

TOWN OF EDISTO BEACH, SOUTH CAROLINA

**GOVERNMENT-WIDE FINANCIAL STATEMENTS
AND OTHER FINANCIAL INFORMATION**

YEAR ENDED JUNE 30, 2024

WITH

INDEPENDENT AUDITORS' REPORT

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INDEPENDENT AUDITORS' REPORT

The Mayor and Town Council
The Town of Edisto Beach
Edisto Beach, South Carolina

Opinions

We have audited the accompanying financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of Town of Edisto Beach, South Carolina, the ("Town") as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the Town, as of June 30, 2024, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Town and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- x Exercise professional judgment and maintain professional skepticism throughout the audit.
- x Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- x Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control. Accordingly, no such opinion is expressed.
- x Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- x Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 – 12, the Schedule of Proportionate Share of the South Carolina Retirement Systems Net Pension Liabilities on page 47, and the Schedule of South Carolina Retirement Systems Contributions on page 48, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. The Combining Balance Sheet – Nonmajor Governmental Funds, the Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Governmental Funds, and the Schedule of Court Fines, Fees, Assessments, and Surcharges is presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Combining Balance Sheet – Nonmajor Governmental Funds, the Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Governmental Funds, and the Schedule of Court Fines, Fees, Assessments, and Surcharges is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises of the Schedule of Historical Net Revenues and Debt Service Coverage – Water and Sewer Fund, and the System Statistics, but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 8, 2024, on our consideration of the Town's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Town's internal control over financial reporting and compliance.

The Brittingham Group LLP

West Columbia, South Carolina
November 8, 2024

MANAGEMENT’S DISCUSSION AND ANALYSIS

Management of the Town of Edisto Beach submits to the readers of the Town’s financial statements the overview and analysis of the financial activities of the Town for the fiscal year ended June 30, 2024.

FINANCIAL HIGHLIGHTS

The combined Governmental Activities and Business Type Activities assets of the Town of Edisto Beach exceeded its combined liabilities at the end of the fiscal year by \$42,944,982 (net position). Of this amount, a balance of \$16,249,711 was considered unrestricted at this time.

The combined Governmental Activities and Business Type Activities revenues and other financial sources totaled \$11,696,221 and combined expenses totaled \$7,697,131. Accordingly, combined revenues exceeded expenses by \$3,999,090.

At the end of fiscal year 2024, the governmental restricted fund balance was \$7,310,404, the committed fund balance was \$1,021,912, the assigned fund balance was \$84,198 and the unassigned fund balance was \$10,838,770. Accordingly, \$10,838,770 was available for spending at the government’s discretion from the unassigned fund balance. The total fund balance was \$11,903,591 for the General Fund, the Town’s principal operating fund.

The Town of Edisto Beach’s Business Type Activity reported an increase in net position at the end of the fiscal year of \$924,302.

At the end of fiscal year 2024, the Town’s Business Type Activity reported unrestricted cash and cash equivalents of \$8,036,951.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as a primer on the Town’s basic financial statements. The Town’s basic financial statements have three components:

1. Government-wide financial statements
2. Fund financial statements
3. Notes to the financial statements

This report also contains other supplementary information in addition to the basic financial statements.

Government-wide financial statements. The government-wide financial statements are designed to provide readers with an overview of the Town of Edisto Beach’s finances, in a manner similar to businesses in the private sector.

The Statement of Net Position presents information on all the Town of Edisto Beach’s assets and liabilities, with the difference reported as net position. Over time, increases and decreases in the net position may serve as a useful indicator of whether the financial position of the Town is improving or deteriorating.

The Statement of Activities presents information detailing how the Town of Edisto Beach's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the changes occurs, regardless of the timing of related cash flows. Revenues and expenses are reported in this statement for some items that will result in cash flows in future fiscal years. (e.g., uncollected taxes and earned but unused compensated absences). A compensated absence is a work absence in which the employee will be paid. (e.g., sick leave, vacation leave and holiday leave).

Both government-wide financial statements distinguish functions of the Town that are supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or significant portions of their costs through user fees and charges (business-type activities).

The governmental activities of the Town of Edisto Beach include administration, police, fire, streets and sanitation, recreation, and code enforcement. The business-type activity of the Town of Edisto Beach is the combined utility system which offers water service and sewer service.

The government-wide financial statements include the Town, also known as the primary government. The government-wide financial statements are listed on pages 13 -14 of this document.

Fund financial statements. A fund is a grouping of related accounts that is used to exercise control over resources that have been segregated for specific activities. The Town of Edisto Beach, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All the funds of the Town of Edisto Beach can be divided into these categories:

Governmental funds
Proprietary funds

Governmental funds. Governmental funds are used to account for essentially the same functions as reported in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and near-term outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financial requirements.

Because the focus of governmental funds is narrower than the focus of government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financial decisions.

Both the governmental funds Balance Sheet and the governmental funds Statement of Revenues, Expenditures, and Changes in Fund Balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The Town maintains individual governmental funds. Information is presented separately in the governmental funds Balance Sheet and in the governmental funds Statement of Revenues, Expenditures, and Changes in Fund Balances for the General Fund, Local Accommodations Tax Fund, Hospitality Tax Fund, and Beach Nourishment Fund due to them being considered the material funds of the Town. The Town adopts an annual operating and capital budget for the General fund. The basic governmental fund financial statements are listed on pages 15 - 19 of this document.

Proprietary funds. The Town maintains one enterprise fund, a type of proprietary fund. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide statements. The Town uses its enterprise fund to account for its combined utility system, comprised of water and sewer operations. Proprietary funds provide the same types of information as the government-wide financial statements.

The basic proprietary funds financial statements can be found on pages 20 - 23 of this report.

Notes to the financial statements. The notes provide additional information essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements are listed on pages 24 – 46 of this document.

Other information. In addition to the basic financial statements and accompanying notes, the report also represents certain other financial information.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

The fiscal year 2024 financial statements are issued in compliance with Governmental Accounting Standards Board (GASB) Statement 34, and a continuance of this new era of financial reporting. Prior to the adoption of GASB 34, the Town was required to report fund and account groups separately, with no meaningful consolidated statements to accurately reflect the operation and net position of the Town as an entity. Under the GASB 34 model for fiscal year 2024, the government-wide statements are reported using an economic resource measurement focus and the accrual basis of accounting, as opposed to the cash basis of accounting. The accrual basis of accounting recognizes revenue before cash is received and recognizes expenses before cash is paid. The cash basis of accounting recognizes revenue as cash when it is received and recognizes expenses when cash is paid.

As noted earlier, net position may serve over time as a useful indicator of a government’s financial position. The Town’s assets exceeded liabilities by \$42,944,982 at the close of fiscal year 2024.

Net position is reported in three categories:

Net investment in capital assets	\$ 19,034,280
Restricted	7,660,991
Unrestricted	16,249,711
	<u>\$ 42,944,982</u>

The largest portion of the Town’s net position reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment) less any related debt used to acquire those assets that is still outstanding. The Town uses these capital investments to provide services to citizen customers; consequently, these assets are not available for future expenditures. Although the Town’s investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

The following tables present a summary of the Town's Statement of Net Position as of June 30, 2024, and 2023:

Town of Edisto Beach's Condensed Statement of Net Position - June 30, 2024

	Governmental Activities	Business-Type Activities	Total
Current and other assets	\$ 27,306,015	\$ 8,765,264	\$ 36,071,279
Capital assets	18,722,988	9,386,612	28,109,600
Total assets	46,029,003	18,151,876	64,180,879
Deferred outflows	437,481	126,712	564,193
Total assets and deferred outflows	46,466,484	18,278,588	64,745,072
Long-term liabilities outstanding	3,867,934	8,002,940	11,870,874
Other liabilities	7,940,395	1,609,729	9,550,124
Total liabilities	11,808,329	9,612,669	21,420,998
Deferred inflows	189,099	46,893	235,992
Total liabilities and deferred inflows	11,997,428	9,659,562	21,656,990
Net position:			
Net investment in capital assets	16,979,060	2,055,220	19,034,280
Restricted	7,310,404	350,587	7,660,991
Unrestricted	10,179,592	6,070,119	16,249,711
Total net position	\$ 34,469,056	\$ 8,475,926	\$ 42,944,982

Town of Edisto Beach's Condensed Statement of Net Position - June 30, 2023

	Governmental Activities	Business-Type Activities	Total
Current and other assets	\$ 23,971,666	\$ 7,388,301	\$ 31,359,967
Capital assets	19,273,840	9,416,029	28,689,869
Total assets	43,245,506	16,804,330	60,049,836
Deferred outflows	415,502	119,430	534,932
Total assets and deferred outflows	43,661,008	16,923,760	60,584,768
Long-term liabilities outstanding	4,051,213	8,248,605	12,299,818
Other liabilities	8,090,029	1,097,709	9,187,738
Total liabilities	12,141,242	9,346,314	21,487,556
Deferred inflows	125,498	25,822	151,320
Total liabilities and deferred inflows	12,266,740	9,372,136	21,638,876
Net position:			
Net investment in capital assets	17,424,610	1,867,970	19,292,580
Restricted	5,783,434	335,524	6,118,958
Unrestricted	8,186,224	5,348,130	13,534,354
Total net position	\$ 31,394,268	\$ 7,551,624	\$ 38,945,892

The following tables are summaries of revenues and expenses for fiscal years 2024 and 2023:

Town of Edisto Beach's Statement of Activities - June 30, 2024

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Revenue:			
Charges for services	\$ 1,301,456	\$ 2,330,730	\$ 3,632,186
Operating Grants and Contributions	527,336	-	527,336
General revenues	7,127,273	409,426	7,536,699
Total revenue	<u>8,956,065</u>	<u>2,740,156</u>	<u>11,696,221</u>
Expenses:			
General government	1,952,703	-	1,952,703
Public safety	1,649,161	-	1,649,161
Public works	336,196	-	336,196
Recreation and culture	280,135	-	280,135
Beach preservation	1,606,607	-	1,606,607
Water and sewer	-	1,815,854	1,815,854
Interest	56,475	-	56,475
Total expenses	<u>5,881,277</u>	<u>1,815,854</u>	<u>7,697,131</u>
Increase (decrease) in net position	<u>\$ 3,074,788</u>	<u>\$ 924,302</u>	<u>\$ 3,999,090</u>

Town of Edisto Beach's Statement of Activities - June 30, 2023

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Revenue:			
Charges for services	\$ 1,235,859	\$ 2,310,731	\$ 3,546,590
Operating Grants and Contributions	393,628	-	393,628
Capital Grants and Contributions	-	500,000	500,000
General revenues	6,428,867	256,391	6,685,258
Total revenue	<u>8,058,354</u>	<u>3,067,122</u>	<u>11,125,476</u>
Expenses:			
General government	1,686,722	-	1,686,722
Public safety	1,454,020	-	1,454,020
Public works	103,181	-	103,181
Recreation and culture	515,923	-	515,923
Beach preservation	1,793,116	-	1,793,116
Water and sewer	-	1,822,649	1,822,649
Interest	61,504	-	61,504
Total expenses	<u>5,614,466</u>	<u>1,822,649</u>	<u>7,437,115</u>
Increase (decrease) in net position before transfers	<u>2,443,888</u>	<u>1,244,473</u>	<u>3,688,361</u>
Transfers	<u>13,500</u>	<u>(13,500)</u>	<u>-</u>
Increase (decrease) in net position	<u>\$ 2,457,388</u>	<u>\$ 1,230,973</u>	<u>\$ 3,688,361</u>

Governmental activities. Governmental activities net position increased by \$3,074,788 during the fiscal year. Revenue increases were due to SCIP grants, interest income and tax collections. Governmental activities show an increase in revenues and expenditures when compared to fiscal year 2023.

Business-type activities. Business-type activities consist of the water and sewer systems. Total revenues of \$2,740,156 exceeded total expenses of \$1,815,854 for an operational gain of \$924,302. Compared to fiscal year 2023, Business-type revenues are trending upward due to an increase in

usage rates for services. Business-type expenses decreased. Budgeted expenses continue to be refined based on the economic environment (inflation and supply chain issues) and will be adjusted to address these changes.

FINANCIAL ANALYSIS OF THE GOVERNMENT’S FUNDS

Governmental funds. The focus on the Town’s governmental funds is to provide information on inflow, outflow and balances of spendable resources. Such information is useful in assessing the Town’s financing requirements.

At the end of fiscal year 2024, the Town’s governmental funds reported a combined ending fund balance of \$19,298,193. The Town’s governmental funds consist of the general fund, local accommodations tax, hospitality tax, beach nourishment and other non-major funds.

Proprietary funds. One of the Town’s larger components of proprietary fund net position is the investment in capital assets, net of related debt, \$2,055,220 or 24.25% of the Town’s total proprietary fund net assets.

GENERAL FUND BUDGETARY HIGHLIGHTS

Selected variances between fiscal years 2024 and 2023 General Fund actual revenues were as follows:

x	\$ 159,011	Interest income	36.69%	increase
x	\$ 385,209	Grant revenue	841.40%	increase
x	\$ 48,237	General property taxes	3.14%	increase
x	\$ 2,446	Accommodations taxes	3.99%	increase

The rise in interest results from unspent funds on a beach nourishment grant, as well as higher interest rates compared to the prior year. Grant revenue increased due to new projects awarded in 2024.

PROPRIETARY FUNDS BUDGET HIGHLIGHTS

Selected variances between fiscal years 2024 and 2023 Proprietary Fund actual revenues were as follows:

x	\$ 19,999	Charges for services	0.87%	increase
x	\$ 156,941	Interest	759%	increase

The variance in charges for services was due to an increase in water consumption, while the rise in interest income resulted from higher rates.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets. The Town of Edisto Beach’s investment in capital assets for its governmental and business-type activities as of June 30, 2024, amounts to \$28,109,600 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements, machinery and equipment. Major capital asset events in the current year included the following (See *Note 6*):

- x In order for the Town to continue to meet the needs of its citizens and provide high quality services, The Town made several improvements to the police department, including a 2024 Police Interceptor and new flooring, among other improvements.
- x Under business-type activities, the Town acquired new equipment, including a backhoe and a cat loader, while also continuing its work on the wastewater treatment plant.

Town of Edisto Beach's Capital Assets - Net of Accumulated Depreciation - 2024

	Governmental Activities	Business-Type Activities	Total
Non-depreciable assets	\$ 7,684,435	\$ 1,379,372	\$ 9,063,807
Buildings and structures	785,370	-	785,370
Land Improvements	531,753	-	531,753
Vehicles, furniture and equipment	390,007	184,769	574,776
Infrastructure	9,331,423	7,822,471	17,153,894
	<u>\$ 18,722,988</u>	<u>\$ 9,386,612</u>	<u>\$ 28,109,600</u>

Town of Edisto Beach's Capital Assets - Net of Accumulated Depreciation - 2023

	Governmental Activities	Business-Type Activities	Total
Non-depreciable assets	\$ 8,628,603	\$ 1,132,806	\$ 9,761,409
Buildings and structures	643,206	403	643,609
Land Improvements	355,795	-	355,795
Vehicles, furniture and equipment	672,330	-	672,330
Infrastructure	8,973,906	8,282,820	17,256,726
	<u>\$ 19,273,840</u>	<u>\$ 9,416,029</u>	<u>\$ 28,689,869</u>

Long-term debt. At the end of the current fiscal year, the Town of Edisto Beach had total bonded debt outstanding of \$9,075,320. \$7,331,392 of the debt is reported in the Water/Sewer Fund and is secured by the gross revenues of the utility system. \$1,743,928 of the debt is reported in the Governmental Activities Fund and is secured by property tax revenues.

The net pension liability was introduced in 2015 with the adoption of GASB Statement number 68 and represents the long-term liabilities for payment to retirees, net of the Town’s current pension investments.

For additional information about the Town’s outstanding long-term debt as of June 30, 2024, please see *Note 8*.

Town of Edisto Beach's Long-Term Debt - 2024

	Governmental Activities	Business-Type Activities	Total
General obligation bonds	\$ 1,743,928	\$ -	\$ 1,743,928
Revenue bonds	-	7,331,392	7,331,392
Compensated absences	31,593	9,436	41,029
Accrued interest	2,575	106,025	108,600
	<u>\$ 1,778,096</u>	<u>\$ 7,446,853</u>	<u>\$ 9,224,949</u>

Town of Edisto Beach's Long-Term Debt - 2023

	Governmental Activities	Business-Type Activities	Total
General obligation bonds	\$ 1,849,230	\$ -	\$ 1,849,230
Revenue bonds	-	7,548,059	7,548,059
Compensated absences	16,390	18,767	35,157
Accrued interest	2,725	106,025	108,750
	<u>\$ 1,868,345</u>	<u>\$ 7,672,851</u>	<u>\$ 9,541,196</u>

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

Total revenues continue to be moderated by the effects of the economy and the Town's rural location. General Fund revenues remain steady. Real estate values and new construction remain strong.

The Town received the results of a Combined Utilities Rate Study this year confirming the Town has reached a financial position to keep rates steady for the next few years and then again resume modest rate increases to keep pace with inflation. The storm season was active causing widespread debris cleanup expenses. King Tides continue to be problematic causing off-season erosion. While elevated interest rates have caused the Town to gain a significant amount of interest income, the Town continues to budget conservatively for interest income due to the uncertainty of when interest rates will decline and by how much. The Town is actively managing the design of a new Town Hall and Emergency Operations Center facility expected to begin construction in early 2025. The Town received ten million dollars in Colleton County Capital Project Sales Taxes for this project. The Town was also awarded \$9,404,385 in grant funds from the South Carolina Infrastructure Investment Program to be applied toward improving the Town's Sewer System. This project is ongoing and on schedule. In February 2023, the Town signed an agreement with the United States Army Corps of Engineers committing to a 50-year-long Coastal Storm Risk Management Project (Beach Nourishment). Funding for the initial construction of this project has been covered by a one-time, \$7,500,000 allocation from the State of South Carolina and in-kind credit from the Army Corps for work the Town performed in 2017. Initial construction is expected to occur in early 2026. The Town continues to set aside a significant amount of money each year into a beach renourishment fund to support future renourishments.

REQUESTS FOR INFORMATION

This financial report is designed to provide an overview of the Town of Edisto Beach's finances. Questions concerning any of the information provided in this report or requests for additional information should be forwarded to:

Town Administrator
Town of Edisto Beach
2414 Murray Street
Edisto Island, South Carolina 29438

TOWN OF EDISTO BEACH
STATEMENT OF NET POSITION

JUNE 30, 2024

	Governmental Activities	Business-Type Activities	Totals
Assets			
Current assets:			
Cash and cash equivalents	\$ 15,143,650	\$ 8,036,951	\$ 23,180,601
Receivables			
Taxes	178,279	-	178,279
Accounts	548,736	276,710	825,446
Prepaid expense	42,909	-	42,909
Inventory	-	28,854	28,854
Internal balances	(72,162)	72,162	-
Total current assets	<u>15,841,412</u>	<u>8,414,677</u>	<u>24,256,089</u>
Restricted assets:			
Cash and cash equivalents	11,464,603	350,587	11,815,190
Total restricted assets:	<u>11,464,603</u>	<u>350,587</u>	<u>11,815,190</u>
Noncurrent assets:			
Capital assets:			
Non-depreciable	9,375,006	1,379,371	10,754,377
Depreciable, net of accumulated depreciation	9,347,982	8,007,241	17,355,223
Total noncurrent assets	<u>18,722,988</u>	<u>9,386,612</u>	<u>28,109,600</u>
Total assets	<u>46,029,003</u>	<u>18,151,876</u>	<u>64,180,879</u>
Deferred outflows of resources			
Pension plan	437,481	126,712	564,193
Total assets and deferred outflows of resources	<u>46,466,484</u>	<u>18,278,588</u>	<u>64,745,072</u>
Liabilities			
Current liabilities:			
Accounts payable and other accrued liabilities	259,884	159,090	418,974
Interest payable	2,575	106,025	108,600
Unearned revenue	7,536,041	1,256,791	8,792,832
Compensated absences	31,593	9,436	41,029
Bonds payable	110,302	221,487	331,789
Total current liabilities	<u>7,940,395</u>	<u>1,752,829</u>	<u>9,693,224</u>
Long-term liabilities:			
Bonds payable	1,633,626	7,109,905	8,743,531
Net pension obligation	2,234,308	893,035	3,127,343
Total long term liabilities	<u>3,867,934</u>	<u>8,002,940</u>	<u>11,870,874</u>
Total liabilities	<u>11,808,329</u>	<u>9,755,769</u>	<u>21,564,098</u>
Deferred inflows of resources			
Pension plan	189,099	46,893	235,992
Total liabilities and deferred inflows of resources	<u>11,997,428</u>	<u>9,802,662</u>	<u>21,800,090</u>
Net position			
Net investment in capital assets	16,979,060	2,055,220	19,034,280
Restricted	7,310,404	350,587	7,660,991
Unrestricted	10,179,592	6,070,119	16,249,711
Total net position	<u>\$ 34,469,056</u>	<u>\$ 8,475,926</u>	<u>\$ 42,944,982</u>

See accompanying notes.

TOWN OF EDISTO BEACH
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2024

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental activities:						
General government	\$ 1,952,703	\$ 1,239,095	\$ 527,336	\$ (186,272)	\$ -	\$ (186,272)
Public safety	1,649,161	62,361	-	(1,586,800)	-	(1,586,800)
Public works	336,196	-	-	(336,196)	-	(336,196)
Recreation and culture	280,135	-	-	(280,135)	-	(280,135)
Beach preservation	1,606,607	-	-	(1,606,607)	-	(1,606,607)
Interest	56,475	-	-	(56,475)	-	(56,475)
Total governmental activities	5,881,277	1,301,456	527,336	(4,052,485)	-	(4,052,485)
Business-type activities						
Water and sewer	1,815,854	2,330,730	-	-	514,876	514,876
Total business-type activities	1,815,854	2,330,730	-	-	514,876	514,876
Total primary government	\$ 7,697,131	\$ 3,632,186	\$ 527,336	(4,052,485)	514,876	(3,537,609)
General revenues:						
Taxes						
Property taxes				1,606,669	-	1,606,669
Local option sales taxes				617,863	-	617,863
Accommodations taxes				1,362,388	-	1,362,388
Hospitality taxes				318,868	-	318,868
Licenses and permits				1,308,872	-	1,308,872
Intergovernmental revenues				407,762	-	407,762
Interest				1,333,949	409,426	1,743,375
Rental revenues				121,601	-	121,601
Miscellaneous revenues				49,301	-	49,301
Total general revenues				7,127,273	409,426	7,536,699
Change in net position				3,074,788	924,302	3,999,090
Net position, at beginning of year				31,394,268	7,551,624	38,945,892
Net position, end of year				\$ 34,469,056	\$ 8,475,926	\$ 42,944,982

See accompanying notes.

TOWN OF EDISTO BEACH

BALANCE SHEET
GOVERNMENTAL FUNDS

YEAR ENDED JUNE 30, 2024

	General Fund	Local Accommodations Tax Special Revenue Fund	Beach Nourishments	Nonmajor Governmental Funds	Total
Assets					
Cash and cash equivalents	\$ 12,280,942	\$ 1,092,142	\$ 5,326	\$ 1,765,240	\$ 15,143,650
Cash and cash equivalents - restricted	-	11,464,603	-	-	11,464,603
Taxes	548,736	-	-	-	548,736
Accounts	178,279	-	-	-	178,279
Prepaid expense	42,909	-	-	-	42,909
Due from other funds	440	-	7,766,579	144,267	7,911,286
Total Assets	<u>\$ 13,051,306</u>	<u>\$ 12,556,745</u>	<u>\$ 7,771,905</u>	<u>\$ 1,909,507</u>	<u>\$ 35,289,463</u>
Liabilities, deferred inflows of resources, and fund balances					
Liabilities					
Accounts payable	\$ 230,378	\$ -	\$ 15,199.0	\$ 5,801	\$ 251,378
Accrued liabilities	8,506	-	-	-	8,506
Unearned revenue	480,232	-	7,055,809	-	7,536,041
Due to other funds	216,702	7,766,579	-	167	7,983,448
Total Liabilities	<u>935,818</u>	<u>7,766,579</u>	<u>7,071,008</u>	<u>5,968</u>	<u>15,779,373</u>
Deferred Inflows of Resources					
Unavailable revenue - Local Option Sales Tax	50,405	-	-	-	50,405
Unavailable revenue - property taxes	161,492	-	-	-	161,492
Total deferred inflows of resources	<u>211,897</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>211,897</u>
Fund Balances					
Restricted - non spendable	42,909	-	-	-	42,909
Restricted - spendable	-	4,790,166	700,897	1,819,341	7,310,404
Committed	1,021,912	-	-	-	1,021,912
Assigned	-	-	-	84,198	84,198
Unassigned	10,838,770	-	-	-	10,838,770
Total Fund Balances	<u>11,903,591</u>	<u>4,790,166</u>	<u>700,897</u>	<u>1,903,539</u>	<u>19,298,193</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 13,051,306</u>	<u>\$ 12,556,745</u>	<u>\$ 7,771,905</u>	<u>\$ 1,909,507</u>	<u>\$ 35,289,463</u>

See accompanying notes.

TOWN OF EDISTO BEACH

RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS TO THE
STATEMENT OF NET POSITION

JUNE 30, 2024

Reconciliation of Balance Sheet Governmental Funds to Net Position of Governmental Activities:

Total Fund Balances - Total Governmental Funds	\$	19,298,193
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Amounts reported for Governmental Activities in the Statement of Net Position are different because:

Capital assets used in governmental activities are not current financial resources and are therefore not reported in the Governmental Funds Balance Sheet.	18,722,988
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Revenues for taxes are deferred inflows of resources in the the governmental funds because they will not be received within sixty days of the Government's year-end.

Property Taxes	\$	161,492	
Local Options Sales Tax		50,405	211,897

Certain deferred outflows of resources represent a consumption of net position in a future period and, therefore, are not reported in the funds.

Pension deferred outflows	437,481
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Certain deferred inflows of resources represent amounts that are not available to pay for the current periods expenditures and, therefore, are reported as a deferred inflow of resources.

Pension deferred inflows	(189,099)
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Certain liabilities are not due and payable in the current period and therefore are not reported in the funds.

Accrued compensated absences	(31,593)	
Accrued interest	(2,575)	
Bonds payable	(1,545,000)	
Bond premium	(198,928)	
Net pension obligation	(2,234,308)	(4,012,404)

Net Position of Governmental Activities	\$	<u>34,469,056</u>
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TOWN OF EDISTO BEACH

STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS

YEAR ENDED JUNE 30, 2024

	General Fund	Local Accommodations Tax Special Revenue Fund	Beach Nourishment	Nonmajor Governmental Funds	Total
Revenues					
General property taxes	\$ 1,584,211	\$ -	\$ -	\$ -	\$ 1,584,211
Local option sales taxes	610,134	-	-	-	610,134
Accommodations taxes	63,677	795,907	-	502,804	1,362,388
Hospitality taxes	-	-	-	318,868	318,868
Licenses and permits	1,308,872	-	-	-	1,308,872
Charges for services	1,239,095	-	-	-	1,239,095
Fines and forfeitures	62,361	-	-	-	62,361
Intergovernmental revenues	349,430	-	-	58,332	407,762
Grant revenues	430,991	-	96,345	-	527,336
Interest revenues	592,402	666,905	204	74,438	1,333,949
Rental revenues	121,601	-	-	-	121,601
Miscellaneous revenues	24,908	-	-	10,820	35,728
Donations	650	-	-	12,924	13,574
Total Revenues	6,388,332	1,462,812	96,549	978,186	8,925,879
Expenditures					
General government	1,930,233	-	-	-	1,930,233
Public safety	1,429,971	-	-	71,065	1,501,036
Public works	335,679	-	-	-	335,679
Recreation and culture	-	-	-	206,389	206,389
Beach preservation	303,426	98,600	96,365	-	498,391
Debt service					
Principal	90,000	-	-	-	90,000
Interest	56,625	-	-	-	56,625
Capital outlay	828,483	-	-	5,194	833,677
Total Expenditures	4,974,417	98,600	96,365	282,648	5,452,030
Excess of revenues over expenditures	1,413,915	1,364,212	184	695,538	3,473,849
Other Financing Sources (Uses)					
Transfers in	844,265	-	-	-	844,265
Transfers out	(286,653)	(250,000)	-	(307,612)	(844,265)
Total Other Financing Sources (Uses)	557,612	(250,000)	-	(307,612)	-
Net Change in Fund Balances	1,971,527	1,114,212	184	387,926	3,473,849
Fund Balances - Beginning	9,932,064	3,675,954	700,713	1,515,613	15,824,344
Fund Balances - Ending	\$ 11,903,591	\$ 4,790,166	\$ 700,897	\$ 1,903,539	\$ 19,298,193

See accompanying notes.

TOWN OF EDISTO BEACH

RECONCILIATION OF THE STATEMENTS OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2024

Net Change in Fund Balances - Total Government	\$ 3,473,849
Amounts reported for Governmental Activities in the Statement of Activities are different because:	
Capital outlay, reported as expenditures in governmental funds, is shown as capital assets in the Statement of Net Position.	833,677
Depreciation expense on governmental capital assets included in the governmental activities in the Statement of Activities.	(1,384,529)
Repayment of debt decreases long-term liabilities in the Statement of Activities.	90,000
Amortization of long-term debt related items current financial resources to governmental funds:	
Bond premium	15,302
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.	
Unavailable revenue - property taxes	22,458
Unavailable revenue - Local Options Sales Tax	7,729
Increase in accrued compensated absences is reported as expenditures in governmental funds but as decrease in liabilities in the Statement of Net Position.	(15,203)
Decrease in accrued interest payable is reported as expenditures in governmental funds but as decrease in liabilities in the Statement of Net Position.	150
Change in deferred outflows (inflows) of resources (net) and net pension liability is included in the governmental activities in the Statement of Assets.	<u>31,355</u>
Change in Net Position - Governmental Activities	<u>\$ 3,074,788</u>

See accompanying notes.

TOWN OF EDISTO BEACH

STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - BUDGET TO ACTUAL
GENERAL FUND

YEAR ENDED JUNE 30, 2024

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive or Negative</u>
Revenues				
General property taxes	\$ 1,398,877	\$ 1,398,877	\$ 1,584,211	\$ 185,334
Local option sales taxes	335,000	385,000	610,134	225,134
Accommodations taxes	60,000	62,308	63,677	1,369
Licenses and permits	850,000	880,000	1,308,872	428,872
Charges for services	1,070,052	1,154,400	1,239,095	84,695
Fines and forfeitures	75,000	68,000	62,361	(5,639)
Intergovernmental revenues	303,846	303,846	349,430	45,584
Grant revenues	730,269	687,904	430,991	(256,913)
Interest revenues	75,000	300,000	592,402	292,402
Rental revenues	57,924	61,424	121,601	60,177
Miscellaneous revenues	7,500	12,008	24,908	12,900
Donations	-	-	650	650
Total Revenues	<u>4,963,468</u>	<u>5,313,767</u>	<u>6,388,332</u>	<u>1,074,565</u>
Expenditures				
General government	3,499,167	3,925,711	1,930,233	1,995,478
Public safety	1,875,629	1,936,656	1,429,971	506,685
Public works	303,872	309,032	335,679	(26,647)
Beach preservation	287,800	300,368	303,426	(3,058)
Debt service				-
Principal	85,000	85,000	90,000	(5,000)
Interest	62,000	62,000	56,625	5,375
Capital outlay	-	-	828,483	(828,483)
Total Expenditures	<u>6,113,468</u>	<u>6,618,767</u>	<u>4,974,417</u>	<u>1,644,350</u>
Deficiency of Revenues Under Expenditures	<u>(1,150,000)</u>	<u>(1,305,000)</u>	<u>1,413,915</u>	<u>2,718,915</u>
Other Financing Sources				
Transfers in	1,150,000	1,305,000	844,265	(460,735)
Transfers out	-	-	(286,653)	(286,653)
Total Other Financing Sources	<u>1,150,000</u>	<u>1,305,000</u>	<u>557,612</u>	<u>(747,388)</u>
Net Change in Fund Balances	<u>\$ -</u>	<u>\$ -</u>	<u>1,971,527</u>	<u>\$ 1,971,527</u>
Fund Balances - Beginning			<u>9,932,064</u>	
Fund Balances - Ending			<u>\$ 11,903,591</u>	

See accompanying notes.

TOWN OF EDISTO BEACH
STATEMENT OF NET POSITION
PROPRIETARY FUND

JUNE 30, 2024

Assets

Current assets	
Cash and cash equivalents	\$ 8,036,951
Accounts receivable	276,710
Inventory	28,854
Due from other funds	72,162
Total current assets	8,414,677
Restricted assets	
Cash and cash equivalents	350,587
Total restricted assets	350,587
Noncurrent assets	
Capital assets:	
Non-depreciable	1,379,371
Depreciable, net of accumulated depreciation	8,007,241
Total noncurrent assets	9,386,612
Total assets	18,151,876

Deferred outflows of resources

Pension plan	126,712
Total assets and deferred outflows of resources	18,278,588

Liabilities

Current Liabilities	
Accounts payable	159,090
Compensated absences	9,436
Unearned revenue	1,256,791
Interest payable	106,025
Bonds payable	221,487
Total Current Liabilities	1,752,829
Long-term liabilities:	
Bonds payable	7,109,905
Net pension obligation	893,035
Total Long-term liabilities:	8,002,940
Total liabilities	9,755,769

Deferred inflows of resources

Pension plan	46,893
Total liabilities and deferred inflows of resources	9,802,662

Net position

Net investment in capital assets	2,055,220
Restricted	350,587
Unrestricted	6,070,119
Total net position	\$ 8,475,926

See accompanying notes.

TOWN OF EDISTO BEACH

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN
NET POSITION - PROPRIETARY FUND

YEAR ENDED JUNE 30, 2024

Operating revenues	
Charges for services	\$ 2,330,730
Total operating revenue	<u>2,330,730</u>
Operating expenses	
Personnel services	616,832
Operating expenses	586,929
Depreciation and amortization	338,924
Total operating expenses	<u>1,542,685</u>
Operating income	<u>788,045</u>
Nonoperating revenues (expenses)	
Interest income	409,426
Interest expense	(273,169)
Total nonoperating revenues (expenses)	<u>136,257</u>
Income before contributions and transfers	<u>924,302</u>
Change in net position	924,302
Total net position, beginning	<u>7,551,624</u>
Total net position, ending	<u><u>\$ 8,475,926</u></u>

TOWN OF EDISTO BEACH
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
YEAR ENDED JUNE 30, 2024

Cash flows from operating activities

Receipts from customers	\$ 3,009,858
Payments to suppliers	(427,995)
Payments to employees	(636,552)
Net cash provided by operating activities	1,945,311

Cash flows from capital and related financing activities

Acquisition and construction of capital assets	(309,507)
Interest paid on debt	(274,835)
Principal payments on debt	(215,000)
Due to / due from other funds	(35,292)
Net cash used by capital and related financing activities	(834,634)

Cash flows from investing activities

Interest income	409,426
Net cash provided by investing activities	409,426
Net increase in cash and cash equivalents	1,520,103
Cash and cash equivalents, beginning	6,867,435
Cash and cash equivalents, ending	\$ 8,387,538

Classified As:

Unrestricted assets	\$ 8,036,951
Restricted assets	350,587
	\$ 8,387,538

(CONTINUED)

TOWN OF EDISTO BEACH
STATEMENT OF CASH FLOWS
PROPRIETARY FUND

-CONTINUED-

**Reconciliation of operating income to
net cash provided by operating activities**

Operating income	\$	788,045
Adjustments to reconcile operating income to net cash provided by operating activities		
Depreciation and amortization		338,924
Changes in assets		
Accounts receivable		178,431
Changes in liabilities		
Accounts payable		158,934
Unearned revenue		500,697
Compensated absences		(9,331)
Pension related assets and liabilities		(10,389)
Net cash provided by operating activities	\$	<u>1,945,311</u>

See accompanying notes.

TOWN OF EDISTO BEACH, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2024

1. Summary of Significant Accounting Policies

The Town of Edisto Beach (the “Town”) is located on a barrier island in southeastern South Carolina, approximately 45 miles southwest of the City of Charleston in Colleton County. Bounded by Charleston County to the north, St. Helena Sound to the southwest, and the Atlantic Ocean to the east, Edisto Beach is the barrier island part of Edisto Island which is located landward in Charleston County. Edisto Beach is a coastal barrier island in Colleton County and is located at Latitude 32.487613N, Longitude 80.324402N in the Eastern Standard Time Zone. The Town covers a length of approximately 4.4 miles long and 1.5 miles in width with an estimated full-time population of 1,033. The Town is a political subdivision and municipal corporation of the State. The Town was incorporated December 18, 1970, under the laws of the State of South Carolina and operates under the Council form of government. The Mayor and four council members establish policy for the Town. Administrative functions are directed by the Town Administrator. The Town’s major operations include public safety, water and sewage services, recreational and cultural programs, public works, zoning and building, and general administrative services within the municipality as well as surrounding unincorporated areas of Colleton County.

The financial statements of the Town have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the Town’s accounting policies are described below.

Basis of Presentation

Government-wide Financial Statements

The statement of net position and the statement of activities report information about all activities of the primary government. These statements distinguish between the Town's *governmental* and *business-type activities*. Taxes and other non-exchange transactions primarily finance the governmental activities whereas fees charged to external parties’ finance, in whole or in part, the business-type activities. All of the Town's governmental funds are reported in the government-wide financial statements as governmental activities and all of its enterprise funds are reported as business-type activities. (See the *Fund Financial Statements* subsection which follows for more information about fund types.)

Statement of Activities

The statement of activities presents a comparison between direct expenses and program revenues for the business-type activities of the Town and for each function of the Town's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function.

-CONTINUED-

TOWN OF EDISTO BEACH, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

-CONTINUED-

1. Summary of Significant Accounting Policies (continued)

Government-wide Financial Statements (continued)

Program revenues include fees, fines, and charges paid by the recipients of goods, services, or privileges offered by the programs. The Town classifies as *general revenues* all revenues that are not program revenues, including all taxes and business license fees.

Fund Financial Statements

The fund financial statements provide information about the Town's funds, including its governmental funds and proprietary fund. The Town presents separate statements for each fund category-governmental and proprietary.

Operating and Non-Operating Revenues and Expenses in Proprietary Fund Financial Statements

Enterprise fund distinguishes *operating* revenues and expenses from *non-operating* revenues and expenses. Operating revenues and expenses generally are limited to items resulting from the provision of services and goods in connection with the fund's principal ongoing operations. The Town generally classifies revenues and expenses as operating only if the related cash flows appear in the operating section on the statement of cash flows. Accordingly, grants are reportable as operating revenues only if they are essentially the same as contracts for services (i.e., exchange transactions) and they finance programs that the proprietary fund would not otherwise undertake (i.e., the activity of the grant is inherently part of the operations of the grantor). Conversely, the Town classifies non-exchange transactions as non-operating. This includes all grant revenues except those reportable as operating revenue as described above and those restricted by the grantor for use exclusively for capital purposes. The Town reports as operating most expenses it pays from operating revenues but usually reports interest expense as non-operating.

Fund Accounting

Fund Accounting is the procedure by which resources for various purposes are classified for accounting and reporting purposes into funds that are in accordance with specified activities or objectives in accordance with limitations and restrictions imposed by sources outside the entity and in accordance with directives issued by the governing board.

The Town's funds are classified into two categories - governmental and proprietary.

Governmental Funds

General Fund - The General Fund is the general operating fund of the Town. It is used to account for all financial resources except those required to be accounted for in another fund.

TOWN OF EDISTO BEACH, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

-CONTINUED-

1. **Summary of Significant Accounting Policies (continued)**

Local Accommodations Tax Fund – A special revenue fund, used to account for the accumulation of resources from the 2% fee imposed on the rental of any accommodations within the Town. These funds are to be spent only to support tourism and tourist-related services. This is an unbudgeted fund.

Beach Nourishments – A special revenue fund, used to account for the accumulation of resources for the beach nourishment project. These funds are to be spent only to support the approved beach nourishment project. This is an unbudgeted fund.

Special Revenue Funds - Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than special assessments, expendable trusts, or major capital projects) that are legally (or donor) restricted to expenditures for specified purposes.

Proprietary Funds

Enterprise Fund - Enterprise Funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the cost (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenue earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

Accrual Basis

The Town uses the accrual basis of accounting in reporting its government-wide financial statements, as well as its proprietary fund financial statements. Under the accrual basis, the Town generally records revenues when earned and reasonably measurable and records expenses when a liability is incurred, regardless of the timing of related cash flows. Significant non-exchange transactions, in which the Town gives (or receives) value without directly receiving (or giving) equal value in exchange, include taxes, grants, and donations. The Town recognizes grants, donations and similar items as revenue as soon as it meets all eligibility requirements.

Modified Accrual Basis

The Town uses the modified accrual basis of accounting to report its governmental funds. Under the modified accrual basis, revenues, net of estimated uncollectible amounts, are recognized in the fiscal year when they become susceptible to accrual-that is, as soon as they become both measurable and available to finance current operations or to liquidate liabilities existing at fiscal year-end. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. Principal revenue sources considered susceptible to accrual include taxes, grants, charges for goods and services, and interest earnings.

TOWN OF EDISTO BEACH, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

-CONTINUED-

1. Summary of Significant Accounting Policies (continued)

Under the modified accrual basis, expenditures generally are recorded when a liability is incurred, as under accrual accounting. An exception, however, is that principal and interest on general long-term debt, claims and judgments, and compensated absences, are recognized as expenditures only to the extent they have matured. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources. General capital asset acquisitions are reported as expenditures (rather than as assets) in governmental funds.

The accounting policies of the Town conform to generally accepted accounting principles (GAAP) applicable to its activities as prescribed by the Governmental Accounting Standards Board (GASB), the recognized standard-setting body for GAAP for all state governmental entities. Proprietary fund activities are reported using the accrual basis method of accounting. If measurable, revenue is recognized when earned and expenses when incurred.

Transfers of financial resources among funds are recognized in all affected funds in the period in which the related interfund receivables and payables arise.

Budgets

Budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America. Annual appropriated budgets are adopted for the General Fund and Water and Sewer Enterprise Fund. All annual appropriations lapse at fiscal year-end.

Cash and Cash Equivalents and Investments

Cash includes amounts held in demand deposits. For the purpose of the statement of cash flows, the Town considers all savings and short-term investments purchased with maturities of three months or less to be cash equivalents. State statutes authorize the Town to invest in obligations of the U.S. Treasury, commercial paper, corporate bonds and repurchase agreements. Investments, if any, are reported at fair value.

Accounts Receivable

The accounts receivable of the Water and Sewer Enterprise Fund consist of unpaid user charges for the Town's water and sewer system. Unpaid charges are reported net of an allowance for doubtful accounts, when necessary. Property taxes are due and payable between September 30 and January 15 of the following year after assessment. All taxes outstanding for more than ten years are written off. Personal property taxes are levied by the county on a monthly basis.

TOWN OF EDISTO BEACH, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

-CONTINUED-

1. Summary of Significant Accounting Policies (continued)

Short-Term Interfund Receivables/Payables

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as “due from other funds” or “due to other funds” on their respective financial statements. Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as “internal balances.”

Capital Assets and Depreciation

Capital assets, which include property, plant, equipment, and infrastructure assets, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Additions to capital assets are recorded at cost at the time of purchase. Gifts or contributions are recorded at fair market value at the time received. General infrastructure assets acquired prior to July 1, 2003, are not reported in the basic financial statements.

The Town maintains a \$5,000 threshold for additions to equipment. Buildings are capitalized when the value is \$15,000 or greater. System infrastructure assets represent major expenditures for such items as water and sewer treatment plants and lines. Additions and improvements for water and sewer infrastructure are capitalized when the cost amounts to \$5,000.

Depreciation of exhaustible capital assets has been provided using the straight-line method over the estimated useful lives as follows:

Buildings	40 - 50
Machinery, equipment, and vehicles	5 - 10
Water and sewer system infrastructure	40
Improvements	20
Town infrastructure - sidewalks	50
Town infrastructure - beach nourishment	14

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

TOWN OF EDISTO BEACH, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

-CONTINUED-

1. Summary of Significant Accounting Policies (continued)

Compensated Absences

The Town's general leave policy allows the accumulation of unused vacation leave. Full-time permanent employees are granted vacation benefits in varying amounts to specified maximums depending on tenure with the Town. Generally, after six months of service, employees are entitled to all accrued vacation leave, subject to the specified maximums, upon termination. Employees are not entitled to unused accrued sick leave at termination.

Accumulated annual leave is accrued when incurred in the government-wide financial statements. A liability is recorded in the governmental fund financial statements only when the payment is due to currently terminating employees.

Long-Term Obligations

All long-term obligations to be repaid from governmental and business type resources are reported as liabilities in the government-wide statements. The long-term obligations consist primarily of notes and bonds payable and accrued compensated absences.

Long-term obligations for governmental funds are not reported as liabilities in the fund financial statements. The face value of debts (plus any premiums) are reported as other financing sources and payments of principal and interest are reported as expenditures. The accounting in proprietary funds is the same as it is in the government-wide statements.

For the government-wide statements and proprietary fund statements, bond premiums and discounts are amortized over the life of the issue using the effective interest method. Gains or losses on prior refundings are amortized over the remaining life of the old debt, or the life of the new debt, whichever is shorter. The balance at year end for premiums/discounts is shown as an increase or decrease in the liability section of the statement of net position. The balance at year end for gains/losses is shown as an increase or decrease in the deferred outflows of resources section of the statement of net position. Debt issuance costs are expensed when incurred.

Claims and judgments are recorded as liabilities if all the conditions of Governmental Accounting Standards Board pronouncements are met. The liability and expenditure for claims and judgments are only reported in governmental funds if it has matured. Claims and judgments are recorded in the government-wide statements and proprietary funds as expenses when the related liabilities are incurred.

TOWN OF EDISTO BEACH, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

-CONTINUED-

1. Summary of Significant Accounting Policies (continued)

Deferred Outflows of Resources:

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Town currently reports deferred outflows of resources in the amount of \$564,193 as of June 30, 2024.

Deferred Inflows of Resources

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Town currently reports deferred inflows of resources in the amount of \$235,992 as of June 30, 2024.

Net Position/Fund Balances

Net position is classified and presented in three components in the government-wide financial statements:

Net Investment in Capital Assets – Consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances (excluding unspent bond proceeds) of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

Restricted Net Position – Consists of Net Position with constraints place on their use either by 1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments or, 2) law through constitutional provisions or enabling legislation.

Unrestricted Net Position – All other Net Positions that do not meet the definitions of “restricted” or “net investment in capital assets.”

When both restricted and unrestricted resources are available for use, it is the Town’s policy to use restricted resources first, then unrestricted resources as they are needed.

Fund balance is reported as assigned if the fund balance is constrained by the government’s intent to use the funds for a specific purpose. The Town reports amounts as assigned if constrained through appropriations actions of the legislature. The removal of constraints for assigned funds occurs through the budgetary process.

TOWN OF EDISTO BEACH, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

-CONTINUED-

1. Summary of Significant Accounting Policies (continued)

Net Position/Fund Balances (continued)

Nonspendable fund balance - The nonspendable fund balance classification includes amounts that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash, for example, inventories and prepaid amounts. It also includes the long-term amount of loans and notes receivable, as well as property acquired for resale.

Restricted fund balance - The restricted fund balance classification includes amounts that are either restricted externally by creditors, grantors, contributors, or laws or regulations of other governments or restricted by law through constitutional provisions or enabling legislation.

Committed fund balance - The committed fund balance classification includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the Town’s highest level of decision-making authority. Those committed amounts cannot be used for any other purpose unless the Town removes or changes the specified use by taking the same type of action it employed to previously commit those amounts. Committed fund balances also incorporate contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements. The Town recognizes committed fund balances that have been approved for specific purposes by Town Council before the fiscal year end.

Assigned fund balance - The assigned fund balance classification includes amounts that are constrained by the Town’s intent to be used for specific purposes but are not restricted or committed. The authority for making an assignment is not required to be the Town’s highest level of decision-making authority and as such, the nature of the actions necessary to remove or modify an assignment does not require the Town’s highest level of authority. Assigned fund balance amounts in the Town’s financial statements represent amounts approved by Town Council to be transferred and spent after year end. In the special revenue fund, assigned fund balances represent amounts to be spent for specific purposes.

Unassigned fund balance - The unassigned fund balance classification includes amounts that have not been assigned to other funds and have not been restricted, committed, or assigned for specific purposes within the general fund.

In circumstances where an expenditure is to be made for a purpose for which amounts are available in multiple fund balance classifications, the order in which resources will be expended is as follows: restricted fund balance, followed by committed fund balance, assigned fund balance, and lastly, unassigned fund balance.

TOWN OF EDISTO BEACH, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

-CONTINUED-

1. Summary of Significant Accounting Policies (continued)

Net Position/Fund Balances (continued)

The Town's policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position or fund balances are available. Within the unrestricted fund balance, committed resources would be first applied, when available, followed by assigned resources before unassigned resources are used.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Estimates are used to determine depreciation expense, and the allowance for doubtful accounts among other accounts. Actual results could differ from those estimates.

2. Legal Compliance - Budgets

The Town follows these procedures in establishing the budgetary data reflected in the financial statements:

1. Formal budgetary integration is employed as a management control device during the year for the General Fund, Water and Sewer Enterprise Fund, and Refuse Enterprise Fund.
2. The combined statement of revenues, expenditures, and changes in fund balance-budget and actual for the General Fund presents comparisons of the legally adopted budget with actual data on a GAAP basis.
3. Unused appropriations lapse at the end of the year.
4. The budget amounts shown in the financial statements are the final authorized amounts as revised during the year.
5. Expenditures should not exceed budgeted appropriations at the fund level.

Expenditures approved by Council shall automatically carry amendments to fund appropriations where necessary. Budget amounts reported are as originally adopted, or as amended by the Town Council.

General Fund actual revenue exceeded budgeted revenue by \$1,074,565. General Fund budgeted expenditures exceeded actual expenditures by \$1,644,350.

TOWN OF EDISTO BEACH, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

-CONTINUED-

3. Deposits

At June 30, 2024, the carrying amount of the Town's unrestricted and restricted deposits totaled \$34,995,791 and the bank balance was \$35,016,501 all of which was covered by federal depository insurance or appropriately collateralized in accordance with state law.

4. Investments

State statutes authorize the Town to invest in obligations of the United States and agencies thereof, general obligations of the State of South Carolina or any of its political units, savings and loan associations to the extent that the same are insured by an agency of the federal government, certificates of deposit where the certificates are collaterally secured by securities of the type described above, or deposit accounts with banking institutions. The statutes provide that all authorized investments shall have maturities consistent with the time or times when the invested monies will be needed in cash. Statutes also allow the State Treasurer to assist local governments in investing funds. The Town is under no contractual agreements that restrict investment alternatives.

At June 30, 2024, the Town's unrestricted investments consisted of deposits with the South Carolina Local Government Investment Pool (SCLGIP) in the amount of \$33,754,981. It is the policy of the State Treasurer that the weighted average maturity of the LGIP portfolio not to exceed 60 days. For purposes of financial statement presentation, funds deposited with the SCLGIP and certificates of deposit are classified as cash and cash equivalents.

At June 30, 2024, the Town also had investments restricted for payment of its revenue bond obligations in the amounts of \$350,587. The investments comprise direct obligations of the United States government held by the paying agent in the Town's name.

TOWN OF EDISTO BEACH, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

-CONTINUED-

5. Receivables

Receivables at June 30, 2024, consist of the following:

	Governmental Activities	Business-type Activities	Total
Accounts receivable:			
Property tax	\$ 178,279	\$ -	\$ 178,279
Waste collection billings	131,171	-	131,171
Grant Funds	53,844	-	53,844
Other	363,721	-	363,721
Water and sewer billings	-	276,710	276,710
Gross receivables	727,015	276,710	1,003,725
Less, allowance for uncollectibles	-	-	-
Net receivables	<u>\$ 727,015</u>	<u>\$ 276,710</u>	<u>\$ 1,003,725</u>

Property taxes attached as an enforceable lien on real property as of January 1. Tax bills are processed for the Town by Colleton County and are mailed as soon after September 15th of each year as possible. Taxes are payable without penalty until January 15th. Penalties ranging from 3 to 5% become effective on January 16th, and unpaid taxes are turned over to the County Delinquent Tax Collector for execution on March 17th.

Motor vehicle taxes are also processed for the Town by Colleton County and are assessed and billed on a monthly basis based on information furnished to the County by the South Carolina Department of Transportation. Taxes are due when an individual's annual license tag renewal is due and must be paid to the County before obtaining renewal of registration.

In the governmental fund financial statements, property tax revenues are recognized to the extent that they result in current receivables. At fiscal year end, the receivables represent delinquent taxes. If delinquent taxes are not paid within 60 days of year end, they are recorded as deferred inflows of resources.

In the government-wide financial statements, property taxes receivable and related revenue include all amounts due the Town regardless of when cash is received. Over time, substantially all property taxes are collected.

No allowance provision has been made for uncollectible accounts receivable as such an amount is deemed immaterial.

TOWN OF EDISTO BEACH, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

-CONTINUED-

6. Capital Assets

Capital asset activity for the year ended June 30, 2024, was as follows:

	Beginning Balance	Increases	Decreases / Transfers	Ending Balance
Governmental activities:				
Capital assets, not being depreciated				
Land	\$ 7,151,372	\$ -	\$ -	\$ 7,151,372
Land Improvements	49,999	-	-	49,999
Construction in progress	1,427,232	746,403	-	2,173,635
Total capital assets, not being depreciated	<u>8,628,603</u>	<u>746,403</u>	<u>-</u>	<u>9,375,006</u>
Capital assets, being depreciated				
Buildings	1,170,690	5,710	-	1,176,400
Improvements	1,150,765	-	-	1,150,765
Machinery and Equipment	2,754,473	81,564	(206,528)	2,629,509
Infrastructure - Sidewalks	763,375	-	-	763,375
Infrastructure - Beach Nourishment	14,829,327	-	-	14,829,327
Total capital assets, being depreciated	<u>20,668,630</u>	<u>87,274</u>	<u>(206,528)</u>	<u>20,549,376</u>
Less accumulated depreciation for:				
Buildings	(527,484)	(30,688)	-	(558,172)
Land improvements	(794,970)	(37,569)	206,528	(626,011)
Machinery and equipment	(2,082,143)	(157,359)	-	(2,239,502)
Infrastructure	(6,618,796)	(1,158,913)	-	(7,777,709)
Total accumulated depreciation	<u>(10,023,393)</u>	<u>(1,384,529)</u>	<u>206,528</u>	<u>(11,201,394)</u>
Total capital assets, being depreciated, net	<u>10,645,237</u>	<u>(1,297,255)</u>	<u>-</u>	<u>9,347,982</u>
Governmental activities capital assets, net	<u>\$ 19,273,840</u>	<u>\$ (550,852)</u>	<u>\$ -</u>	<u>\$ 18,722,988</u>

TOWN OF EDISTO BEACH, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

-CONTINUED-

6. Capital Assets (continued)

Depreciation expense was charged to functions/programs as follows:

Governmental activities:	
General government	\$ 40,552
Public Safety	158,745
Public Works	1,346
Recreation and culture	73,747
Beach preservation	1,110,139
Total depreciation - governmental activities	<u>\$ 1,384,529</u>
Business type activities:	
Water and sewer	\$ 338,924
Total depreciation - business type activities	<u>\$ 338,924</u>

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases / Transfers</u>	<u>Ending Balance</u>
Business-type activities:				
Capital assets, not being depreciated				
Land	\$ 290,906	\$ -	\$ -	\$ 290,906
Construction in progress	841,900	246,565	-	1,088,465
Total capital assets, not being depreciated	<u>1,132,806</u>	<u>246,565</u>	<u>-</u>	<u>1,379,371</u>
Capital assets, being depreciated				
Buildings	90,532	-	-	90,532
System infrastructure	12,514,009	-	-	12,514,009
Machinery and equipment	1,000,279	62,942	(38,850)	1,024,371
Total capital assets, being depreciated	<u>13,604,820</u>	<u>62,942</u>	<u>(38,850)</u>	<u>13,628,912</u>
Less accumulated depreciation for:				
Buildings	(90,129)	(404)	-	(90,533)
System infrastructure	(4,397,810)	(293,726)	-	(4,691,536)
Machinery and equipment	(833,658)	(44,794)	38,850	(839,602)
Total accumulated depreciation	<u>(5,321,597)</u>	<u>(338,924)</u>	<u>38,850</u>	<u>(5,621,671)</u>
Total capital assets, being depreciated, net	<u>8,283,223</u>	<u>(275,982)</u>	<u>-</u>	<u>8,007,241</u>
Business-type activities capital assets, net	<u>\$ 9,416,029</u>	<u>\$ (29,417)</u>	<u>\$ -</u>	<u>\$ 9,386,612</u>

6. Capital Assets (continued)

TOWN OF EDISTO BEACH, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

-CONTINUED-

Property with a carrying value of \$5,562,766 at June 30, 2024, is required to be held by the Town in perpetuity for the use of the public.

The Town also owns property with a carrying value of \$615,000 that is required to remain a recreational area and never to be sold by the Town.

7. Interfund Receivables, Payables and Transfers

Interfund transfers:

	General Fund	Accommodations Tax Fund	Hospitality Tax Fund	Tourism Tax Fund	Total
General fund	\$ -	\$ (250,000)	\$ (184,434)	\$ (123,178)	\$ (557,612)
Accommodations tax fund	250,000	-	-	-	250,000
Hospitality tax fund	184,434	-	-	-	184,434
Tourism fund	123,178	-	-	-	123,178
Total transfers	<u>557,612</u>	<u>(250,000)</u>	<u>(184,434)</u>	<u>(123,178)</u>	<u>-</u>

8. Long-Term Debt

The Town has the following long-term debt outstanding as of June 30, 2024:

General Obligation Bonds

\$1,890,000 general obligation bonds of 2021 - due in semi-annual installments beginning in 2021 and concluding in 2037; interest at 2.0% to 5.0%.

\$ 1,545,000

Total general obligation bonds for governmental activities

\$ 1,545,000

8. Long-Term Debt (continued)

TOWN OF EDISTO BEACH, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

-CONTINUED-

Debt service requirements to maturity of the general obligation bonds are as follows:

Year Ending June 30,	Interest	Principal	Total
2025	\$ 50,200	\$ 95,000	\$ 145,200
2026	45,450	100,000	145,450
2027	40,450	105,000	145,450
2028	35,200	110,000	145,200
2029	29,700	110,000	139,700
2030-2034	87,800	495,000	582,800
2035-2037	21,200	530,000	551,200
	<u>\$ 310,000</u>	<u>\$ 1,545,000</u>	<u>\$ 1,855,000</u>

Revenue Bonds

Series 2012 bonds - due in annual installments beginning in 2012 to and concluding in 2042; interest at 1.25% to 4.00% \$ 1,195,000

Series 2017 bonds - due in annual installments beginning in 2018 to and concluding in 2047; interest at 2.00% to 4.00% 6,060,000

Total revenue bonds for business type activities \$ 7,255,000

Debt service requirements to maturity for the revenue bonds are as follows:

June 30,	Interest	Principal	Total
2025	\$ 266,696	\$ 220,000	\$ 486,696
2026	260,074	225,000	485,074
2027	253,225	235,000	488,225
2028	245,050	240,000	485,050
2029	236,525	250,000	486,525
2030-2034	1,040,756	1,390,000	2,430,756
2035-2039	750,319	1,675,000	2,425,319
2040-2044	418,025	1,920,000	2,338,025
2045-2047	89,000	1,100,000	1,189,000
	<u>\$ 3,559,670</u>	<u>\$ 7,255,000</u>	<u>\$ 10,814,670</u>

TOWN OF EDISTO BEACH, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

-CONTINUED-

8. Long-Term Debt (continued)

Changes in long-term liabilities for the year ended June 30, 2024, are as follows:

	Balances as of July 1, 2023	Increases	Decreases	Balances as of June 30, 2024	Due within One Year
Governmental activities:					
General obligation bonds	\$ 1,635,000	\$ -	\$ (90,000)	\$ 1,545,000	\$ 95,000
Bond premiums	214,230	-	(15,302)	198,928	15,302
Compensated absences	16,390	31,593	(16,390)	31,593	31,593
Total governmental activities	\$ 1,865,620	\$ 31,593	\$ (121,692)	\$ 1,775,521	\$ 141,895
Business-type activities:					
Revenue bonds	\$ 7,470,000	\$ -	\$ (215,000)	\$ 7,255,000	\$ 220,000
Bond premiums	116,142	-	(8,014)	108,128	7,834
Bond discounts	(38,083)	-	6,347	(31,736)	(6,347)
Compensated absences	18,767	9,436	(18,767)	9,436	9,436
Total business-type activities	\$ 7,566,826	\$ 9,436	\$ (235,434)	\$ 7,340,828	\$ 230,923
Total activities	\$ 9,432,446	\$ 41,029	\$ (357,126)	\$ 9,116,349	\$ 372,818

9. Pension Plan

South Carolina Retirement System

The majority of employees of the Town are covered by a retirement plan through the South Carolina Retirement System (SCRS), a cost-sharing multiple-employer defined benefit pension plan administered by the Retirement Division of the South Carolina Public Employee Benefit Authority (PEBA), a public employee retirement system. Generally, all full-time or part-time equivalent State employees in a permanent position are required to participate in and contribute to the SCRS as a condition of employment unless exempted by law as provided in Section 9-1-480 of the South Carolina Code of Laws, as amended, or are eligible and elect to participate in the State Optional Retirement Program (ORP). The SCRS plan provides life-time monthly retirement annuity benefits to members as well as disability, survivor options, annual benefit adjustments, death benefits, and incidental benefits to eligible employees and retired members.

The Retirement Division maintains five independent defined benefit plans and issues its own publicly available Annual Comprehensive Financial Report (ACFR) which includes financial statements and required supplementary information. A copy of the separately issued ACFR may be obtained by writing to the South Carolina Public Employee Benefit Authority, P.O. Box 11960, Columbia, South Carolina 29211-1960. Furthermore, the Division and the five pension plans are included in the State of South Carolina's ACFR

TOWN OF EDISTO BEACH, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

-CONTINUED-

9. Pension Plan (continued)

Under the SCRS, Class II members are eligible for a full-service retirement annuity upon reaching age 65 or completion of 28 years of credited service regardless of age. Employees who first became members of the System after June 30, 2012, are considered Class III members and are eligible for a full-service retirement annuity upon reaching age 65 or upon meeting the rule of 90 requirement (i.e., the members age plus the years of service add up to a total of at least 90). The benefit formula for full benefits effective since July 1, 1989, for the SCRS is 1.82 percent of an employee's average final compensation (AFC) multiplied by the number of years of credited service. For Class II members, AFC is the average annual earnable compensation during 12 consecutive quarters and includes an amount for up to 45 days termination pay at retirement for unused annual leave.

For Class III members, AFC is the average annual earnable compensation during 20 consecutive quarters and termination pay for unused annual leave at retirement is not included. Early retirement options with reduced benefits are available as early as age 55 for Class II members and age 60 for Class III members. Class II members are vested for a deferred annuity after five years of earned service. Class III members are vested for a deferred annuity after eight years of earned service. Members qualify for a survivor's benefit upon completion of 15 years of credited service (five years effective January 1, 2002).

Disability annuity benefits are payable to Class II members if they have permanent incapacity to perform regular duties of the member's job and they have at least 5 years of earned service (this requirement does not apply if the disability is a result of a job-related injury). Class III members qualify for disability annuity benefits provided they have a minimum of eight years of credited service. An incidental death benefit equal to an employee's annual rate of compensation is payable upon the death of an active employee with a minimum of one year of credited service or to a working retired contributing member. There is no service requirement for death resulting from actual performance of duties for an active member.

Effective July 1, 2023, employees participating in the SCRS were required to contribute 9.00% of all earnable compensation. The employer contribution rate for SCRS was 18.56%. Included in the total SCRS employer contribution rate is a base retirement contribution of 18.41% and 0.15% contribution rate for the incidental death program. The Town's actual contributions to the SCRS for the years ended June 30, 2024, 2023 and 2022 were approximately \$185,494, \$177,313, and \$149,971, respectively, and equaled the base required retirement contribution rate, excluding surcharge of 18.56% for 2024, 17.56% for 2023, and 16.56% for 2022.

TOWN OF EDISTO BEACH, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

-CONTINUED-

9. Pension Plan (continued)

Police Officers Retirement System

The South Carolina Police Officers Retirement System (PORS) is a cost-sharing multiple employer defined benefit public employee retirement system. Generally, all full-time employees whose principal duties are the preservation of public order or the protection or prevention and control of property destruction by fire are required to participate in and contribute to PORS as a condition of employment. This plan provides lifetime monthly annuity benefits as well as disability, survivor benefits and incidental benefits to eligible employees and retirees. In addition, participating employers in the PORS contribute to the accidental death fund which provides annuity benefits to beneficiaries of police officers and firefighters killed in the actual performance of their duties. These benefits are independent of any other retirement benefits available to the beneficiary.

Under the PORS, Class II members are eligible for a full-service retirement annuity upon reaching age 55 or completion of 25 years of credited service regardless of age. Class III members are eligible for a full-service retirement annuity upon reaching age 55 or 27 years of credited service. The benefit formula for full benefits effective since July 1, 1989, for the SCRS is 2.14 percent of an employee's average final compensation (AFC) multiplied by the number of years of credited service. For Class II members, AFC is the average annual compensation during 12 consecutive quarters and includes an amount for up to 45 days termination pay for unused annual leave.

For Class III members, AFC is the average annual earnable compensation during 20 consecutive quarters and termination pay for unused annual leave at retirement is not included. PORS does not have an early retirement option. Class II members are vested for a deferred annuity after five years of earned service. Class III members are vested for a deferred annuity after eight years of earned service. Members qualify for a survivor's benefit upon completion of 15 years of credited service (five years effective January 1, 2002).

Effective July 1, 2023, employees participating in the PORS were required to contribute 9.75% of all earnable compensation. The employer contribution rate for PORS was 21.04%. Included in the total PORS employer contribution rate is a base retirement contribution of 20.84% and .20% for the incidental death program. The Town's actual contributions to the PORS for the years ended June 30, 2024, 2023, and 2022 were approximately \$151,694, \$139,377, and \$139,956, respectively, and equaled the base required retirement contribution rate, excluding surcharge of 21.04% for 2024, 20.04% for 2023, and 19.04% for 2022.

The amounts paid by the Town for pension and incidental death benefit program contributions are reported as employer contribution expenditures within the applicable functional expenditure categories to which the related salaries are charged.

TOWN OF EDISTO BEACH, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

-CONTINUED-

9. Pension Plan (continued)

Article X, Section 16, of the South Carolina Constitution requires that all State-operated retirement systems be funded on a sound actuarial basis. Title 9 of the South Carolina Code of Laws of 1976, as amended, prescribes requirements relating to membership, benefit, and employee/employer contributions for each retirement system. Employee and employer contribution rates to SCRS and PORS are actuarially determined.

At June 30, 2024, the Town reported \$1,930,930 and \$1,196,413 for its proportionate share of the net pension liabilities of SCRS and PORS, respectively. The net pension liability of the SCRS defined benefit pension plan was determined based on the July 1, 2022, actuarial valuations, using most recent membership data, projected forward to June 30, 2023, and financial information of the pension trust funds as of June 30, 2023, using generally accepted actuarial procedures. The Town's portion of the net pension liability was based on the Town's share of contributions to the pension plan relative to the contributions of all participating entities. At June 30, 2024, the Town's SCRS proportion was 0.008% and its PORS proportion was 0.039%.

At June 30, 2023, the state reported deferred outflows of resources and deferred inflows of resources to pensions from the following sources:

Deferred Outflows of Resources	SCRS	PORS
Differences between expected and actual experience	\$ 33,524	\$ 56,304
Assumption changes	29,585	26,039
Net difference between project and actual investment earnings	-	-
Differences between employer contributions and proportionate share	62,955	18,598
Contributions made from measurement date to June 30, 2024	185,494	151,694
Total deferred outflows of resources	311,558	252,635
Deferred Inflows of Resources		
Differences between expected and actual experience	5,355	14,749
Net difference between projected and actual investment earnings	2,643	2,053
Differences between employer contributions and proportionate share	65,744	145,448
Total deferred inflows of resources	73,742	162,250
Net deferred outflows/(inflows)	\$ 237,816	\$ 90,385

Deferred outflows of \$185,494 and \$151,694 for SCRS and PORS, respectively, reported as resources related to pensions resulting from Town contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2025.

TOWN OF EDISTO BEACH, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

-CONTINUED-

9. Pension Plan (continued)

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expenses as follows:

<u>Year ended June 30,</u>	<u>SCRS</u>	<u>PORS</u>	<u>Net</u>
2025	\$ 18,186	\$ (9,488)	\$ 8,698
2026	(37,422)	(69,078)	(106,500)
2027	72,690	18,508	91,198
2028	(1,132)	(1,251)	(2,383)
	<u>\$ 52,322</u>	<u>\$ (61,309)</u>	<u>\$ (8,987)</u>

The total pension liabilities in the July 1, 2023, actuarial valuation was determined using the following actuarial assumptions applied to all periods included in the measurement:

	<u>SCRS</u>	<u>PORS</u>
Actuarial Cost Method	Entry Age	Entry Age
Actuarial Assumptions:		
Investment Rate or Return	7.00%	7.00%
Projected Salary Increases	3.0% to 11.0%	3.5% to 10.5%
Inflation Rate	2.25%	2.25%
Benefit Adjustments	Lesser of 1% or \$500	Lesser of 1% or \$500

The post-retiree mortality assumption is dependent upon the member's job category and gender. The base mortality assumptions, the 2020 Public Retirees of South Carolina Mortality table (2020 PRSC), was developed using the Systems' mortality experience. These base rates are adjusted for future improvement in mortality using published Scale AA projected from the year 2020. Assumption used in the determination of the June 30, 2023, SCRS and PORS valuations are as follows:

<u>Former Job Class</u>	<u>Males</u>	<u>Females</u>
Educators	2020 PRSC Males multiplied by 95%	2020 PRSC Females multiplied by 94%
General Employees and Members of the General Assembly	2020 PRSC Males multiplied by 97%	2020 PRSC Males multiplied by 107%
Public Safety and Firefighters	2020 PRSC Males multiplied by 127%	2020 PRSC Males multiplied by 107%

TOWN OF EDISTO BEACH, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

-CONTINUED-

9. Pension Plan (continued)

The long-term expected rate of return on pension plan investments for actuarial purposes is based upon the 30-year capital market assumptions. The long-term expected rate of returns represented assumptions developed using an arithmetic building block approach primarily based on consensus expectations and market-based inputs. Expected returns are net of investment fees.

The expected returns, along with the expected inflation rate, form the basis for the target asset allocation adopted at the beginning of the 2022 fiscal year. The long-term expected rate of return is produced by weighting the expected future real rates of return by the target allocation percentage and adding expected inflation and is summarized in the table on the following page. For actuarial purposes, the 7.00 percent assumed annual investment rate of return used in the calculation of the TPL includes a 4.75 percent real rate of return and a 2.25 percent inflation component.

The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Allocation / Exposure	Policy Target	Expected Arithmetic Real Rate of Return	Long Term Expected Portfolio Real Rate of Return
Public Equity	46.00%	6.62%	3.04%
Bonds	26.00%	0.31%	0.08%
Private Equity	9.00%	10.91%	0.98%
Privated Debt	7.00%	6.16%	0.43%
Real Assets	12.00%		
Real Estate	9.00%	6.41%	0.58%
Infrastructure	3.00%	6.62%	0.20%
Total Expected Return	100.00%		5.31%
Inflation for Actuarial Purposes			2.25%
			7.56%

The discount rate used to measure the total pension liability (TPL) was 7.00 percent. The projection of cash flows used to determine the discount rate assumed that contributions from participating employers in SCRS and PORS will be made based on the actuarially determined rates based on provisions in the South Carolina Code of Laws. Based on those assumptions, the Systems' fiduciary net position was projected to be available to make all the projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the TPL.

TOWN OF EDISTO BEACH, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

-CONTINUED-

9. Pension Plan (continued)

The following table represents the Town’s proportionate share of the net SCRS and PORS pension liabilities calculated using the discount rate of 7.00 percent, as well as what the Town’s respective net pension liabilities would be if it were calculated using a discount rate of 1.00 percent lower (6.00 percent) or 1.00 percent higher (8.00 percent) than the current rate.

Plan	1% Decrease 6.00%	Current Rate 7.00%	1% Increase 8.00%
SCRS	\$ 2,494,945	\$ 1,930,930	\$ 1,462,139
PORS	1,687,722	1,196,413	793,971
	\$ 4,182,667	\$ 3,127,343	\$ 2,256,110

10. Risk Management

The Town is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. In order to protect against these losses, the Town purchases insurance. There were no significant reductions in insurance coverage from the previous year. Settled claims have not exceeded insurance coverage for the past three fiscal years. The Town also acquires insurance for job related injury and illness (workers’ compensation) for its employees. Workers’ compensation is insured under a retrospectively rated policy where premiums paid are estimated throughout the year and adjusted subsequent to the policy period based on actual experience. The Town acquires business interruption insurance to cover the loss of revenues. The general fund and the utilities fund each have \$1,000,000 coverage.

11. Commitments and Contingencies

The Town is occasionally involved in legal proceedings (predominately civil suits) and claims with various parties, which arose, in the normal course of business.

Although any litigation has an element of uncertainty, it is management’s opinion that the outcome of litigation pending or threatened, or the combination thereof, will not have a materially adverse effect on the financial position of the Town. No provision has been made in these financial statements for losses, if any, which might result from litigation pending, threatened or the combination thereof because there is no evidence to indicate that a loss expenditure and liability should be recorded at year-end.

The Town participates in several state and federally assisted grant programs. These programs are subject to program compliance audits by the grantors or their representatives periodically.

TOWN OF EDISTO BEACH, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

-CONTINUED-

12. Subsequent events

Subsequent events were evaluated through November 8, 2024, which is the date the financial statements were available for issue. Events occurring after that date have not been evaluated to determine whether a change in the financial statements would be required.

REQUIRED SUPPLEMENTARY INFORMATION

TOWN OF EDISTO BEACH

SCHEDULE OF PROPORTIONATE SHARE OF THE SOUTH CAROLINA
RETIREMENT SYSTEMS NET PENSION LIABILITIES
LAST 10 YEARS*

YEAR ENDED JUNE 30, 2024

<u>South Carolina Retirement System</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	June 30 <u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Town's proportion of the net pension liability	0.007986%	0.007615%	0.008141%	0.008293%	0.008064%	0.007981%	0.008282%	0.007958%	0.008010%	0.008364%
Town's proportionate share of the net pension liability	\$ 1,930,930	\$ 1,846,051	\$ 1,761,796	\$ 2,118,887	\$ 1,841,412	\$ 1,788,374	\$ 1,864,411	\$ 1,699,817	\$ 1,519,135	\$ 1,440,004
Town's covered - employee payroll	\$ 999,434	\$ 1,009,755	\$ 905,622	\$ 917,641	\$ 911,266	\$ 850,450	\$ 827,093	\$ 835,614	\$ 770,629	\$ 751,015
Town's proportionate share of the net pension liability as percentage of covered-employee payroll	193.20%	182.82%	194.54%	230.91%	202.07%	210.29%	225.42%	203.42%	197.13%	191.75%
Plan fiduciary net position as a percentage of the total pension liability	58.60%	57.10%	60.70%	50.71%	54.40%	54.10%	53.30%	52.90%	57.00%	59.90%
						June 30 <u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
<u>Police Officer's Retirement System</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	June 30 <u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Town's proportion of the net pension liability	0.039303%	0.045964%	0.044810%	0.045379%	0.043003%	0.042748%	0.046030%	0.043020%	0.045880%	0.045390%
Town's proportionate share of the net pension liability	\$ 1,196,413	\$ 1,378,447	\$ 1,152,913	\$ 1,504,858	\$ 1,232,448	\$ 1,211,271	\$ 1,260,992	\$ 1,091,115	\$ 999,866	\$ 869,054
Town's covered - employee payroll	\$ 720,979	\$ 695,494	\$ 735,063	\$ 683,869	\$ 693,115	\$ 632,182	\$ 599,069	\$ 628,696	\$ 556,508	\$ 576,940
Town's proportionate share of the net pension liability as percentage of covered-employee payroll	165.94%	198.20%	156.85%	220.05%	177.81%	191.60%	210.49%	173.55%	179.67%	150.63%
Plan fiduciary net position as a percentage of the total pension liability	67.80%	58.79%	70.40%	58.80%	62.70%	61.70%	60.90%	60.40%	64.60%	67.50%

See accompanying notes.

TOWN OF EDISTO BEACH

SCHEDULE OF SOUTH CAROLINA RETIREMENT
SYSTEMS CONTRIBUTIONS
LAST 10 YEARS*

YEAR ENDED JUNE 30, 2024

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>June 30 2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
South Carolina Retirement System										
Contractually required contribution (actuarially determined)	\$ 185,495	\$ 177,313	\$ 149,971	\$ 142,785	\$ 141,793	\$ 123,826	\$ 112,154	\$ 95,344	\$ 85,232	\$ 81,860
Contributions in relation to the actuarially determined contributions	<u>(185,495)</u>	<u>(177,313)</u>	<u>(149,971)</u>	<u>(142,785)</u>	<u>(141,793)</u>	<u>(123,826)</u>	<u>(112,154)</u>	<u>(95,344)</u>	<u>(85,232)</u>	<u>(81,860)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Town's covered-employee payroll	\$ 999,434	\$ 1,009,755	\$ 905,622	\$ 917,641	\$ 911,266	\$ 850,450	\$ 827,093	\$ 835,614	\$ 770,629	\$ 751,015
Contributions as a percentage of covered-employee payroll	18.56%	17.56%	16.56%	15.56%	15.56%	14.56%	13.56%	11.56%	11.06%	10.90%
Police Officer's Retirement System										
Contractually required contribution (actuarially determined)	\$ 151,694	\$ 139,377	\$ 139,956	\$ 123,370	\$ 125,038	\$ 107,724	\$ 97,289	\$ 87,012	\$ 75,351	\$ 76,214
Contributions in relation to the actuarially determined contributions	<u>(151,694)</u>	<u>(139,377)</u>	<u>(139,956)</u>	<u>(123,370)</u>	<u>(125,038)</u>	<u>(107,724)</u>	<u>(97,289)</u>	<u>(87,012)</u>	<u>(75,351)</u>	<u>(76,214)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Town's covered-employee payroll	\$ 720,979	\$ 695,494	\$ 735,063	\$ 683,869	\$ 693,115	\$ 632,182	\$ 599,069	\$ 628,696	\$ 556,508	\$ 576,940
Contributions as a percentage of covered-employee payroll	21.04%	20.04%	19.04%	18.04%	18.04%	17.04%	16.24%	14.24%	13.74%	13.41%

See accompanying notes.

OTHER SUPPLEMENTARY INFORMATION

TOWN OF EDISTO BEACH
 COMBINING BALANCE SHEET
 NON-MAJOR GOVERNMENTAL FUNDS

YEAR ENDED JUNE 30, 2024

	Special Revenue Funds					Total Non-Major Governmental Funds
	Hospitality Tax	Tourism Fund	Alcohol Permit Fund	Fire Department I&I Fund	Volunteer Fire Department Fund	
Assets						
Cash and cash equivalents	\$ 723,452	\$ 857,204	\$ 20,998	\$ 79,304	\$ 84,282	\$ 1,765,240
Due from	5,538	138,729	-	-	-	144,267
Total Assets	<u>728,990</u>	<u>995,933</u>	<u>20,998</u>	<u>79,304</u>	<u>84,282</u>	<u>1,909,507</u>
Liabilities						
Accounts payable	3,777	-	-	1,956	68	5,801
Due to	-	44	-	107	16	167
Total Liabilities	<u>3,777</u>	<u>44</u>	<u>-</u>	<u>2,063</u>	<u>84</u>	<u>5,968</u>
Fund Balances						
Restricted	725,213	995,889	20,998	77,241	-	1,819,341
Assigned	-	-	-	-	84,198	84,198
Total Fund Balances	<u>725,213</u>	<u>995,889</u>	<u>20,998</u>	<u>77,241</u>	<u>84,198</u>	<u>1,903,539</u>
Total Liabilities and Fund Balances	<u>\$ 728,990</u>	<u>\$ 995,933</u>	<u>\$ 20,998</u>	<u>\$ 79,304</u>	<u>\$ 84,282</u>	<u>\$ 1,909,507</u>

See accompanying notes.

TOWN OF EDISTO BEACH

COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NON-MAJOR GOVERNMENTAL FUNDS

YEAR ENDED JUNE 30, 2024

	Special Revenue Funds					
	<u>Hospitality Tax</u>	<u>Tourism Fund</u>	<u>Alcohol Permit Fund</u>	<u>Fire Department I&I Fund</u>	<u>Volunteer Fire Department Fund</u>	<u>Total Non-Major Governmental Funds</u>
Revenues						
Accommodations taxes	\$ -	\$ 502,804	\$ -	\$ -	\$ -	\$ 502,804
Hospitality taxes	318,868	-	-	-	-	318,868
Intergovernmental revenues	-	-	11,500	46,832	-	58,332
Donations and special events	-	-	-	-	12,924	12,924
Interest revenues	35,311	36,322	162	366	2,277	74,438
Miscellaneous revenues	2,126	-	-	-	8,694	10,820
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total Revenues	356,305	539,126	11,662	47,198	23,895	978,186
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Expenditures						
Public safety	-	-	-	27,716	43,349	71,065
Recreation and culture	97,495	85,394	23,500	-	-	206,389
Capital outlay	-	-	-	-	5,194	5,194
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total Expenditures	97,495	85,394	23,500	27,716	48,543	282,648
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Excess (deficiency) of Revenues Over Expenditures	258,810	453,732	(11,838)	19,482	(24,648)	695,538
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Other Financing Sources (Uses)						
Transfers out	(184,434)	(123,178)	-	-	-	(307,612)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total Other Financing Sources (Uses)	(184,434)	(123,178)	-	-	-	(307,612)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Net Change in Fund Balances	74,376	330,554	(11,838)	19,482	(24,648)	387,926
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Fund Balances - Beginning	650,837	665,335	32,836	57,759	108,846	1,515,613
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Fund Balances - Ending	\$ 725,213	\$ 995,889	\$ 20,998	\$ 77,241	\$ 84,198	\$ 1,903,539
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

See accompanying notes.

TOWN OF EDISTO BEACH, SOUTH CAROLINA

SCHEDULE OF COURT FINES, FEES, ASSESSMENTS AND SURCHARGES

JUNE 30, 2024

FOR THE STATE TREASURER'S OFFICE:

COUNTY / MUNICIPAL FUNDS COLLECTED	General	Magistrate	Municipal	Total
Court Fines and Assessments:				
Court fines and assessments collected	-	-	30,651	30,651
Court fines and assessments remitted to State Treasurer	-	-	(14,506)	(14,506)
Total Court Fines and Assessments retained	-	-	16,145	16,145
Surcharges and Assessments retained for victim services:				
Surcharges collected and retained	-	-	600	600
Assessments retained	-	-	1,326	1,326
Total Surcharges and Assessments retained for victim services	-	-	1,926	1,926

FOR THE DEPARTMENT OF CRIME VICTIM COMPENSATION (DCVC)

VICTIM SERVICE FUNDS COLLECTED	Municipal	County	Total
Carryforward from Previous Year – Beginning Balance	-	-	-
Victim Service Revenue:			
Victim Service Fines Retained by City/County Treasurer	-	-	-
Victim Service Assessments Retained by City/County Treasurer	1,326	-	1,326
Victim Service Surcharges Retained by City/County Treasurer	600	-	600
Grant Funds Received	-	-	-
Grant from:			
General Funds Transferred to Victim Service Fund	-	-	-
(1) Town of	-	-	-
(2) Town of	-	-	-
(3) City of	-	-	-
Total Funds Allocated to Victim Service Fund + Beginning Balance (A)	1,926	-	1,926
Expenditures for Victim Service Program:			
Operating Expenditures	1,926	-	1,926
Victim Service Contract(s):			
(1) Entity's Name	-	-	-
(2) Entity's Name	-	-	-
Victim Service Donation(s):			
(1) Domestic Violence Shelter:	-	-	-
(2) Rape Crisis Center:	-	-	-
(3) Other local direct crime victims service agency: CASA Family Services	-	-	-
Transferred to General Fund	-	-	-
Total Expenditures from Victim Service Fund/Program (B)	1,926	-	1,926
Total Victim Service Funds Retained by Municipal/County Treasurer (A-B)	-	-	-
Less: Prior Year Fund Deficit Repayment	-	-	-
Carryforward Funds – End of Year	-	-	-

OTHER INFORMATION - STATISTICAL SECTION

TOWN OF EDISTO BEACH

SCHEDULE OF HISTORICAL NET REVENUES AND DEBT SERVICE COVERAGE - WATER AND SEWER FUND

JUNE 30, 2024

	Year ended June 30,											
	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Charges for Services	\$ 2,330,730	\$ 2,310,731	\$ 2,361,759	\$ 2,308,204	\$ 2,032,106	\$ 1,791,832	\$ 1,669,287	\$ 1,503,099	\$ 1,421,099	\$ 1,437,149	\$ 1,394,240	\$ 1,401,371
Interest Income	409,426	256,391	19,825	9,183	92,265	183,192	91,919	23,461	13,701	5,756	4,224	5,859
Miscellaneous Income	-	-	-	-	-	-	150	13,175	-	-	-	13,060
Less: Expenses	(1,781,339)	(1,545,574)	(1,510,557)	(1,464,989)	(1,106,922)	(1,177,996)	(1,155,906)	(1,351,884)	(1,057,653)	(1,112,031)	(1,083,391)	(1,286,512)
Plus: Depreciation	338,924	348,791	357,540	361,063	223,630	182,750	197,393	211,587	199,253	204,234	235,031	232,973
Revenues, Net of Expenses	958,817	1,021,548	871,027	852,398	1,017,449	797,028	605,300	187,851	377,147	330,874	315,073	133,778
Net Revenues	1,297,741	1,370,339	1,228,567	1,213,461	1,241,079	979,778	802,693	399,438	576,400	535,108	550,104	366,751
Total Debt Service / Parity Bonds	489,836	486,257	484,416	485,245	486,075	486,265	467,315	92,450	87,919	88,356	88,794	104,325
Debt Service Coverage Ratio	2.65	2.82	2.54	2.50	2.55	2.01	1.72	4.32	6.56	6.06	6.20	3.52

See accompanying notes.

TOWN OF EDISTO BEACH, SOUTH CAROLINA

SYSTEM STATISTICS

JUNE 30, 2024

General

The Town operates a combined water treatment and distribution system and a wastewater collection and treatment system (the “System”). The water system component of the System consists of three new wells, three reverse osmosis skids, a 300,000-gallon ground storage tank in the water plant, a 100,000-gallon elevated storage tank, a 200,000-gallon ground storage tank, two booster pump stations, and approximately 26 miles of waterline piping.

The Town serves drinking water to approximately 2,464 water customers. The Town also operates a 350,000 gallon per day wastewater treatment lagoon, 13 individual lift stations, and approximately 13 miles of sewer piping. There are approximately 1,078 customers served by the Town’s sewer system.

The service area for water and sewer is the entire municipal limits of the Town, which is four square miles, plus the Edisto Beach State Park and limited other outlying service areas. The Town Council reviews each request for service outside of the municipal limits. There is currently a total of 20 water taps outside of the municipal limits. The service area is comprised mainly of residential dwellings used as vacation homes or rented on a short-term basis during the summer months along with 28 commercial establishments serving the needs of the tourism industry. Also included in the service area is the Edisto Beach State Park which is one of the most heavily visited of the South Carolina State Parks with approximately 372,540 recorded visitors in 2019.

Description of the Water System

The Town began operation of its water system (the “Water System”) in 1970 through the acquisition and consolidation of four privately owned water systems that had previously provided water in its service area. The Town’s Water System has been upgraded, improved, and expanded since that time to serve the growing Town as well as some outside areas. Within the Town, connections to the Water System are mandatory for homes and businesses that are located within 100 feet of the Town’s water main.

The Town maintains and manages its Water System with 6 full-time employees assigned to its operation.

Currently, water services are provided directly to all of the Town’s residences within its incorporated Town limits and several commercial facilities in the adjoining unincorporated areas. There are no wholesale customers of the Water System.

TOWN OF EDISTO BEACH, SOUTH CAROLINA

SYSTEM STATISTICS

-CONTINUED-

Present Water Service Area

The Town’s present water service area includes approximately 7.2 square miles, and consists of Edisto Beach, Edisto Beach State Park, and other unincorporated portions of Colleton County on adjoining Edisto Island.

Water Supply

Prior to the project, the Town had a 100,000-gallon elevated storage tank that was supplied by four wells and two booster pumps. These wells were replaced with three new wells with high service pressure pumps. The Town also has a 200,000-gallon ground storage tank and two additional wells that help meet fluctuating water demands produced by the tourist population. The demand for water in 2017 fluctuated in range from 241,000 gallons per day to 1.6 million gallons per day. The Town is permitted by the South Carolina Department of Health and Environmental Control (“DHEC”) to extract 256 million gallons per year from the six wells. The Water System consists of 138,516 linear feet, or 28.23 miles, of pipe. Pipe widths vary and range from 10-inch water mains (7,336 feet), 8-inch water mains (39,108 feet), 6-inch water mains (67,622 feet), to 2 and 3-inch water lines (35,200 feet). In 2013, the Town added 5,380 linear feet of water line and 6 fire hydrants. In 2016, the Town added 5,370 linear feet of water line and 11 fire hydrants.

The Town’s water supply problems were twofold. The Town’s water is produced from groundwater wells in the Santee Limestone aquifer which contain elevated chloride, fluoride, and sodium concentrations that affect taste and may cause corrosion in the distribution system and residential plumbing and appliances. In addition, the Water System is subjected to high seasonal demands during the summer tourist season which far exceed the demands during winter months. Combining reverse osmosis water treatment with additional supply and storage was the recommended solution to the dual problems of water quality and water supply for the Town.

The following table sets forth the average daily flow for the Water System in each of the last five Fiscal Years.

Fiscal Year	MGD
2020	0.457
2021	0.565
2022	0.543
2023	0.516
2024	0.503

TOWN OF EDISTO BEACH, SOUTH CAROLINA

SYSTEM STATISTICS

-CONTINUED-

The Town's well water supply exceeded State of South Carolina recommended limits on naturally occurring fluoride content of drinking water. The Water System does not, however, exceed U. S. Environmental Protection Agency ("EPA") limits on fluoride in drinking water. Consequently, the Town is under no order or other regulatory action of either the State or federal authorities regarding the fluoride content of its drinking water.

Water System Improvements Funded by Series 2017 Bonds

The new water system was completed in 2020 and consists of three new 10-inch wells approximately 580 feet deep with submersible pumps and variable frequency drive motors and new transmission water main to connect the wells to the treatment plant providing additional water supply and the water supply needed to account for loss of water during the treatment process. Previous drinking water quality was improved by removing fluoride, sodium, and chloride. The new water plant constructed in 2020 houses a new water treatment plant consisting of three reverse osmosis treatment skids each with a permeate capacity of 400 gallons per minute for a combined treatment capacity of 1,600 gallons per minute, including a 20% blend with raw well water, chemical systems, motor control center, emergency generator, high service pumps, control room including a supervisory control, and data acquisition (SCADA) computer control system, office, and restroom. The water treatment discharge line consists of approximately 1,900 feet of line into the Atlantic Ocean. A concrete clearwell was constructed under the treatment plant building providing additional storage of 300,000 gallons. Automatic control valves were installed on the fill line of both the existing elevated storage tank and the ground storage tank to control the filling of the tanks for water demand.

During construction, value engineering led to some modifications. Instead of installing two new 10-inch wells and adding 10,000 feet of new transmission water main to connect older wells to the system, three new 10-inch wells were installed, and the length of the transmission water main was reduced. The clear well was increased from 290,000 to 300,000 gallons.

Description of the Sewer System

Sewer System

The wastewater treatment facility on Edisto Beach was constructed in 1986. Funding was provided through a HUD Community Development Grant and private developers in the Town (Fairfield Ocean Ridge and Marian Associates). The facility consists of an influent static screen, a multi-celled dual power level aerated lagoon consisting of one (1) complete mixed cell, three (3) partially mixed cells, and one (1) settling cell. Following the aerated lagoon, the effluent is disinfected via liquid chlorine and routed through a "V" notch weir for flow measurement to an effluent holding pond. From the effluent holding pond, the water is used for irrigation of the Fairfield Ocean Ridge golf course.

TOWN OF EDISTO BEACH, SOUTH CAROLINA

SYSTEM STATISTICS

-CONTINUED-

Sewer service is provided directly to homes and businesses within the Town's incorporated limits at the option, where feasible, of the home or business owner. Property owners that are being provided sewer service from existing septic tank and tile field systems are not required to tie to the Town's Sewer System if the septic tank and tile field system is operable and being maintained in good working order.

There are currently approximately 1,300 lots served by septic tank and tile field systems, most of which are residential lots. Most of the residential lots are currently served by septic tanks. Property owners who obtain new connections to the Sewer System are required to pay the costs of connection, including the cost of any extension of the Town's wastewater collection lines to accommodate the subject property. There are no wholesale customers of the Sewer System.

Service Area

The Town currently provides sewer service within the approximately 7.2 square miles of its incorporated limits. At this time, the Town has no plans to provide sewer service beyond its present sewer service area.

Wastewater Collection and Treatment Facilities

The Town has 13 lift stations at various locations on the beach. All are pumped via force mains to the wastewater treatment facility located at 2417 Holmes Street. The wastewater facility is a biological aerated lagoon. Microorganisms digest the waste, and the effluent is treated with chlorine and used by Plantation Golf Course (formerly the Fairfield Ocean Ridge Golf Course) for irrigation. The Sewer System's total length of force mains is 23,175 linear feet or 4.38 miles. Of this total, there are 17,275 feet of 4-inch force mains and 5,900 feet of 6-inch force mains. The total length of gravity sewer lines extends 47,999 feet or 9.09 miles. Of this total, there are 3,160 feet of 10-inch gravity mains and 44,839 feet of 8-inch gravity mains. The system contains 269 manholes for servicing. The wastewater system is permitted to treat 350,000 gallons per day. The Town maintains and manages its Sewer System with 6 full-time employees assigned to its operations.

Sewer Moratorium

On April 8, 2021, the Town implemented a sewer tap moratorium for properties that do not have existing sewer certificates until two lift stations are upgraded. This will address deficiencies in the collection system.

Both lift stations have been constructed and the sewer moratorium has been lifted, effective October 10, 2024.

TOWN OF EDISTO BEACH, SOUTH CAROLINA

SYSTEM STATISTICS

-CONTINUED-

The following table sets forth the average daily flow for the Sewer System and the peak daily flow in each of the last five Fiscal Years.

Fiscal Year	Average Daily Flow (MGD)	Peak Flow (MGD)
2020	0.145867	0.363000
2021	0.120335	0.382375
2022	0.092561	0.235464
2023	0.124000	0.328000
2024	0.143000	0.383000

The wastewater treatment facilities are currently reaching about 65% of treatment capacity. The Town does not expect Sewer System usage to require an expansion of the wastewater treatment facilities in the next five Fiscal Years.

Customers

Set forth below are the historical number of water and sewer customers (measured by number of accounts) of the System and the growth during the period of Fiscal Year 2020 through Fiscal Year 2024.

Historical Customer Account				
Fiscal Year	Water	% Increase	Sewer	% Increase
2020	2,394		1,060	
2021	2,414	0.84%	1,066	0.57%
2022	2,445	1.28%	1,073	0.66%
2023	2,462	0.70%	1,078	0.47%
2024	2,464	0.08%	1,081	0.28%

TOWN OF EDISTO BEACH, SOUTH CAROLINA

SYSTEM STATISTICS

-CONTINUED-

Largest Customers

Set forth below is information relating to the ten largest water and sewer customers of the System for the Fiscal Year 2024.

Ten Largest Water Customers
(For Fiscal Year 2024)

Ten Largest Water Customers			
Customer	Product/Use	Approx Annual Water Consumption (Gallons)	Water System Annual Revenues
Wyndham Vacation Resorts	Resort	1,025,480	\$ 4,132
The Marina at Edisto Beach	Marina	765,730	\$ 7,905
Homeowner	Residence	567,830	\$ 2,358
Homeowner	Residence	755,930	\$ 522
Homeowner	Residence	450,960	\$ 2,217
Homeowner	Residence	438,510	\$ 3,272
Whaley's	Restaurant	354,830	\$ 5,994
Pool at Marshpoint	Pool	333,100	\$ 5,085
Homeowner	Residence	290,610	\$ 1,464
Homeowner	Residence	281,550	\$ 2,388
	Total	5,264,530	\$ 35,337

The top ten water customers accounted for 2.8% of current charges for the System in Fiscal Year 2024.

Ten Largest Sewer Customers
(For Fiscal Year 2024)

Ten Largest Sewer Customers		
Customer	Annual Sewer Consumption	System Annual Revenues
Wyndham Vacation Resorts	1,049,480	\$ 4,698
Whaley's	814,260	\$ 3,743
Pool at Marshpoint	689,500	\$ 3,237
Waterfront Restaurant	617,030	\$ 2,943
Wyndham Resorts	398,090	\$ 2,054
Wynhham Vacation Resorts	381,410	\$ 1,986
Homeowner	371,220	\$ 1,243
Commercial Ice Machine	354,110	\$ 1,875
Homeowner	341,380	\$ 1,160
Seacow Eatery	341,350	\$ 1,824
	Total	\$ 22,939

The top ten sewer customers accounted for 3.7% of current charges for the System in Fiscal Year 2024.

OTHER REPORTING

THE BRITTINGHAM GROUP, L.L.P.

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INDEPENDENT AUDITOR’S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

The Mayor and Town Council
The Town of Edisto Beach
Edisto Beach, South Carolina

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the Town of Edisto Beach, South Carolina (the “Town”), as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the Town’s basic financial statements, and have issued our report thereon dated November 8, 2024.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Town’s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town’s internal control. Accordingly, we do not express an opinion on the effectiveness of the Town’s internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity’s financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

The Brittingham Group LLP

West Columbia, South Carolina
November 8, 2024