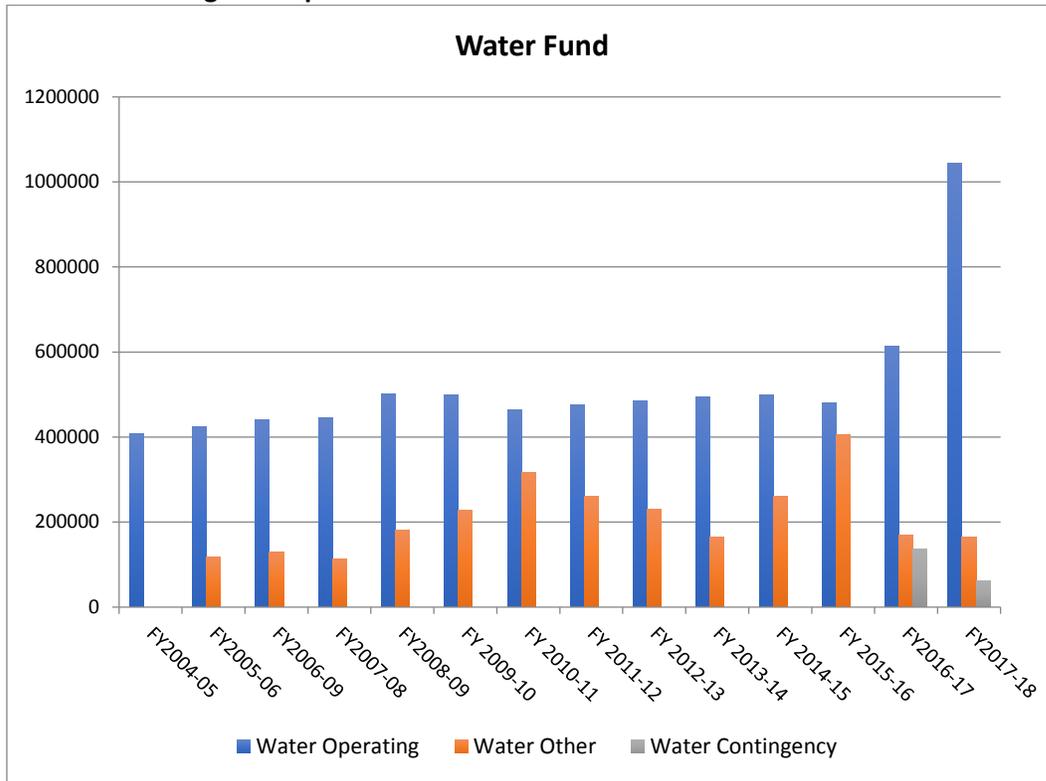
Town of Edisto Beach, South Carolina

FY 2017-18 Budget

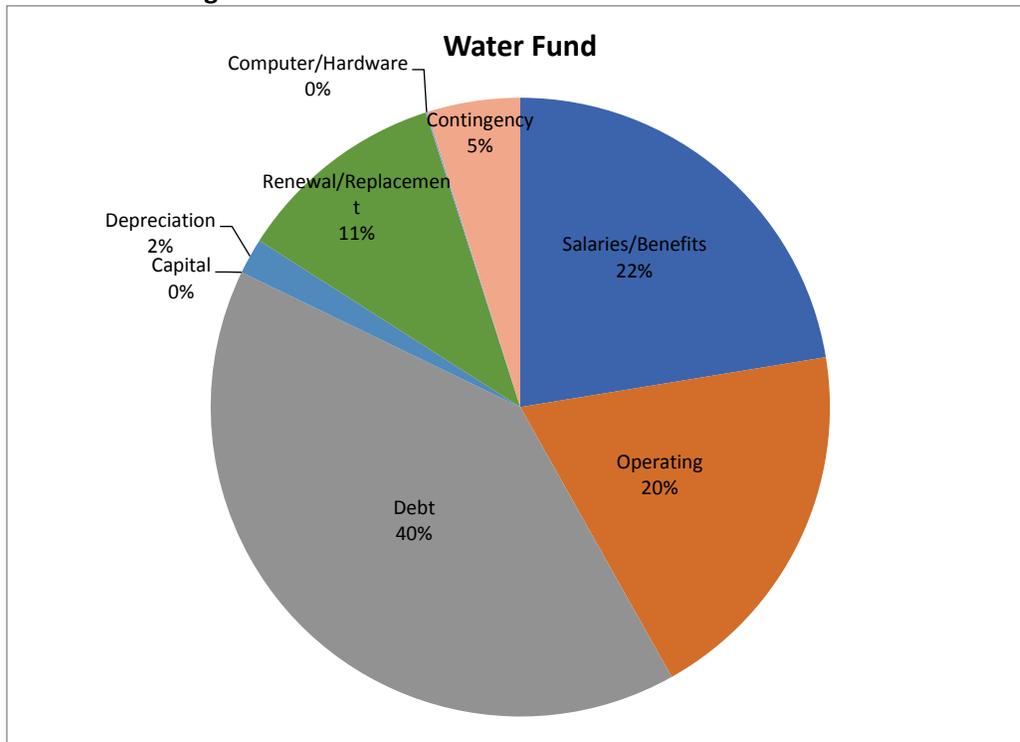
<b>Subtotal</b>	-	-	-	-	137,653	61,585	(76,068)
<b>WATER FUND TOTAL</b>							
	715,900	659,686	759,371	884,494	921,100	1,269,600	348,500

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

**Water Fund Budget Comparison Chart**



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



**Water Fund Budget Highlights**

The water fund total budget is \$1,043,280. This includes \$61,585 in contingency funds and debt service of \$92,450 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:

Funding Source	Description	Amount
Water User Fees	2% cost of living increase	4,962
Water User Fees	Replace Computers	1,000
Water User Fees/prior year funds	2017 Revenue Bond	420,000
Water User Fees	Renewal and Replacement	140,000
<b>Total</b>		<b>565,962</b>

Accrued prior year funds are \$1,529,025.

**Sewer Fund**

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

**Sewer Fund Revenues**

2014-15	2015-16	2016-17	2016-17	2017-18
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Town of Edisto Beach, South Carolina

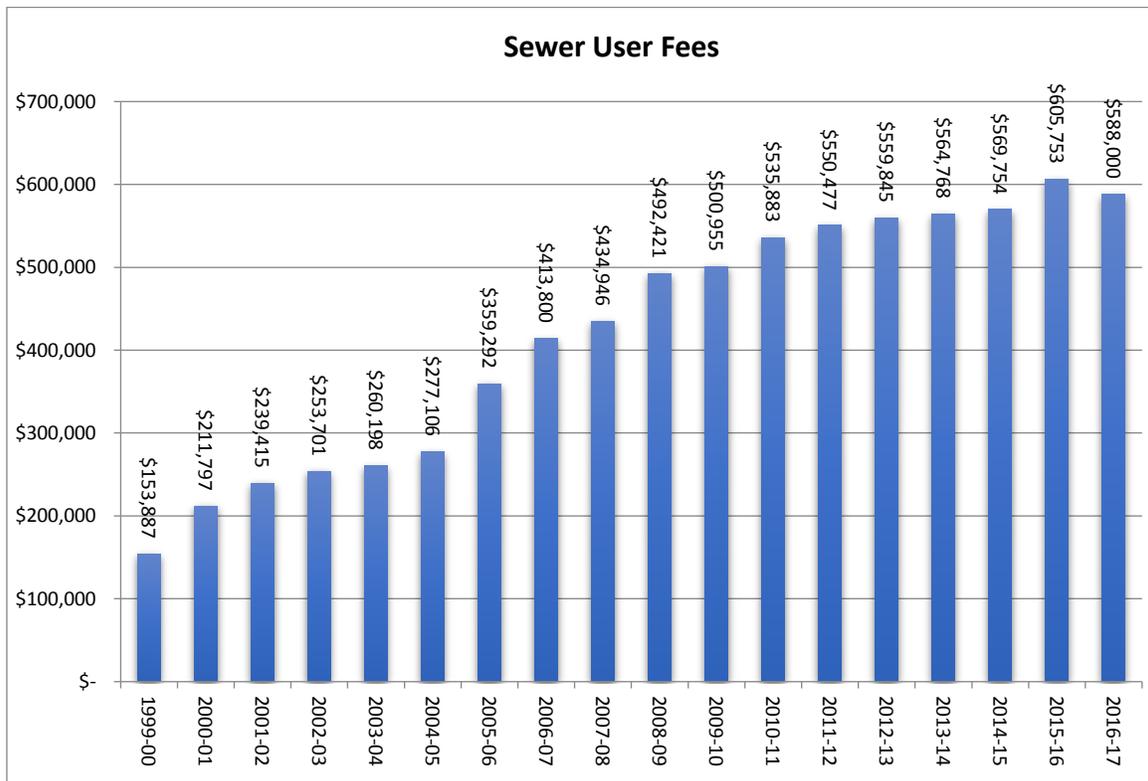
FY 2017-18 Budget

Revenue	Two Years	One Year				
Sewer Department	Prior	Prior	Original	Amended	Proposed	Increase
	Actual	Actual	Actual	Budget	Budget	(Decrease)
Appropriated PY	-	-	61,500	61,500	55,000	-6,500
Sewer System User Fee	569,754	605,753	588,000	588,000	588,000	-
Grease Trap Fee	1,980	1,944	2,000	2,000	2,000	-
Tap in Fee	5,000	5,000	5,000	5,000	5,000	-
Reconnect Fee	250	250	300	300	300	-
Penalty	2,857	2,844	3,000	3,000	3,000	-
Interest Income	1,220	2,799	1,000	1,000	1,000	-
Miscellaneous Income	156	228	-	-	-	-
<b>Subtotal Sewer Department</b>	<b>581,216</b>	<b>618,817</b>	<b>660,800</b>	<b>660,800</b>	<b>654,300</b>	<b>-6,500</b>

The last rate increase was in June 2015 by 5%. Based on historical trends and a relatively fixed number of commercial and residential accounts, this revenue source is projected at \$588,000 for FY 2017-18.

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

Sewer Fund User Fees



The Sewer Fund total budget is \$654,300. This includes a contingency of \$27,045.

Accrued prior year funds are \$756,638.

The table below provides historical and current sewer fund operating budget information and % increase and decrease.

Town of Edisto Beach, South Carolina

FY 2017-18 Budget

Sewer Department	FY12-13	FY13-14	FY14-15	FY15-16	FY16-17	FY17-18	
Expenditures	Prior	Prior	Prior	Prior	Amended	Proposed	Increase
	Actual	Actual	Actual	Actual	Budget	Budget	(Decrease)
<b>Salaries and Wages</b>	160,327	175,112	177,948	179,145	209,225	210,600	1,375
<b>Mayor/Council</b>	2,880	2,880	2,560	3,220	4,080	4,080	-
<b>Retirement system</b>	17,187	18,623	23,594	7,731	25,010	27,510	2,500
<b>Payroll Taxes</b>	12,982	14,232	14,294	14,932	17,875	17,125	(750)
<b>Def Comp Expense</b>	198	239	247	247	250	320	70
<b>Printing/Office Supplies</b>	736	1,220	806	761	1,000	1,200	200
<b>Janitorial Services</b>	390	428	412	414	420	420	-
<b>Postage</b>	1,188	1,071	1,183	1,187	1,000	1,000	-
<b>Membership dues</b>	757	1,040	582	472	700	700	-
<b>Meetings &amp; training</b>	3,542	6,446	2,264	1,884	4,000	4,000	-
<b>Electricity</b>	41,312	42,902	49,625	51,155	52,000	52,000	-
<b>Telephone Expense</b>	996	1,005	1,074	818	1,500	1,500	-
<b>Maintenance Contracts</b>	774	1,793	2,111	2,230	2,000	2,000	-
<b>VCR3</b>	2,945	4,680	5,152	4,715	5,200	5,200	-
<b>Prof Fees/Audit, Misc</b>	5,558	1,660	1,688	2,020	17,500	2,500	(15,000)
<b>Insurance General</b>	14,795	16,068	19,030	16,932	18,198	20,000	1,802
<b>Health Insurance Expense</b>	18,947	22,302	21,367	20,887	26,000	25,000	(1,000)
<b>Insurance Auto</b>	1,641	1,356	1,226	1,199	1,290	1,400	110
<b>Bank Charges</b>	15	25	91	-	100	100	-
<b>Misc Expense</b>	12	475	256	442	500	500	-
<b>Veh Gas &amp; Oil</b>	8,311	8,552	6,693	5,444	8,000	8,000	-
<b>Veh Repair &amp; Maintenance</b>	2,696	1,264	2,158	512	1,500	3,750	2,250
<b>DHEC User Fee</b>	1,128	1,065	1,190	1,190	1,200	1,200	-
<b>Uniforms</b>	396	842	306	216	750	750	-
<b>Sys Repair Maintenance</b>	12,988	14,439	27,654	35,421	35,000	35,000	-
<b>Sys Supplies &amp; Sm Tools</b>	5,437	4,996	4,816	5,639	5,000	5,000	-
<b>Chemicals</b>	8,023	7,298	13,552	13,601	25,000	25,000	-

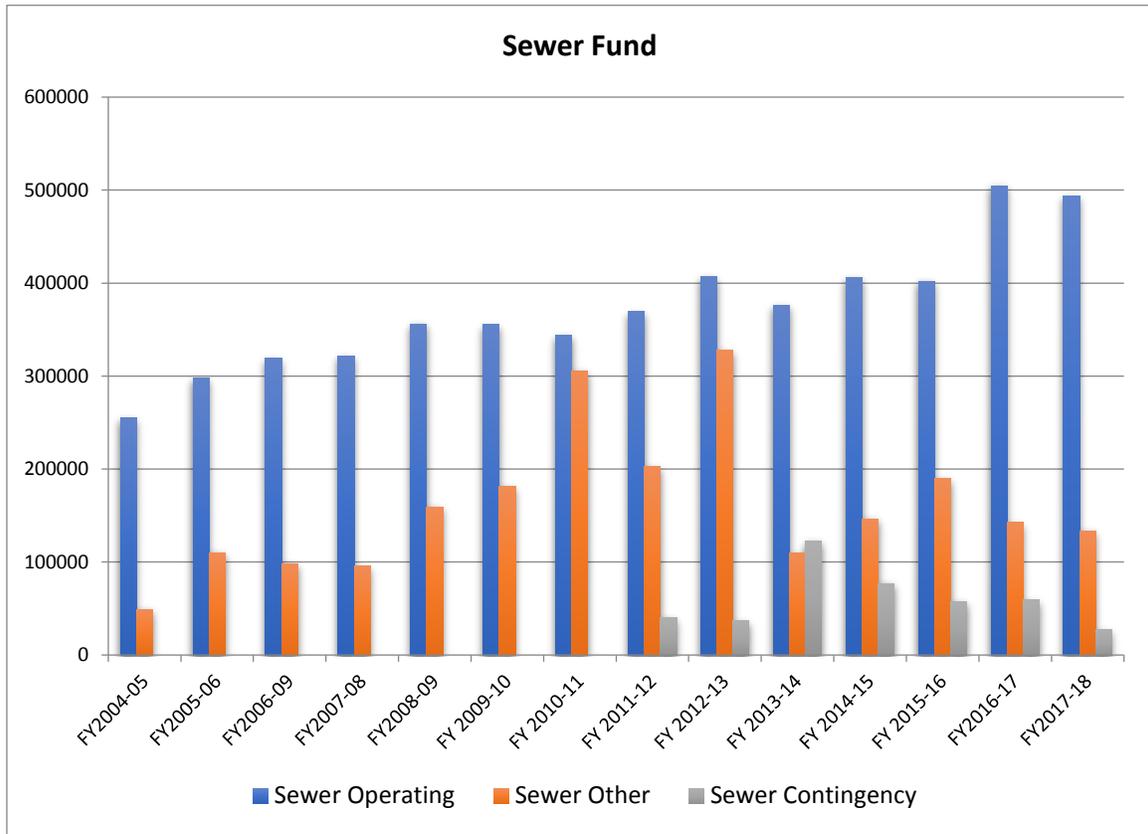
Town of Edisto Beach, South Carolina

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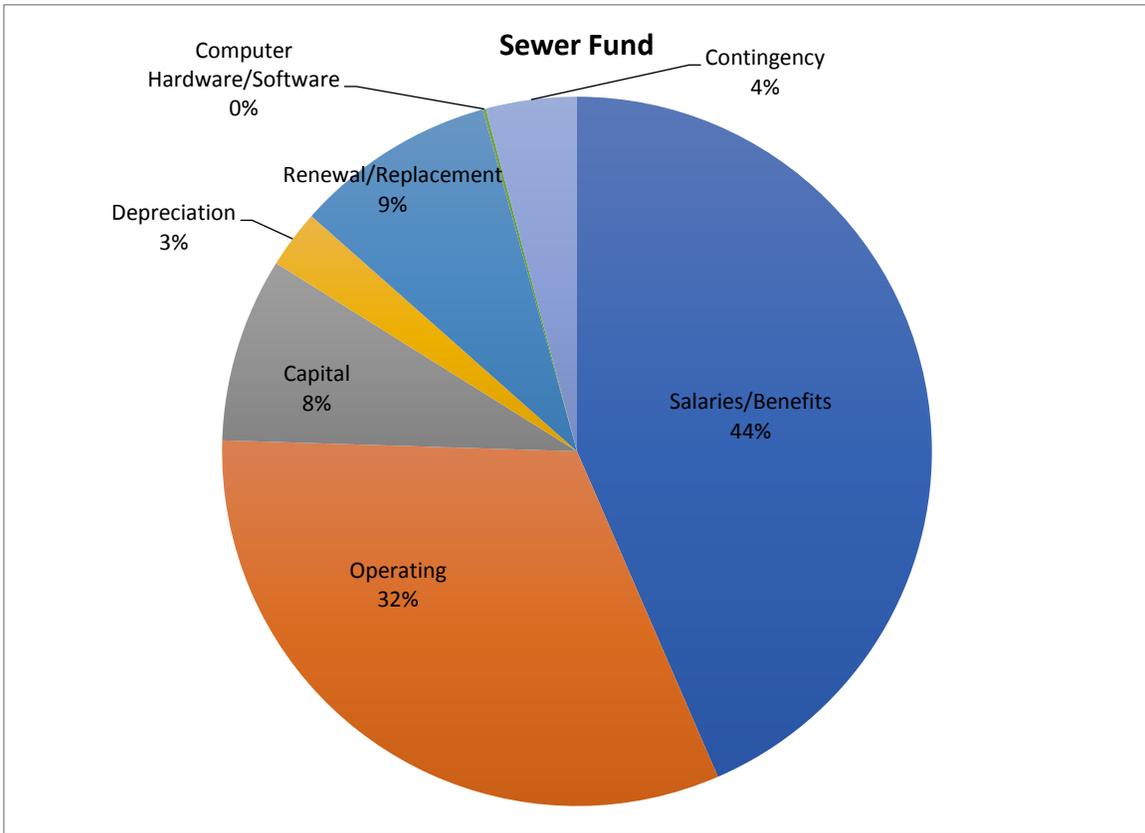
Lab Tests	6,639	7,737	10,270	15,707	19,000	19,000	-
Equipment Purchases	2,223	2,856	1,734	3,000	3,000	3,000	-
Equipment Repair	4,023	4,735	3,856	4,584	5,000	5,000	-
Office Machines/Software	540	646	646	680	800	800	-
Complex Bldg Maintenance	110	109	476	83	500	500	-
Pagers & Communication	1,601	1,683	1,452	947	1,800	1,800	-
Bldg Maintenance	1,391	3,381	619	1,813	6,000	4,000	(2,000)
Legal Fees	63,877	2,777	4,720	2,952	4,000	4,000	-
<b>Subtotal</b>	<b>406,565</b>	<b>375,937</b>	<b>405,651</b>	<b>402,178</b>	<b>504,398</b>	<b>493,955</b>	<b>(10,443)</b>
<b>Expenditures</b>	<b>FY12-13</b>	<b>FY13-14</b>	<b>FY14-15</b>	<b>FY15-16</b>	<b>FY16-17</b>	<b>FY17-18</b>	
Sewer Department	Prior	Prior	Prior	Prior	Amended	Proposed	Increase
	Actual	Actual	Actual	Actual	Budget	Budget	(Decrease)
Equip/Veh Depreciation	33,614	33,280	22,460	20,485	20,048	17,300	(2,748)
Depreciation Expense	69,023	71,544	72,817	67,889	-	-	-
Renewal/Replacement	60,793	-	50,000	100,000	60,000	60,000	-
Computer Hardware/Software	2,281	1,074	1,291	1,513	1,000	1,000	-
CIP Misc	161,751	3,375	-	-	61,500	55,000	(6,500)
<b>Subtotal</b>	<b>327,462</b>	<b>109,273</b>	<b>146,568</b>	<b>189,887</b>	<b>142,548</b>	<b>133,300</b>	<b>(9,248)</b>
<b>Expenditures</b>	<b>FY12-13</b>	<b>FY13-14</b>	<b>FY14-15</b>	<b>FY15-16</b>	<b>FY16-17</b>	<b>FY17-18</b>	
Water Contingency	Prior	Prior	Prior	Prior	Amended	Proposed	Increase
	Actual	Actual	Actual	Actual	Budget	Budget	(Decrease)
Sewer Contingency	-	-	-	-	13,854	27,045	13,191
<b>Subtotal</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>13,854</b>	<b>27,045</b>	<b>13,191</b>
<b>SEWER TOTAL FUND</b>	<b>734,027</b>	<b>485,210</b>	<b>552,219</b>	<b>592,065</b>	<b>660,800</b>	<b>654,300</b>	<b>6,500</b>

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

**Sewer Fund Budget Comparison Chart**



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



The budget includes special projects or funding totaling \$660,800. Highlighted changes are listed below.

**Sewer Fund Budget Highlights**

Funding Source	Description	Amount
Sewer User Fees	2% cost of living increase	4,962
PY Encumbered	Rehab manholes, Rehab Tract M pump house	55,000
Sewer User Fees	Replace computers	1,000
Sewer User Fees	Renewal and Replacement	60,000
	<b>Total</b>	<b>120,962</b>

**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.

**Sewer Capital Improvement Plan**

Priority #	Item Description	Category	Estimate	Year
1	Lift Station C	Sewer	\$30,000.00	FY2017-18
2	Lift Station Pompano	Sewer	\$70,000.00	FY2017-18
3	Lift Station Docksite	Sewer	\$70,000.00	FY2017-18
4	Lift Station A	Sewer	\$70,000.00	FY2018-19
5	B Generator	Sewer	\$10,000.00	FY2018-19
6	Lift Station Summerwinds	Sewer	\$59,000.00	FY2018-19
7	Lift Station Ridge	Sewer	\$70,000.00	FY2019-20
8	Lift Station Bay Creek	Sewer	\$70,000.00	FY2019-20
8	Lift Station Lee Street	Sewer	\$70,000.00	FY2020-21
10	Lift Station Cheehaw	Sewer	\$70,000.00	FY2020-21
11	Lift Station Fat Jacks	Sewer	\$70,000.00	FY2021-22
12	Replace aerators with energy efficient	Sewer	\$51,000.00	FY2025-26
Subtotal			\$680,000.00	

**Water Capital Improvement Plan**

Priority #	CIP Item Description	Category	Estimate	Year
1	Water System Improvements	Water	7,490,000	FY2016-18
2	Booster Pump Upgrades	Water	\$100,000.00	FY 2019-20
3	Fort Street Water Lines	Water	\$120,000.00	FY2019-20
4	Bay Point Water Lines	Water	\$75,000.00	FY2020-21
5	Dorothy Street Water Lines	Water	\$75,000.00	FY2021-22
6	Cheehaw Street Water Lines	Water	\$75,000.00	FY2022-23

Subtotal

\$7,935,000.00

### Debt (Enterprise Fund)

#### Debt (Enterprise Fund)

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

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

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

The Town is in the process of issuing \$7,500,000 in Series 2017 Combined Water and Sewer System Revenue Bonds to fund the Water Improvement Project that consists of additional supply, storage and improved water quality.

### Miscellaneous

#### Beach Nourishment

The Beach Nourishment and Groin Lengthening project was delayed by Hurricane Matthew. In addition, the storm delayed the start of the project and caused erosion increasing the scope and

cost of the project. What started as a \$10,000,000 project became an \$18,489,531 project. The Town was fortunate that FEMA monies from damages from Hurricane Joaquin were approved and FEMA expedited the reimbursement for damages from Hurricane Matthew. Through a combination of South Carolina Parks Recreation and Tourism (SCPRT) grant funding (\$6,800,000), Colleton County Capital Project Sales Tax Funds (\$4,000,000), SCPRT partnership funds (\$3,270,000) and FEMA reimbursements (\$1,406,869 Joaquin) and (\$1,458,314 Matthew) with the Town's \$3,000,000 in beach preservation funds, the Town was able to complete this project without having to borrow funds, raise taxes or assess homeowners for the additional costs.

### **Water Improvement Project**

The Water Improvement Project was delayed by Hurricane Matthew. Although the Town had intended to construct at least one additional higher capacity well prior to the 2017 tourist season, this did not happen. The consultant has completed the 60% plans and is in the process of issuing the Notice of Intent for the Reverse Osmosis concentrate permit. Meetings have been scheduled with the Department of Health and Environmental Control (DHEC) to discuss the Discharge Permit as it is critical to the project.

In preparation of the bond issuance, the Town was re-evaluated by Standard and Poor's. The Town maintained its A+ rating for the bond. The Town expects to go to market on the 2017 Series revenue bond issue around June 19, 2017.

### **Hurricane Matthew**

Hurricane Matthew caused moderate to severe damage to Edisto Beach in October 2016. As a result, the budget was amended by \$1,000,000 to pay for storm damages. Although the Town is eligible for Federal Emergency Management Agency (FEMA) public assistance funding, the process to apply for 75% reimbursement of expenditures is often tedious and lengthy. Of the \$1,000,000 earmarked for damages, \$544,184 has been reimbursed. Unobligated funding totals \$354,156. Unobligated means a project worksheet has been established, but FEMA has not obligated reimbursement. The Town continues to work with FEMA to develop worksheets for the remaining \$55,110 in damages. The State has included in its budget funds to reimburse the local government the 25% cost share. Below are costs associated with Hurricane Matthew:

Hurricane Matthew  
4286-DR-SC

FEMA Public Assistance Program and Policy Guide FP 104-009-2 - January 2016

State Declaration of Disaster	10/04/2016	
Presidential Declaration	10/04/2016	Emergency work Deadline 6 months/Permanent work deadline 18 months
State Evacuation Order	10/05/2016	
Request for Public Assistance	10/05/2016	10/11/2016
Local Disaster Declaration	10/05/2016	
Applicant Briefing	10/18/2016	
State and Subrecipient Funding Agreement	11/14/2016	
Kickoff Meeting	11/15/2016	Iris Spanski
Small Project Threshold	\$ 3,040.00	\$ 121,800.00
Large Project Threshold	> \$121,800	

Allen Fountain                      State EMD Rep  
Tom Lawson                          FEMA PAC

Project	Category	Project Status	Project Worksheet	Cost	Non-federal Share	Federal Share	Check No.	Amount Reimbursed
Emergency Protective Measures	B	100%	EBMR02B	\$ 151,327.21	\$ 37,831.80	\$ 113,495.41		
Emergency Berm on Beach	B	100%	EBCV01B	\$ 712,404.00	\$ 178,101.00	\$ 534,303.00	142800642 142816213	\$ 400,727.50 \$ 133,575.83
Debris-Removal Town	A	100%			\$ 12,943.00			
Debris-Removal PPDR	A	100%	EBDD01A	\$ 105,163.90	\$ 26,290.98	\$ 78,872.93		
Beach Nourishment	G	95%	EBJH01G	\$ 1,944,419.41	\$ 486,104.85	\$ 1,458,314.56	142782157	\$ 1,458,314.56
Donated Resources		100%	EBS03B	\$ (29,896.13)				
Jungle Shores Water Line	F	100%	EBS01F	\$ 7,125.00	\$ 1,781.25	\$ 5,343.75	142803258	\$ 5,343.75
Walkover Repairs	G	25%	EBBM04G	\$ 47,511.25	\$ 11,877.81	\$ 35,633.44		
Fence at Bay Creek	G	100%		\$ 844.50	\$ 211.13	\$ 633.38		
Wellfield	F	100%		\$ 39,702.26	\$ 9,925.57	\$ 29,776.70		
Generator Repair	F	100%		\$ 2,954.75	\$ 738.69	\$ 2,216.06		
Bike Path	A	100%	EBBM01A	\$ 6,644.22	\$ 1,661.06	\$ 4,983.17		
Locate and replace water meter	F	100%		\$ 6,049.48	\$ 1,512.37	\$ 4,537.11		
Lift Station B Check Valves	F	90%		\$ 4,954.04	\$ 1,238.51	\$ 3,715.53		
Repair damaged beach accesses	G	10%		\$ 100,000.00	\$ 25,000.00	\$ 75,000.00		
Stabilize Beach Accesses	G	10%		\$ 50,075.00	\$ 12,518.75	\$ 37,556.25		
Stabilize Roads & Signs	D	50%	EBBM01C	\$ 21,968.22	\$ 5,492.06	\$ 16,476.17		
Lee Street Lift Station	F	100%		\$ 4,017.60	\$ 1,004.40	\$ 3,013.20		
Well 6 Docksite	F	100%		\$ 2,954.75	\$ 738.69	\$ 2,216.06		
Bay Creek Sewer	F	100%		\$ 1,520.00	\$ 380.00	\$ 1,140.00		
Water Meters	F	100%	EBS02F	\$ 6,049.92	\$ 1,512.48	\$ 4,537.44		
				\$ 3,185,789.38	\$ 816,864.38	\$ 2,411,764.13		

Note that the Emergency Berm project has a non-federal share of \$178,101. This non-federal share will be reimbursed by SCDOT per an agreement.

## Budget Highlights

Funds	
General Fund	4,512,538
Water Fund	1,269,600
Sewer Fund	654,300
Civic Center Fund	72,195
Total	6,508,633

Some factors impacting the budget are:

**General Fund Revenues:**

- The Town's total millage rate is 20.71 mills.
- Colleton County has not provided assessment data as of this date and it is a reassessment year. A millage adjustment may have to be addressed after the new fiscal year begins.

**General Fund Expenditures:**

- A 2% cost of living increase and a 1.5% increase in retirement contributions is included.
- A part-time position in administration is upgraded to a full-time position and a supervisor position is added to public works.

General Fund Service Changes	Amount	Account
General Fund-2% cost of living allowance (COLA)	25,608	.1010
General Fund-1.5% increase in Employer Retirement contributions	16,448	.2100
ADM-Professional fees/Audit additional audit for FEMA Grants	8,400	4100.3260
ADM-Part-time Special Projects Coordinator to Full-Time (salary and benefits)	27,000	4100
ADM-Garbage Increase (add \$2.00 per can for roll in/roll out)	45,361	4100.5000
General Govt Other-Capital Improvements (Listed in the next table)	131,500	4110.6500
Public Works-Add Full-Time Supervisor (Salary and benefits)	44,500	4700
Public Works-Additional Chemicals DHEC Grant	2,216	4700.9010
ADM and Building-Added depreciation to replace HHR and Trailblazer	7,000	4100.3600 4800.3600
Police-Matching funds for Police Grant for Electronic Citation	1,600	4110.5300
Total	312,603	

**Prior Year Funds**

Accrued Prior Year Funds	
General Fund	3,270,422
Water Fund	1,529,025
Sewer Fund	756,638

**Contingencies**

Contingency Fund	
General Fund	78,866

Water Fund	61,585
Sewer Fund	27,045

**General Fund & Special Appropriations:**

Item	Amount	Fund
Chamber Marketing (Expanded Off Season)	25,000	ATAX 65% PY
Chamber Marketing (Off Season)	10,000	ATAX 65% PY
Beach Access Walkover	22,761	ATAX 65% PY
License Plate Recognition Camera	6,000	ATAX 65% PY
Beach Patrol	8,500	ATAX 65% PY
Bill Fish Tournament	10,000	Alcohol Permitting PY
Edisto Watersports Shark Tournament	2,000	Alcohol Permitting PY
Beach Monitoring	13,233	Local Accommodations PY
Beach Stabilization (Phase 1)	63,378	Local Accommodations PY
Beach Preservation	200,000	Local Accommodations
Bell Bond Debt	175,000	Local Acc. Fund \$50,000 ATAX PY Encumbered \$50,000 Hospitality Funds \$25,000 General Fund \$50,000
General Fund (Tourism related)	50,000	Local Accommodations
Beach Monitoring (2 Years)	80,000	Local Accommodations
Beach Access Improvements	20,000	Local Accommodations
Code Red	5,000	Hospitality
Beach Walkover Repair	1,453	Hospitality PY
Beach Walkover Grant Match	24,750	Hospitality PY
Beach Access Repair	49,500	Hospitality PY
Civic Center/Bay Creek Park	50,000	Hospitality
General Fund (Tourism Related)	90,000	Hospitality
Replace Trailblazer	20,000	Vehicle/Equipment Replacement
Replace HHR	20,000	Vehicle/Equipment Replacement

**Water Fund**

1. The water rates were increased by 15% in May 2017 to fund the Series 2017 bond issue.

**Sewer Fund**

1. The sewer rates were not increased in FY 2016-17.

**Water and Sewer Fund Capital Improvements, New Services, Other**

Service	Amount	Funding Source
2% Cost of Living Allowance is included	20,235	Water User Fees
	20,235	Sewer User Fees
Computers	1,000	Water User Fees
	1,000	Sewer User Fees
2017 Series Bond	220,000	Water Prior Year
2017 Series Bond	200,000	Water User Fees
CIP Miscellaneous (Rehab manholes, Tract M pump house)	55,000	Sewer Prior Year

**Town of Edisto Beach, South Carolina****FY 2017-18 Budget**

Water Improvement Project	140,000	RY Water R&R
Lift Station Pompano	70,000	PY Sewer R & R
Wastewater Plant American Engineering	31,600	PY Sewer R & R
Lift Station C	30,000	Sewer R & R
Lift Station Docksite	70,000	Sewer R & R

The Town of Edisto Beach has made remarkable progress since Hurricane Matthew impacted the coast in October 2016. I am thankful that we fared as well as we did and that Edisto Beach is “open for business” which benefits everyone. Although we faced numerous challenges during the recovery period, we were able to complete a multi-million-dollar beach nourishment and groin lengthening project while restoring our infrastructure and services.

The golf course is under new ownership and we look forward to working with the new owners. The Town acquired Tract M in 2016 which may lead to new opportunities as well.

This coming year, we will begin the water improvement project to improve water supply, storage and quality. This has been a Town goal for many years. We are also excited that the Myrtle Street drainage project and paving of the end of Myrtle and Sunset Streets is scheduled to begin in the fall of 2017 which also has been a Town goal for many years.

I am thankful that amid all that occurred during the FY 2016-17 period, no one was injured or killed and the Town did not sustain worse damage. I am thankful to be able to continue to serve the Council and community of Edisto Beach.

Sincerely,

Iris Hill  
Town Administrator