

City of Isle of Palms, South Carolina

Report on Financial Statements

Year Ended June 30, 2023





City of Isle of Palms, South Carolina
Table of Contents

	<u>Page Number</u>
List of Elected and Appointed Officials	i
<u>Financial Section</u>	
Independent Auditor's Report	1 - 3
Required Supplementary Information (Unaudited)	
Management's Discussion and Analysis	4 - 14
Basic Financial Statements	
<i>Government-wide Financial Statements:</i>	
Statement of Net Position	15
Statement of Activities	16
<i>Fund Financial Statements:</i>	
Balance Sheet – Governmental Funds	17 - 19
Reconciliation of Governmental Fund Balances to Net Position of Governmental Activities	20
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	21 - 23
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	24
Statement of Net Position – Proprietary Fund	25
Statement of Revenues, Expenditures, and Changes in Net Position – Proprietary Fund	26
Statement of Cash Flows – Proprietary Fund	27
Statement of Assets and Liabilities – Fiduciary Fund – Agency Fund	28
<i>Notes to the Financial Statements</i>	29 - 61
Required Supplementary Information other than Management's Discussion and Analysis (Unaudited)	
<u>Budgetary Comparison Schedules:</u>	
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budgets and Actual – General Fund	62
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budgets and Actual – Municipal Accommodations Fee Fund	63
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budgets and Actual – State Accommodations Tax Fund	64

City of Isle of Palms, South Carolina
Table of Contents

Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budgets and Actual – Hospitality Tax Fund	65
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budgets and Actual – Beach Preservation Fund	66
<u>Pension Schedules:</u>	
Schedule of the City’s Proportionate Share of the Net Pension Liability – South Carolina Retirement System	67
Schedule of the City’s Contributions – South Carolina Retirement System	68
Schedule of the City’s Proportionate Share of the Net Pension Liability – South Carolina Police Officers Retirement System	69
Schedule of the City’s Contributions – South Carolina Police Officers Retirement System	70
Supplementary Information	
Combining Balance Sheet – Non-Major Governmental Funds	71
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances – Non-Major Governmental Funds	72
<u>General Fund:</u>	
Schedule of Detailed Revenues and Expenditures – Budget and Actual – General Fund	73 - 80
Schedule of Expenditures by Type – Actual	81 - 83
Schedule of Fines, Assessments, and Surcharges	84 - 85
<u>Compliance Section</u>	
Independent Auditor’s Report – Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	86 - 87
Schedule of Findings and Questioned Costs	88

City of Isle of Palms, South Carolina

List of Elected and Appointed Officials

For the Year Ended June 30, 2023

MAYOR

Phillip Pounds

CITY COUNCIL MEMBERS

Jan Anderson

John Bogosian

Scott Pierce

Blair Hahn

Rusty Streetman

Katie Miars

Jimmy Ward

Kevin Popson

APPOINTED OFFICIALS

City Administrator	Desirée Fragoso
Director of Building, Planning, and Zoning and Deputy City Administrator	Douglas Kerr
Finance Director	Debra Hamilton
City Clerk	Nicole DeNeane
Clerk of Court	Amy Wilkerson
Building Official	William Seabrook
Fire Chief	Craig Oliverius
Chief of Police	Kevin Cornett
Public Works Director	Donnie Pitts
Recreation Director	Karrie Ferrell



Independent Auditor's Report

The Honorable Mayor and Members of City Council
City of Isle of Palms
Isle of Palms, South Carolina

Report on the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Isle of Palms (the City), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City, as of June 30, 2023, and the respective changes in financial position and, where applicable, cash flows thereof 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 (GAAS) 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 City 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

The City's management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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 City'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 GAAS 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 GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- 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.
- 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 City's internal control. Accordingly, no such opinion is expressed.
- 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.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City'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, budgetary comparison information, and pension schedules, as noted in the table of contents, be presented to supplement the basic financial statements. Such information, 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 City's basic financial statements. The accompanying supplementary information, such as the combining and individual non-major fund financial statements and schedule of expenditures of federal awards, schedule of budget to actual detailed revenues and expenditures, schedule of expenditures by type, and schedule of fines, assessments, and surcharges, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supplementary 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. Such 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 accompanying supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 30, 2023 on our consideration of the City'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 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 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 the City's internal control over financial reporting and compliance.

Veris LLC

Mount Pleasant, South Carolina
November 30, 2023



Required Supplementary Information (Unaudited)

City of Isle of Palms, South Carolina
Required Supplementary Information (Unaudited)
Management's Discussion and Analysis
Year Ended June 30, 2023

The management of the City of Isle of Palms (City) offers readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2023 (FY 2023 or 2023) compared to fiscal year ended June 30, 2022 (FY 2022 or 2022). The intent of this discussion and analysis is to look at the City's financial performance as a whole. Readers are encouraged to not only consider the information presented here but also the information provided in the financial statements and notes to the financial statements to enhance their understanding of the City's overall financial performance.

FINANCIAL HIGHLIGHTS

- The assets of the City exceeded its liabilities at the close of the fiscal year by approximately \$53,576,000 (*net position*). Of this amount, approximately \$47,478,000 and \$6,098,000 were related to the City's governmental and business-type activities, respectively. In addition, the City's unrestricted net position (which may be used to meet the City's ongoing obligations to citizens and creditors) was approximately \$10,429,000 for its governmental activities and approximately \$584,000 for its business-type activities.
- The City's total revenues of approximately \$26,871,000 exceeded total expenses of approximately \$18,197,000, resulting in an increase from the prior fiscal year of approximately \$8,674,000 in net position.
- At the close of 2023, the City's governmental funds reported combined ending fund balances of approximately \$38,433,000, an increase of approximately \$6,311,000 over the prior year's fund balances. Approximately 10% of the total fund balance, or roughly \$3,747,000, is available for spending at the City's discretion (*unassigned fund balance*).
- The City added capital assets of approximately \$2,802,000 and \$368,000 for governmental and business-type activities, respectively, during the current fiscal year. Capital asset additions included drainage improvements, vehicles, equipment, field and court improvements and various other capital assets. Capital asset additions were offset by depreciation expense of approximately \$2,169,000 and \$326,000 for governmental and business-type activities, respectively. As capital asset additions were greater than depreciation expense for the year, total capital assets increased by approximately \$675,000 (2%) from FY 2022.
- The City's total debt and lease liability decreased by approximately \$765,000 (6%) due to principal payments made on the City's general obligation bonds being greater than lease liabilities issued during the current fiscal year.
- The City continues to hold an "Aa1" rating from Moody's.

OVERVIEW OF FINANCIAL STATEMENTS

This annual report consists of two parts – *Financial Section* (which includes management's discussion and analysis, the financial statements, the notes to the financial statements, required supplementary information, and supplementary information) and the *Compliance Section*.

City of Isle of Palms, South Carolina
Required Supplementary Information (Unaudited)
Management’s Discussion and Analysis
Year Ended June 30, 2023

Financial Statements

This discussion and analysis is intended to serve as an introduction to the City’s financial statements. The City’s financial statements are comprised of three components; 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. The financial statements present two different views of the City through the use of government-wide statements and fund financial statements.

Government-wide Financial Statements. The financial statements include two statements that present different views of the City. These are designed to provide readers with a broad overview of the City’s finances in a manner similar to a private-sector business. The *statement of net position* presents information on all of the City’s assets and deferred outflows of resources (if any) and liabilities and deferred inflows of resources (if any), with the differences between these items reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating. The *statement of activities* presents information showing how the government’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 change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future periods.

The government-wide financial statements are divided into two categories: 1) governmental activities; and 2) business-type activities. The governmental activities include general government; public safety; building, planning and engineering; public works; recreation; and non-departmental services. Taxes, business licenses, building permits, and state and federal grant revenues finance most of these activities. The business-type activities are the City’s marina operations. The government-wide financial statements can be found as listed in the table of contents.

Fund Financial Statements. The fund financial statements provide a more detailed look at the City’s most significant activities. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like all other governmental entities in South Carolina, uses fund accounting to ensure and reflect compliance with finance-related legal requirements, such as the General Statutes or the City’s budget ordinance. All of the funds of the City can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental Funds – *Governmental funds* are used to account for those functions reported as governmental activities in the government-wide financial statements. Most of the City’s services are accounted for in governmental funds. These funds focus on how assets can readily be converted into cash flow (in and out), and what monies are left at year-end that will be available for spending in the next year. Governmental funds are reported using an accounting method called *modified accrual accounting* which provides a short-term spending focus. As a result, the governmental fund financial statements give the reader a detailed short-term view to determine if there are more or less financial resources available to finance the City’s services. The relationship between *governmental activities* (reported in the government-wide financial statements) and *governmental funds* is described in a reconciliation that is a part of the fund financial statements.

City of Isle of Palms, South Carolina
Required Supplementary Information (Unaudited)
Management's Discussion and Analysis
Year Ended June 30, 2023

The City maintains eight (8) individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenue, expenditures and changes in fund balances for the General Fund, Capital Projects Fund, Municipal Accommodations Fee Fund, State Accommodations Tax Fund, Hospitality Tax Fund, and Beach Preservation Fee Fund – since they are considered major funds. Information from the other two (2) governmental funds is combined into aggregated presentations – non-major governmental funds. Individual fund data for each of these non-major governmental funds are provided in the form of combining schedules elsewhere in this report. The governmental fund financial statements can be found as listed in the table of contents.

Proprietary Funds – The City maintains one type of proprietary fund. *Enterprise Funds* are used to account for operations that (a) are financed and operated in a manner similar to private business enterprises — where the intent of the governing body is that the costs (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 revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes. The City uses an enterprise fund to account for its marina operations. The proprietary fund financial statements can be found as listed in the table of contents.

Fiduciary Funds – Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the City's own programs. *Agency Funds* are used to account for assets the City holds on behalf of others. The City's 1% Volunteer Fire Department Fund is used by the City to account for the receipt and disbursement of funds received from the State relating to the payment of 1% of the premiums received by insurance companies. Agency funds are custodial in nature and do not present results of operations. The financial statement of the fiduciary fund can be found as listed in the table of contents.

Notes to the Financial Statements – The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found as listed in the table of contents.

Other Information – In addition to the financial statements and accompanying notes, this report includes certain required supplementary information. Budgetary comparison schedules have been provided for the General Fund and all of the major special revenue funds with legally adopted budgets to demonstrate compliance with their budgets. Pension schedules have been included to provide information regarding the City's participation in the South Carolina Retirement System and the South Carolina Police Officers Retirement System. Required supplementary information can be found as listed in the table of contents.

Supplementary information, including non-major governmental funds, is presented immediately following the required supplementary information. These schedules can be found as listed in the table of contents.

City of Isle of Palms, South Carolina
Required Supplementary Information (Unaudited)
Management's Discussion and Analysis
Year Ended June 30, 2023

Figure A-1				
Major Features of the City's Government-Wide and Fund Financial Statements				
	Government-Wide	Fund Financial Statements		
	<u>Financial Statements</u>	<u>Governmental Funds</u>	<u>Proprietary Funds</u>	<u>Fiduciary Funds</u>
Scope	Entire City government (except fiduciary funds).	The activities of the City that are not proprietary or fiduciary.	Activities the City operates similar to private businesses, in the City's case, all activities related to the Marina.	Instances in which the City is the trustee or agent for someone else's resources, in the City's case, 1% Volunteer Fire Department Fund.
Required Financial Statements	* Statement of Net Position * Statement of Activities	* Balance Sheet * Statement of Revenues, Expenditures, and Changes in Fund Balances	* Statement of Net Position * Statement of Revenues, Expenses and Changes in Net Position * Statement of Cash Flows	* Statement of Fiduciary Assets and Liabilities
Accounting Basis and Measurement Focus	Accrual accounting and economic resources focus.	Modified accrual accounting and current financial resources focus.	Accrual accounting and economic resources focus.	Accrual accounting and economic resources focus.
Type of Balance Sheet Information	All balance sheet elements - both financial and capital, and short-term and long-term.	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter.	All revenues and expenses during year, regardless of when cash is received or paid.	All revenues and expenses during year, regardless of when cash is received or paid.

City of Isle of Palms, South Carolina
Required Supplementary Information (Unaudited)
Management's Discussion and Analysis
Year Ended June 30, 2023

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. The following table provides a summary of the City's net position as of June 30, 2023 compared to June 30, 2022:

	Governmental Activities		Business-Type Activities		Total	
	2023	2022	2023	2022	2023	2022
Assets						
Current and Other Assets	\$ 43,852,111	\$ 36,332,647	\$ 8,533,569	\$ 7,592,722	\$ 52,385,680	\$ 43,925,369
Capital Assets, Net	24,313,448	23,680,554	9,006,624	8,964,511	33,320,072	32,645,065
Total Assets	68,165,559	60,013,201	17,540,193	16,557,233	85,705,752	76,570,434
Deferred Outflows of Resources:						
Deferred Outflows Related to Pensions	2,124,740	2,058,637	-	-	2,124,740	2,058,637
Liabilities						
Long-Term Obligations	8,009,198	8,888,810	3,492,000	3,745,000	11,501,198	12,633,810
Net Pension Liability	11,165,214	9,514,807	-	-	11,165,214	9,514,807
Other Liabilities	1,168,106	1,296,424	24,357	500,264	1,192,463	1,796,688
Total Liabilities	20,342,518	19,700,041	3,516,357	4,245,264	23,858,875	23,945,305
Deferred Inflows of Resources:						
Deferred Inflows Related to Pensions	298,934	2,232,153	-	-	298,934	2,232,153
Deferred Inflows Related to Leases	-	-	6,425,632	6,463,951	6,425,632	6,463,951
Unearned Grant Revenue	2,170,600	1,085,300	1,500,000	-	3,670,600	1,085,300
Unearned Revenue	-	-	-	-	-	-
Total Deferred Inflows of Resources	2,469,534	3,317,453	7,925,632	6,463,951	10,395,166	9,781,404
Net Position						
Net Investment in Capital Assets	18,614,448	16,945,554	5,514,624	5,219,511	24,129,072	22,165,065
Restricted	18,435,141	13,742,265	-	-	18,435,141	13,742,265
Unrestricted	10,428,658	8,366,525	583,580	628,507	11,012,238	8,995,032
Total Net Position	\$ 47,478,247	\$ 39,054,344	\$ 6,098,204	\$ 5,848,018	\$ 53,576,451	\$ 44,902,362

The City had total assets of approximately \$85,706,000 as of June 30, 2023, an increase of \$9,135,000 for the year. The growth in non-capital assets resulted primarily from the City's strong fiscal performance with total revenues exceeding total expenses by \$8,674,000. Total liabilities as of June 30, 2023 decreased by approximately \$86,000 due primarily to a decrease in the City's Long-Term Obligations.

The City's assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by approximately \$53,576,000 as of June 30, 2023. Approximately 45% of total net position (\$24,129,000) reflects the City's investment in capital assets (i.e., land, buildings, furniture and equipment, infrastructure, etc.) less any related outstanding debt used to acquire those assets. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt generally must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Approximately 34% of net position (\$18,435,000) represents resources that are subject to external restrictions on how they may be used. This portion of the net position is restricted primarily for special revenue programs which are restricted by the revenue source. The remaining portion of the City's net position (21% or \$11,012,000) is unrestricted and may be used to meet the City's ongoing obligations to citizens and creditors.

City of Isle of Palms, South Carolina
Required Supplementary Information (Unaudited)
Management's Discussion and Analysis
Year Ended June 30, 2023

At the end of the current and prior fiscal year, the City is able to report positive balances in all three categories of net position.

The following table shows the changes in the City's net position for 2023 compared to 2022:

	Governmental Activities		Business-Type Activities		Total	
	2023	2022	2023	2022	2023	2022
Revenues:						
Program Revenues:						
Charges for Services	\$ 8,459,627	\$ 8,425,305	\$ 331,694	\$ 304,119	\$ 8,791,321	\$ 8,729,424
Capital Grants and Contributions	140,855	123,139	-	-	140,855	123,139
General Revenues:						
Taxes	15,986,523	14,982,553	-	-	15,986,523	14,982,553
Other	1,578,261	355,490	374,234	220,609	1,952,495	576,099
Total Revenues	26,165,266	23,886,487	705,928	524,728	26,871,194	24,411,215
Expenses:						
General Government	3,470,342	2,915,420	-	-	3,470,342	2,915,420
Public Safety	8,923,106	7,687,193	-	-	8,923,106	7,687,193
Building, Planning and Engineering	451,517	459,281	-	-	451,517	459,281
Public Works	2,605,106	2,526,247	-	-	2,605,106	2,526,247
Recreation	1,360,794	1,345,754	-	-	1,360,794	1,345,754
Non-Departmental	455,766	491,865	-	-	455,766	491,865
Interest on Long-Term Obligations	224,313	211,225	-	-	224,313	211,225
Marina	-	-	706,161	884,115	706,161	884,115
Total Expenses	17,490,944	15,636,985	706,161	884,115	18,197,105	16,521,100
Change in Net Position Before Transfers	8,674,322	8,249,502	(233)	(359,387)	8,674,089	7,890,115
Transfer In (Out)	(250,419)	(249,920)	250,419	249,920	-	-
Change in Net Position	8,423,903	7,999,582	250,186	(109,467)	8,674,089	7,890,115
Net Position, Beginning of Year	39,054,344	31,111,959	5,848,018	5,957,485	44,902,362	37,069,444
Prior Period Restatement	-	(57,197)	-	-	-	(57,197)
Net Position, End of Year	\$ 47,478,247	\$ 39,054,344	\$ 6,098,204	\$ 5,848,018	\$ 53,576,451	\$ 44,902,362

Governmental Activities:

Governmental activities had a net increase in net position of approximately \$8,424,000 in 2023.

Compared to the prior year, total governmental activities revenue increased by approximately \$2,279,000 or 10%. Key changes compared to the prior year were as follows:

- Interest earned on investments in the South Carolina Local Government Investment Pool and on Leases Receivable increased by approximately \$1,268,000 or 405%.
- Revenues from tourism, including accommodations and hospitality taxes, increased by approximately \$564,000 or 6%.

Expenses related to total governmental activities increased by approximately \$1,854,000, or 12%, from the prior year. Key changes as compared to the prior year included merit-based increases, cost-of-living adjustments (COLA) and fringe benefits associated with the payroll cost.

City of Isle of Palms, South Carolina
Required Supplementary Information (Unaudited)
Management's Discussion and Analysis
Year Ended June 30, 2023

Business-Type Activities:

Net position related to business-type activities (i.e., the marina) increased by approximately \$250,000. This increase was primarily due to transfers of \$250,000 for shared cost of the Marina dock.

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

At June 30, 2023, the City's governmental funds reported a combined ending fund balance of approximately \$38,433,000, an increase of approximately \$6,311,000, or 20%, over the prior year's combined fund balance.

Approximately 10% of the total governmental fund balance (\$3,747,000) constitutes unassigned fund balance, which is available for spending at the City's discretion. The remainder of the fund balance is not available for new discretionary spending because it has already been constrained: (1) for tourism-related expenditures or operating expenses incurred to serve tourists (\$9,279,000), (2) for recovery efforts on future disasters (\$3,167,000), (3) for capital projects (\$9,733,000), (4) for debt service (\$590,000), (5) for beach preservation (\$8,346,000), (6) for drainage improvements (\$3,208,000) and (7) for other purposes primarily related to police department initiatives, island beautification, recreation center improvements, victim services, and inventories (\$364,000).

The General Fund is the primary operating fund of the City. At June 30, 2023, the total fund balance was approximately \$7,720,000. As a measure of the General Fund's liquidity, it is useful to compare total unassigned fund balance to total General Fund expenditures. Total unassigned fund balance of the General Fund (\$3,747,000) represents approximately 26% of total General Fund expenditures (\$14,201,000).

Highlights for General Fund revenues and other financing sources were as follows:

- Total General Fund revenues were up by approximately \$590,000 from the prior year. The most significant changes were:
 - Property tax revenue increased by \$280,000, due primarily to new construction.
 - Licenses and permits revenues increased by approximately \$228,000 due mainly to an increase in the number of new licenses issued.
 - Local option sales tax revenues increased by approximately \$73,000 due to continued strong economic activity on the island.

City of Isle of Palms, South Carolina
Required Supplementary Information (Unaudited)
Management's Discussion and Analysis
Year Ended June 30, 2023

- The City supplemented General Fund revenues with tourism-related revenues where appropriate. In FY 2023, \$1,492,000 of tourism-related revenue including the accommodations and hospitality tax funds were transferred into the General Fund to help pay for public safety and public works efforts required for tourism. This is an increase of approximately \$211,000 over FY 2022.

Total General Fund expenditures of \$14,201,000 increased by \$2,182,000, or 18%, over FY 2022. The largest contributor to the increase was employee compensation that increased \$1,401,000 or 14% over FY2022. Expenses related to insurance, fuel, information technology and professional services also had significant increases over the prior year.

The total fund balance of the remaining governmental funds (Capital Projects, Special Revenue, and Non-major Funds) increased by approximately \$5,891,000 from the prior year. Highlights for these funds were as follows:

- The Capital Projects fund earned approximately \$461,000 of interest income on investments. The Capital Projects Fund expended approximately \$1,555,000 during the fiscal year for drainage improvements and the purchase of vehicles, equipment, and various other capital assets. The General Fund transferred approximately \$2,471,000 into the Capital Projects Fund for future capital expenditures. The ending fund balance in the Capital Projects Fund was approximately \$12,941,000.
- The Special Revenue Funds, which are primarily related to tourism, increased revenues by approximately \$1,208,000 compared to the prior year, due to strong tourism activity. The combined ending fund balances of the Special Revenue Funds was approximately \$17,773,000.

Proprietary Fund. The City's proprietary fund provides the same type of information found in the government-wide statements but in more detail. Net position of the Marina Enterprise Fund at the end of FY 2023 amounted to approximately \$6,098,000. Please see "Business-Type Activities" discussion in the previous section for details.

Fiduciary Fund. The Volunteer Fire Department Fund is used by the City to account for the receipt and disbursement of funds received from the State relating to the payment of 1% of the premiums received by fire insurance companies. Agency funds are custodial in nature and do not present results of operations. The Fiduciary Fund had amounts held in custody for others of approximately \$31,000 at June 30, 2023.

General Fund Budgetary Highlights: If budget amendments are made, they generally fall into one of three categories: amendments made to adjust the estimates used to prepare the original budget ordinance once exact information is available; amendments made to recognize new funding amounts from external sources, such as Federal and State grants; and increases in appropriations that become necessary to maintain services. The City did not make any budget amendments during FY 2023.

City of Isle of Palms, South Carolina
Required Supplementary Information (Unaudited)
Management's Discussion and Analysis
Year Ended June 30, 2023

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The City's capital assets as of June 30, 2023 amounted to approximately \$33,320,000. Capital assets primarily include land, construction in progress, buildings, improvements, vehicles, furniture, equipment, and other infrastructure. The City's capital assets (net of depreciation) as of June 30, 2023 and 2022 were as follows:

	Governmental Activities		Business-Type Activities		Total	
	2023	2022	2023	2022	2023	2022
Land	\$ 4,272,896	\$ 4,272,896	\$ 3,035,786	\$ 3,035,786	\$ 7,308,682	\$ 7,308,682
Construction in Progress	2,017,064	1,156,501	79,145	-	2,096,209	1,156,501
Land Improvements	3,936,697	3,762,734	2,129,666	1,932,741	6,066,363	5,695,475
Buildings and Improvements	11,575,156	12,289,382	176,117	186,562	11,751,273	12,475,944
Vehicles and Vehicle Equipment	1,601,145	1,520,820	-	-	1,601,145	1,520,820
Equipment	901,182	677,396	3,163,280	3,355,875	4,064,462	4,033,271
Furniture and Fixtures	9,308	825	422,630	453,547	431,938	454,372
Total	\$ 24,313,448	\$ 23,680,554	\$ 9,006,624	\$ 8,964,511	\$ 33,320,072	\$ 32,645,065

The total increase in the City's capital assets for FY 2023 was approximately \$675,000 or 2%. The increase resulted because capital asset additions for the year were higher than depreciation expense for the year. Major capital asset events during FY 2023 included the following:

- Capital asset additions of approximately \$3,170,000 consisted primarily of:
 - Police, public works, and fire vehicles for approximately \$547,000
 - Equipment for approximately \$459,000
 - Drainage improvements of approximately \$991,000 including the Phase III Drainage project
 - Building improvements related to the Recreation Center and Public Safety Buildings of approximately \$127,000
 - Land improvements related to the construction of pickle ball and basketball courts, beach walkovers and sidewalks of approximately \$669,000.
- Depreciation expense of approximately \$2,169,000 for governmental activities and \$326,000 for business-type activities.

Additional information on the City's capital assets can be found in Notes I and III in the notes to the financial statements.

City of Isle of Palms, South Carolina
Required Supplementary Information (Unaudited)
Management’s Discussion and Analysis
Year Ended June 30, 2023

Right to Use Assets

The City’s right to use assets as of June 30, 2023 amounted to approximately \$2,068,000. Right to use assets primarily include vehicles, and equipment. The City’s right to use assets as of June 30, 2023 and 2022 were as follows:

	Governmental Activities		Business-Type Activities		Total	
	2023	2022	2023	2022	2023	2022
Right of Use Vehicles and Vehicle Equipment	\$ 1,350,014	\$ 1,458,189	\$ -	\$ -	\$ 1,350,014	\$ 1,458,189
Right of Use Equipment - SBITA	717,542	389,479	-	-	717,542	389,479
	\$ 2,067,556	\$ 1,847,668	\$ -	\$ -	\$ 2,067,556	\$ 1,847,668

- Right to use assets of approximately \$2,068,000 consisted primarily of
 - Fire vehicles and equipment of approximately \$1,350,000.
 - Software used by the general government, public safety, building, and parking departments of approximately \$718,000.
- Amortization expense of approximately \$108,000 for right to use assets and amortization expense of approximately \$79,000 for right to use assets obtained through subscription-based information technology arrangements (SBITA), respectively.

Debt Administration and Lease Liability

As of June 30, 2023, the City had total outstanding debt of approximately \$11,478,000. This debt consisted of general obligation bonds (GOB) which are backed by the full faith and credit of the City, leases for a fire ladder truck and a fire engine and various SBITA lease liabilities including police body-worn and in-car camera system. The City’s total debt as of June 30, 2023 and 2022 were as follows:

	Governmental Activities		Business-Type Activities		Total	
	2023	2022	2023	2022	2023	2022
General Obligation Bonds	\$ 5,699,000	\$ 6,735,000	\$ 3,492,000	\$ 3,745,000	\$ 9,191,000	\$ 10,480,000
Lease Liability	2,287,107	1,762,952	-	-	2,287,107	1,762,952
Total	\$ 7,986,107	\$ 8,497,952	\$ 3,492,000	\$ 3,745,000	\$ 11,478,107	\$ 12,242,952

The City’s overall debt and lease liability for FY 2023 decreased by approximately \$765,000 due to principal payments made during FY2023, which included the final payment for debt related to the 2003 Recreation Center addition.

The State of South Carolina limits the amount of general obligation debt that a unit of government can issue to 8% of the total assessed value of taxable property located within that government’s boundaries. The City’s statutory debt limit at June 30, 2023 was approximately \$22,820,000. The City had \$9,191,000 of bonded debt subject to the 8% limit and, thus, as of June 30, 2023 had an unused legal debt margin of approximately \$13,629,000.

Lease liabilities issued during the year for right to use assets were approximately \$323,000.

Additional information regarding the City’s long-term obligations and pension amounts can be found in Note III and Note IV.B, respectively, in the notes to the financial statements.

City of Isle of Palms, South Carolina
Required Supplementary Information (Unaudited)
Management's Discussion and Analysis
Year Ended June 30, 2023

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The City's elected officials and staff considered many factors when setting the fiscal year 2024 (FY 2024 or 2024) budget. The state of the economy, building activity, future capital needs and the best interests of the City's residents were all taken into account.

- **Millage and Property Tax Revenues:** The City's decreased millage rate to 22.3 compared to 23.3 in FY23 is due to a reduction in the debt service of Recreation Center additions.
- **Business Licenses and Building Permits:** The City's 2024 budget for revenues from business licenses and building permits assumes a conservative reduction from 2023 due to the effects of rising interest rates on construction activity.
- **Tourism-Related Revenues:** Total revenues from State Accommodations Tax, Municipal Accommodations Fee, Hospitality Tax and the Beach Preservation Fee are budgeted based on the most recent collections.
- **Salaries and Wages:** The 2024 budget includes a 2.50% provision for merit-based salary and wage adjustments.
- **Capital Outlay:** The 2024 budget includes approximately \$1,300,000 for continued construction of the phase 3 drainage outfall project, \$1,298,000 for other drainage projects identified by the comprehensive drainage plan, and \$1,100,000 FEMA mitigation for the Waterway Blvd multi-use path elevation project. It also includes, \$1,250,000 for renovations to City Hall, \$2,151,000 for IOP Marina public dock, T-Docks and Green-space, \$1,030,000 for police, fire and public works vehicles, and \$200,000 for fire department exhaust systems.

REQUESTS FOR CITY INFORMATION

This financial report is designed to provide a general overview of the City's finances for all those with an interest in the government's financing. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the City Treasurer, Post Office Drawer 508, Isle of Palms, South Carolina 29451. General information about the City can be obtained from the website at www.iop.net.



Basic Financial Statements

Government-wide Financial Statements

City of Isle of Palms, South Carolina
Statement of Net Position
June 30, 2023

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Assets			
Cash and Cash Equivalents	\$ 21,010,096	\$ 1,812,317	\$ 22,822,413
Cash and Cash Equivalents - Restricted	16,928,830	-	16,928,830
Taxes Receivable, Net	141,505	-	141,505
Other Receivables, Net	3,437,889	-	3,437,889
Lease Receivables, Net	-	6,721,252	6,721,252
Due from Other Governments	235,925	-	235,925
Inventory	30,310	-	30,310
Right to Use Leased Assets, Net	1,350,014	-	1,350,014
Right to Use Leased SBIT Assets, Net	717,542	-	717,542
Capital Assets:			
Non-Depreciable	6,289,960	3,114,931	9,404,891
Depreciable, Net	18,023,488	5,891,693	23,915,181
Total Capital Assets	24,313,448	9,006,624	33,320,072
Total Assets	68,165,559	17,540,193	85,705,752
Deferred Outflows of Resources			
Deferred Outflows Related to Pensions	2,124,740	-	2,124,740
Liabilities			
Accounts Payable	692,593	-	692,593
Other Accrued Liabilities	308,162	5,500	313,662
Court Assessments/Victim's Rights Liabilities	85,781	-	85,781
Accrued Interest	81,570	18,857	100,427
Net Pension Liabilities	11,165,214	-	11,165,214
Long-Term Obligations:			
Due Within One Year	1,332,816	258,000	1,590,816
Due In More Than One Year	6,676,382	3,234,000	9,910,382
Total Long-Term Obligations	8,009,198	3,492,000	11,501,198
Total Liabilities	20,342,518	3,516,357	23,858,875
Deferred Inflows of Resources			
Deferred Inflows Related to Pensions	298,934	-	298,934
Unearned Grant Revenue	2,170,600	1,500,000	3,670,600
Deferred Inflows Related to Leases	-	6,425,632	6,425,632
Total Deferred Inflows of Resources	2,469,534	7,925,632	10,395,166
Net Position			
Net Investment in Capital Assets	18,614,448	5,514,624	24,129,072
Restricted for:			
Tourism Related Expenditures	9,278,783	-	9,278,783
Beach Preservation	8,345,723	-	8,345,723
Debt Service	590,319	-	590,319
Victim Services	35,185	-	35,185
Beautification	185,131	-	185,131
Total Restrictions	18,435,141	-	18,435,141
Unrestricted	10,428,658	583,580	11,012,238
Total Net Position	\$ 47,478,247	\$ 6,098,204	\$ 53,576,451

See accompanying notes and independent auditor's report.

City of Isle of Palms, South Carolina
Statement of Activities
Year Ended June 30, 2023

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes In Net Position			
	Expenses	Charges for Services	Operating	Capital	Governmental Activities	Business-Type Activities	Total Primary Government
			Grants and Contributions				
Primary Government:							
Governmental Activities:							
General Government	\$ 3,470,342	\$ -	\$ -	\$ 140,855	\$ (3,329,487)	\$ -	\$ (3,329,487)
Public Safety	8,923,106	254,292	-	-	(8,668,814)	-	(8,668,814)
Building, Planning, and Engineering	451,517	6,629,253	-	-	6,177,736	-	6,177,736
Public Works	2,605,106	-	-	-	(2,605,106)	-	(2,605,106)
Recreation	1,360,794	283,743	-	-	(1,077,051)	-	(1,077,051)
Non-Departmental	455,766	1,292,339	-	-	836,573	-	836,573
Interest on Long-Term Obligations	224,313	-	-	-	(224,313)	-	(224,313)
Total Governmental Activities	17,490,944	8,459,627	-	140,855	(8,890,462)	-	(8,890,462)
Business-Type Activities:							
Marina	706,161	331,694	-	-	-	(374,467)	(374,467)
Total Primary Government	\$ 18,197,105	\$ 8,791,321	\$ -	\$ 140,855	(8,890,462)	(374,467)	(9,264,929)
General Revenues:							
Taxes:							
Property Taxes Levied for General Purposes					4,080,533	-	4,080,533
Property Taxes Levied for Debt Service Purposes					1,136,673	-	1,136,673
Local Option Sales Taxes					1,184,906	-	1,184,906
Hospitality Taxes					1,354,621	-	1,354,621
Accommodations Taxes					8,229,790	-	8,229,790
Total Taxes					15,986,523	-	15,986,523
Intergovernmental					150,147	-	150,147
Interest Income					1,326,075	254,888	1,580,963
Grant Revenue					-	81,082	81,082
Gain on Disposal of Capital Assets					11,890	-	11,890
Other Income					90,149	38,264	128,413
Total Other					1,578,261	374,234	1,952,495
Transfers (Out) In					(250,419)	250,419	-
Total General Revenues and Transfers					17,314,365	624,653	17,939,018
Changes In Net Position					8,423,903	250,186	8,674,089
Net Position, Beginning of Year					39,054,344	5,848,018	44,902,362
Net Position, End of Year					\$ 47,478,247	\$ 6,098,204	\$ 53,576,451

Fund Financial Statements

City of Isle of Palms, South Carolina
Balance Sheet
Governmental Funds
June 30, 2023

	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>Municipal Accom- modations Fee Fund</u>
Assets			
Cash and Cash Equivalents	\$ 8,328,208	\$ 12,681,888	\$ -
Cash and Cash Equivalents - Restricted	93,246	-	3,579,070
Taxes Receivable, Net	141,505	-	-
Accounts Receivable	738,529	-	736,722
Due From:			
Other Governments	235,925	-	-
Other Funds	1,320,557	2,448,350	-
Inventory	30,310	-	-
Total Assets	<u>\$ 10,888,280</u>	<u>\$ 15,130,238</u>	<u>\$ 4,315,792</u>
Liabilities			
Accounts Payable	\$ 127,495	\$ 19,042	\$ 47,670
Other Accrued Liabilities	308,162	-	-
Court Assessments/Victim's Rights Liabilities	85,781	-	-
Due To:			
Other Funds	2,552,952	-	583,050
Total Liabilities	3,074,390	19,042	630,720
Deferred Inflows of Resources			
Unavailable Revenue - Property Taxes	94,224	-	-
Unavailable Revenue - Grants	-	2,170,600	-
Total Deferred Inflows of Resources	94,224	2,170,600	-
Fund Balances			
Nonspendable:			
Inventory	30,310	-	-
Restricted:			
Victim Services	-	-	-
Debt Service	590,319	-	-
Tourism Related Expenditures	-	-	3,685,072
Beach Preservation	-	-	-
Beautification	185,131	-	-
Committed:			
Recovery Efforts on Future Disasters	3,166,745	-	-
Assigned:			
Drainage Improvements	-	3,207,658	-
Recreation Center	-	-	-
Capital Projects	-	9,732,938	-
Unassigned	3,747,161	-	-
Total Fund Balances	<u>7,719,666</u>	<u>12,940,596</u>	<u>3,685,072</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 10,888,280</u>	<u>\$ 15,130,238</u>	<u>\$ 4,315,792</u>

City of Isle of Palms, South Carolina
Balance Sheet
Governmental Funds
June 30, 2023

	<u>State Accom-</u> <u>modations Tax Fund</u>	<u>Hospitality Tax Fund</u>	<u>Beach Preservation</u> <u>Fee Fund</u>
Assets			
Cash and Cash Equivalents	\$ -	\$ -	\$ -
Cash and Cash Equivalents - Restricted	3,627,270	1,572,003	7,910,394
Taxes Receivable, Net	-	-	-
Accounts Receivable	1,343,741	166,565	452,332
Due From:			
Other Governments	-	-	-
Other Funds	-	-	-
Inventory	-	-	-
Total Assets	<u>\$ 4,971,011</u>	<u>\$ 1,738,568</u>	<u>\$ 8,362,726</u>
Liabilities			
Accounts Payable	\$ 448,680	\$ 32,703	\$ 17,003
Other Accrued Liabilities	-	-	-
Court Assessments/Victim's Rights Liabilities	-	-	-
Due To:			
Other Funds	368,271	266,214	-
Total Liabilities	<u>816,951</u>	<u>298,917</u>	<u>17,003</u>
Deferred Inflows of Resources			
Unavailable Revenue - Property Taxes	-	-	-
Unavailable Revenue - Grants	-	-	-
Total Deferred Inflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances			
Nonspendable:			
Inventory	-	-	-
Restricted:			
Victim Services	-	-	-
Debt Service	-	-	-
Tourism Related Expenditures	4,154,060	1,439,651	-
Beach Preservation	-	-	8,345,723
Beautification	-	-	-
Committed:			
Recovery Efforts on Future Disasters	-	-	-
Assigned:			
Drainage Improvements	-	-	-
Recreation Center	-	-	-
Capital Projects	-	-	-
Unassigned	-	-	-
Total Fund Balances	<u>4,154,060</u>	<u>1,439,651</u>	<u>8,345,723</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 4,971,011</u>	<u>\$ 1,738,568</u>	<u>\$ 8,362,726</u>

City of Isle of Palms, South Carolina
Balance Sheet
Governmental Funds
June 30, 2023

	<u>Total Non-Major Funds</u>	<u>Total Governmental Funds</u>
Assets		
Cash and Cash Equivalents	\$ -	\$ 21,010,096
Cash and Cash Equivalents - Restricted	146,847	16,928,830
Taxes Receivable, Net	-	141,505
Accounts Receivable	-	3,437,889
Due From:		
Other Governments	-	235,925
Other Funds	1,580	3,770,487
Inventory	-	30,310
Total Assets	<u>\$ 148,427</u>	<u>\$ 45,555,042</u>
Liabilities		
Accounts Payable	\$ -	\$ 692,593
Other Accrued Liabilities	-	308,162
Court Assessments/Victim's Rights Liabilities	-	85,781
Due To:		
Other Funds	-	3,770,487
Total Liabilities	<u>-</u>	<u>4,857,023</u>
Deferred Inflows of Resources		
Unavailable Revenue - Property Taxes	-	94,224
Unavailable Revenue - Grants	-	2,170,600
Total Deferred Inflows of Resources	<u>-</u>	<u>2,264,824</u>
Fund Balances		
Nonspendable:		
Inventory	-	30,310
Restricted:		
Victim Services	35,185	35,185
Debt Service	-	590,319
Tourism Related Expenditures	-	9,278,783
Beach Preservation	-	8,345,723
Beautification	-	185,131
Committed:		
Recovery Efforts on Future Disasters	-	3,166,745
Assigned:		
Drainage Improvements	-	3,207,658
Recreation Center	113,242	113,242
Capital Projects	-	9,732,938
Unassigned	-	3,747,161
Total Fund Balances	<u>148,427</u>	<u>38,433,195</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 148,427</u>	<u>\$ 45,555,042</u>

City of Isle of Palms, South Carolina
Reconciliation of Governmental Fund Balances to
Net Position of Governmental Activities
June 30, 2023

Total Fund Balances - Governmental Funds	\$	38,433,195
<p>Amounts reported for the governmental activities in the Statement of Net Position are different because of the following:</p>		
<p>Property taxes that will be collected in the future but are not available soon enough to pay for the current period's expenditures are, therefore, deferred in the funds.</p>		94,224
<p>Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds. The cost of the assets was \$45,665,675 and the accumulated depreciation was \$21,352,227.</p>		24,313,448
<p>Right to use assets used in governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds. The cost of the assets and their respective amortization is as noted below:</p>		
Right to use assets	1,556,639	
Accumulated amortization	(206,625)	
Right to use assets - SBITA	839,386	
Accumulated amortization - SBITA	<u>(121,844)</u>	
		2,067,556
<p>The City's proportionate share of the net pension liability, deferred outflows of resources, and deferred inflows of resources related to its participation in the State pension plans are not recorded in the governmental funds but are recorded in the Statement of Net Position.</p>		(9,339,408)
<p>Accrued interest payable is recognized for governmental activities but was not due and payable in the current period and, therefore, is not reported as a liability in the governmental funds.</p>		(81,570)
<p>Long-term obligations (which includes debt and compensated absences) are not due or payable in the current period and, therefore, are not reported in the governmental funds.</p>		
Debt		(5,699,000)
Lease Liabilities		(1,882,303)
Compensated Absences		<u>(427,895)</u>
Total Net Position - Governmental Activities	\$	<u>47,478,247</u>

City of Isle of Palms, South Carolina
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
Year Ended June 30, 2023

	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>Municipal Accom- modations Fee Fund</u>
Revenues			
Property Taxes	\$ 5,176,672	\$ -	\$ -
Local Option Sales Tax	1,184,906	-	-
Hospitality Taxes	-	-	-
Intergovernmental	360,848	-	2,621,205
Licenses and Permits	6,629,253	-	-
Fines and Forfeitures	239,425	-	-
Grant Revenue	10,413	10,442	-
Revenue from Use of Property	1,292,339	-	-
Interest	297,485	461,206	102,396
Other	355,290	-	-
Total Revenues	15,546,631	471,648	2,723,601
Expenditures			
Current:			
General Government	2,049,295	1,156	55,693
Public Safety	7,661,107	62,157	37,289
Building, Planning, and Engineering	630,528	1,916	-
Public Works	1,729,640	25,542	97,528
Recreation	1,055,295	26,544	-
Non-Departmental	95,815	-	264,508
Capital Outlay	857	1,437,930	335,986
Debt Service:			
Principal	812,096	-	165,449
Interest	165,931	-	13,919
Total Expenditures	14,200,564	1,555,245	970,372
Excess (Deficiency) of Revenues Over Expenditures	1,346,067	(1,083,597)	1,753,229
Other Financing Sources (Uses)			
Transfers In	1,345,188	2,471,375	-
Transfers Out	(2,574,397)	-	(583,050)
SBITA Liabilities Issued	291,322	-	31,751
Sale of Capital Assets	11,890	-	-
Total Other Financing Sources (Uses)	(925,997)	2,471,375	(551,299)
Net Changes In Fund Balances	420,070	1,387,778	1,201,930
Fund Balances, Beginning of Year	7,299,596	11,552,818	2,483,142
Fund Balances, End of Year	\$ 7,719,666	\$ 12,940,596	\$ 3,685,072

City of Isle of Palms, South Carolina
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
Year Ended June 30, 2023

	<u>State Accom-</u> <u>modations Tax Fund</u>	<u>Hospitality Tax</u> <u>Fund</u>	<u>Beach Preservation</u> <u>Fee Fund</u>
Revenues			
Property Taxes	\$ -	\$ -	\$ -
Local Option Sales Tax	-	-	-
Hospitality Taxes	-	1,354,621	-
Intergovernmental	3,528,313	-	1,869,571
Licenses and Permits	-	-	-
Fines and Forfeitures	-	-	-
Grant Revenue	-	-	120,000
Revenue from Use of Property	-	-	-
Interest	130,902	56,546	273,625
Other	-	-	-
Total Revenues	<u>3,659,215</u>	<u>1,411,167</u>	<u>2,263,196</u>
Expenditures			
Current:			
General Government	1,214,485	-	102,301
Public Safety	12,555	38,621	-
Building, Planning, and Engineering	-	338	-
Public Works	3,938	238,113	-
Recreation	6,837	37,308	-
Non-Departmental	160,186	1,223	-
Capital Outlay	285,584	432,378	308,998
Debt Service:			
Principal	80,957	181,219	-
Interest	10,958	24,245	-
Total Expenditures	<u>1,775,500</u>	<u>953,445</u>	<u>411,299</u>
Excess (Deficiency) of			
Revenues Over Expenditures	<u>1,883,715</u>	<u>457,722</u>	<u>1,851,897</u>
Other Financing Sources (Uses)			
Transfers In	-	-	-
Transfers Out	(642,811)	(266,214)	-
SBITA Liabilities Issued	-	-	-
Sale of Capital Assets	-	-	-
Total Other Financing Sources (Uses)	<u>(642,811)</u>	<u>(266,214)</u>	<u>-</u>
Net Changes in Fund Balances	<u>1,240,904</u>	<u>191,508</u>	<u>1,851,897</u>
Fund Balances, Beginning of Year	<u>2,913,156</u>	<u>1,248,143</u>	<u>6,493,826</u>
Fund Balances, End of Year	<u>\$ 4,154,060</u>	<u>\$ 1,439,651</u>	<u>\$ 8,345,723</u>

City of Isle of Palms, South Carolina
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
Year Ended June 30, 2023

	Total Non-Major Funds	Total Governmental Funds
Revenues		
Property Taxes	\$ -	\$ 5,176,672
Local Option Sales Tax	-	1,184,906
Hospitality Taxes	-	1,354,621
Intergovernmental	-	8,379,937
Licenses and Permits	-	6,629,253
Fines and Forfeitures	14,867	254,292
Grant Revenue	-	140,855
Revenue from Use of Property	-	1,292,339
Interest	3,915	1,326,075
Other	18,602	373,892
	37,384	26,112,842
Expenditures		
Current:		
General Government	-	3,422,930
Public Safety	8,297	7,820,026
Building, Planning, and Engineering	-	632,782
Public Works	-	2,094,761
Recreation	11,342	1,137,326
Non-Departmental	-	521,732
Capital Outlay	-	2,801,733
Debt Service:		
Principal	-	1,239,721
Interest	-	215,053
	19,639	19,886,064
Excess (Deficiency) of Revenues Over Expenditures	17,745	6,226,778
Other Financing Sources (Uses)		
Transfers In	3,000	3,819,563
Transfers Out	(3,510)	(4,069,982)
SBITA Liabilities Issued	-	323,073
Sale of Capital Assets	-	11,890
	(510)	84,544
Net Changes In Fund Balances	17,235	6,311,322
Fund Balances, Beginning of Year	131,192	32,121,873
Fund Balances, End of Year	\$ 148,427	\$ 38,433,195

City of Isle of Palms, South Carolina
Reconciliation of the Statement of Revenues,
Expenditures, and Changes in Fund Balances of the
Governmental Funds to the Statement of Activities
Year Ended June 30, 2023

Total Net Change In Fund Balances - Governmental Funds	\$	6,311,322
<p>Amounts reported for the governmental activities in the Statement of Activities are different because of the following:</p>		
<p>Property taxes that will be collected in the future, but are not available soon enough to pay for the current period's expenditures are, therefore, deferred in the funds.</p>		40,534
<p>Bond principal and and lease liability payments are expenditures in the governmental funds, but the repayment reduces long-term obligations in the Statement of Net Position.</p>		1,239,721
<p>The issuance of long-term debt provides current financial resources to the governmental funds, but issuing debt increases long-term obligations in the Statement of Net Position.</p>		(323,073)
<p>Interest on long-term obligations in the Statement of Activities differs from the amount reported in the governmental funds because interest is recognized as an expenditure in the funds when it is due and payable and thus requires the use of current financial resources. In the Statement of Activities, however, interest expense is recognized as the interest accrues, regardless of when it is due and payable. This adjustment relates to the change in accrued interest from the prior year.</p>		(9,260)
<p>Governmental funds report the City's pension contributions as expenditures, however in the Statement of Activities, the cost of pension benefits earned net of employee contributions is reported as pension expense. This is the amount by which costs of benefits earned (\$907,964) exceed employee contributions (\$1,256,879).</p>		348,915
<p>Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.</p>		(37,037)
<p>Governmental funds report capital outlay as expenditures. However, in the Statement of Activities, the cost of those assets that are considered capital asset additions is allocated over their estimated useful lives as depreciation expense.</p>		
Capitalized capital outlay in the current period		2,801,733
Depreciation expense in the current period		(2,168,839)
		632,894
<p>In the Statement of Activities, the cost of right to use assets are considered intangible asset additions and are allocated over the lease term or the estimated useful lives of the lease asset as amortization expense</p>		
Right to use leased asset capital outlay expenditures - SBITA		406,630
Amortization expense in the current period		(108,175)
Amortization expense in the current period - SBITA		(78,568)
		219,887
Total Change In Net Position - Governmental Activities	\$	8,423,903

City of Isle of Palms, South Carolina
Statement of Net Position
Proprietary Fund
June 30, 2023

	Marina
	Enterprise Fund
Assets	
Current Assets	
Cash and Cash Equivalents	\$ 1,812,317
Current Leases Receivable	178,202
Interest Receivable	18,154
	2,008,673
Total Current Assets	
Noncurrent Assets	
Capital Assets:	
Land	3,035,786
Construction in Progress	79,145
Land Improvements	3,265,722
Building and Improvements	820,322
Docks	3,993,825
Equipment	626,794
Less: Accumulated Depreciation	(2,814,970)
	9,006,624
Total Capital Assets, Net	9,006,624
Long-term Leases Receivable	6,524,896
	15,531,520
Total Noncurrent Assets	15,531,520
Total Assets	17,540,193
Liabilities	
Current Liabilities	
Accrued Interest	18,857
Security Deposits	5,500
Bond Payable, Current Portion	258,000
	282,357
Total Current Liabilities	282,357
Noncurrent Liabilities	
Bond Payable, Net of Current Portion	3,234,000
	3,516,357
Total Liabilities	3,516,357
Deferred Inflows of Resources	
Unearned Grant Revenue	1,500,000
Deferred Inflows Related to Leases	6,425,632
	7,925,632
Total Deferred Inflows of Resources	7,925,632
Net Position	
Net Investment in Capital Assets	5,514,624
Unrestricted	583,580
	6,098,204
Total Net Position	\$ 6,098,204

City of Isle of Palms, South Carolina
Statement of Revenues, Expenditures, and
Changes in Net Position – Proprietary Fund
Year Ended June 30, 2023

	<u>Marina</u> <u>Enterprise Fund</u>
Operating Revenues	
Lease Income	\$ 316,777
Variable Lease Income	<u>14,917</u>
Total Operating Revenues	331,694
Operating Expenses	
Depreciation	325,832
Insurance	208,707
Professional Services	60,601
Utilities	1,284
Maintenance and Service Contracts	19,611
Advertising	500
Miscellaneous	<u>10,100</u>
Total Operating Expense	<u>626,635</u>
Operating Loss	(294,941)
Non-Operating Revenues (Expenses)	
Interest Income	254,888
Grant Revenue	81,082
Other Income	38,264
Interest Expense	<u>(79,526)</u>
Total Non-Operating Revenues	294,708
Loss Before Transfers	(233)
Transfers In	<u>250,419</u>
Change In Net Position	<u>250,186</u>
Net Position, Beginning of Year	<u>5,848,018</u>
Net Position, End of Year	<u><u>\$ 6,098,204</u></u>

City of Isle of Palms, South Carolina
Statement of Cash Flows
Proprietary Fund
Year Ended June 30, 2023

	<u>Marina</u> <u>Enterprise Fund</u>
Cash Flows From Operating Activities	
Cash Received from Customers	\$ 490,769
Cash Received from Grantors	1,500,000
Cash Paid to Miscellaneous Sources	(120,259)
Cash Payments to Suppliers for Goods and Services	<u>(775,344)</u>
Net Cash Provided By Operating Activities	1,095,166
Cash Flows From Non-Capital Financing Activities	
Transfer from Other Funds	<u>250,419</u>
Net Cash Provided By Non-Capital Financing Activities	250,419
Cash Flows From Capital and Related Financing Activities	
Principal Paid on Bonds	(253,000)
Interest Paid on Bonds	<u>(80,892)</u>
Net Cash Used In Capital and Related Financing Activities	(333,892)
Cash Flows From Investing Activities	
Purchases of Capital Assets	(367,945)
Investment Earnings	<u>254,888</u>
Net Cash Used In Investing Activities	<u>(113,057)</u>
Net Increase In Cash and Cash Equivalents	<u>898,636</u>
Cash and Cash Equivalents, Beginning of Year	<u>913,681</u>
Cash and Cash Equivalents, End of Year	<u>\$ 1,812,317</u>
Reconciliation of Operating Loss to Net Cash from Operating Activities:	
Operating Loss	\$ (294,941)
Adjustments to Reconcile Operating Loss to Net Cash from Operating Activities:	
Depreciation Expense	325,832
Change in:	
Accounts Receivables, Net	31,922
Leases Receivables	(74,133)
Accounts Payable	(474,541)
Unearned Grant Revenue	1,581,082
Other Income	38,264
Deferred Inflows Related to Leases	<u>(38,319)</u>
Net Cash Provided By Operating Activities	<u>\$ 1,095,166</u>

City of Isle of Palms, South Carolina
Statement of Assets and Liabilities
Fiduciary Fund – Agency Fund
June 30, 2023

	<u>Volunteer Fire Department</u>
Assets	
Cash and Cash Equivalents	\$ 31,443
Total Assets	<u>\$ 31,443</u>
Liabilities	
Accounts Payable	\$ 121
Due to Volunteer Fire Department	31,322
Total Liabilities	<u>\$ 31,443</u>

City of Isle of Palms, South Carolina Notes to the Financial Statements

The City of Isle of Palms, South Carolina (the City) encompasses an area of approximately 4.5 square miles. Incorporated in 1953, the City has grown into a recreational center for the coastal area of South Carolina. It serves over 4,100 full-time City residents and hundreds of thousands of tourists annually. The City operates under a Council form of government. The mayor and eight members of council (the Council) establish policy for the City. Administrative functions are directed by the City Administrator.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. The Reporting Entity

The financial statements of the City have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP), as applied to governmental 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 City's accounting policies are described below.

As required by GAAP, the financial statements must present the City's financial information with any of its component units. The primary criterion for determining inclusion or exclusion of a legally separate entity (component unit) is financial accountability, which is presumed to exist if the City both appoints a voting majority of the entity's governing body, and either 1) the City is able to impose its will on the entity or, 2) there is a potential for the entity to provide specific financial benefits to, or impose specific financial burdens on the City. If either or both of the foregoing conditions are not met, the entity could still be considered a component unit if it is fiscally dependent on the City and there is a potential that the entity could either provide specific financial benefits to, or to impose specific financial burdens on the City.

In order to be considered fiscally independent, an entity must have the authority to do all of the following: (a) determine its budget without the City having the authority to approve or modify that budget; (b) levy taxes or set rates or charges without approval by the City; and (c) issue bonded debt without approval by the City.

An entity has a financial benefit or burden relationship with the City if, for example, any one of the following conditions exists: (a) the City is legally entitled to or can otherwise access the entity's resources, (b) the City is legally obligated or has otherwise assumed the obligation to finance the deficits or, provide financial support to, the entity, or (c) the City is obligated in some manner for the debt of the entity. Finally, an entity could be a component unit even if it met all the conditions described above if excluding it would cause the City's financial statements to be misleading.

Blended component units, although legally separate entities, are in substance, part of the government's operations and data from these units are combined with data of the primary government in the fund financial statements. Discretely presented component units, on the other hand, are reported in a separate column in the government-wide financial statements to emphasize they are legally separate from the City. Based on the criteria above, the City does not have any component units.

Major Operations

The City's major operations include general government, public safety (police and fire protection), building, planning and engineering, public works, recreation, and a marina.

City of Isle of Palms, South Carolina Notes to the Financial Statements

B. Measurement Focus, Basis of Accounting, and Basis of Presentation

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the non-fiduciary activities of the City (the Primary Government). The effect of interfund activity has been removed from these statements.

Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*. The comparison of direct expenses with program revenues identifies the extent to which each business segment or governmental function is self-financing or draws from the general revenues of the City.

The **government-wide financial statements** are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the Proprietary Fund and Fiduciary Fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Non-exchange transactions, in which the City gives or receives value without directly receiving or giving equal value in exchange, includes property taxes, grants, and donations. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met.

The government-wide financial statements are prepared using a different measurement focus from the manner in which governmental fund financial statements are prepared (see further detail below). Governmental fund financial statements, therefore, include reconciliations with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

Governmental **fund financial statements** are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. Property taxes, intergovernmental revenues, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be measurable and susceptible to accrual and so have been recognized as revenues of the current fiscal period. For this purpose, the government considers property taxes to be available if they are collected within sixty (60) days of the end of the current fiscal period. A 60-day availability period is used for revenue recognition for all other governmental fund revenue with the exception of certain expenditure driven grants for which a one-year availability period is generally used. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payments are due and payable. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

City of Isle of Palms, South Carolina

Notes to the Financial Statements

Fund financial statements report detailed information about the City. The focus of governmental and enterprise fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. Non-major funds are aggregated and presented in a single column. Fiduciary funds are reported by fund type.

When both restricted and unrestricted resources are available for use, it is the City's practice to use restricted resources first, then unrestricted resources as they are needed.

The accounts of the government are organized and operated on the basis of funds. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used as an aid to management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds is maintained consistent with legal and managerial requirements. The following major and non-major funds and fund types are used by the City.

Governmental fund types are those through which most governmental functions of the City are financed. The City's expendable financial resources and related assets and liabilities (except for those accounted for in Proprietary and Fiduciary Funds) are accounted for through governmental funds. Governmental funds are accounted for using the current financial resources measurement focus and the modified accrual basis of accounting. The City's governmental fund types and major and non-major funds are as follows:

The **General Fund, a major fund** and a budgeted fund, is the general operating fund of the City and accounts for all revenues and expenditures of the City except those required to be accounted for in other funds. All general tax revenues and other receipts that (a) are not allocated by law or contractual agreement to other funds or (b) that have not been restricted, committed, or assigned to other funds are accounted for in the General Fund. General operating expenditures and the capital improvement costs that are not paid through other funds are paid from the General Fund.

Special revenue funds are used to account for and report the proceeds of specific revenue sources (that are expected to continue to comprise a substantial portion of the inflows of the fund) that are restricted or committed to expenditures for specified purposes other than debt service or capital projects. The City has the following special revenue funds:

- i) The **Capital Projects Fund, a major fund** and a budgeted fund, is used to account for financial resources expended for the acquisition or construction of major capital facilities (other than those financed by the Proprietary Fund or Special Revenue Funds). These funds are also used to carry on specified ongoing major improvement projects or major equipment acquisitions usually spanning more than one fiscal year.
- ii) The **Municipal Accommodations Fee Fund, a major fund** and a budgeted fund, is used to account for the accumulation of resources from the fee imposed on the rental of some accommodations within the City and the allocation of Charleston County Accommodations Fees received. These funds are restricted and thus can only be spent for tourism related expenditures.
- iii) The **State Accommodations Tax Fund, a major fund** and a budgeted fund, is used to account for the accumulation of resources from the accommodations taxes levied by the State of South Carolina and remitted to the City. These funds are restricted and thus can only be spent for advertising, promotion, and tourism related expenditures.
- iv) The **Hospitality Tax Fund, a major fund** and a budgeted fund, is used to account for and report the financial resources received and disbursed related to the City's 2% fee imposed on prepared food and beverage sales within the City. These funds are restricted and thus can only be spent for tourism related expenditures.

City of Isle of Palms, South Carolina
Notes to the Financial Statements

- v) The **Beach Preservation Fee Fund, a major fund** and a budgeted fund, is used to account for the accumulation of resources from a 1% accommodations fee imposed on rental property effective January 1, 2015. These funds are restricted and can be used only to support beach restoration, preservation and maintenance, as well as maintenance of public beach access.
- vi) The **Special Revenue Funds, non-major funds**, are used to account for the specific revenue sources (other than major capital projects) that are restricted by donor, law, or administrative actions to expenditures for specified purposes. Most of these funds have a legally adopted budget and any remaining fund balance is generally restricted for the purpose of the specific revenue source. The City has the following non-major special revenue funds:

Victim Assistance

Recreation Building

Proprietary Fund Types are accounted for based on the flow of economic resources measurement focus and use the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred. Proprietary funds are made up of two classes: enterprise funds and internal service funds. The City does not have any internal service funds and has one enterprise fund.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of enterprise funds are primarily charges for services and fees. Operating expenses for enterprise funds include the expense for providing goods and services, administrative expenses, maintenance, and depreciation of capital assets. All revenues and expenses not meeting this definition are reported as non-operating items. Proprietary Fund types include the following funds:

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 costs (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 revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes. The City has one major Enterprise Fund:

The **Marina Enterprise Fund**, a budgeted fund, is used to account for the City's marina operations.

Fiduciary Fund Types include the **Agency Fund**. This fund is used to account for assets held by the City on behalf of individuals, other governments, and/or other funds. The City of Isle of Palms Volunteer Fire Department is accounted for as an Agency Fund. The Agency Fund is custodial in nature and does not present results of operations.

City of Isle of Palms, South Carolina
Notes to the Financial Statements

C. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Equity

1. Cash, Cash Equivalents, and Investments

Cash and Cash Equivalents

The City considers all highly liquid investments (including restricted assets) with original maturities of three months or less when purchased and investments in the South Carolina Local Government Investment Pool to be cash equivalents. Securities with original maturities of more than three months when initially purchased are reported as investments.

Investments

The City's investment policy is designed to operate within existing statutes (which are identical for all funds, fund types, and component units within the State of South Carolina) that authorize the City to invest in the following:

- (a) Obligations of the United States and its agencies, the principal and interest of which is fully guaranteed by the United States.
- (b) Obligations issued by the Federal Financing Bank, Federal Farm Credit Bank, the Bank of Cooperatives, the Federal Intermediate Credit Bank, the Federal Land Banks, the Federal Home Loan Banks, the Federal Home Loan Mortgage Corporation, the Federal National Mortgage Association, the Government National Mortgage Association, the Federal Housing Administration, and the Farmers Home Administration, if, at the time of investment, the obligor has a long-term, unenhanced, unsecured debt rating in one of the top two ratings categories, without regard to a refinement or gradation of rating category by numerical modifier or otherwise, issued by at least two nationally recognized credit rating organizations.
- (c) (i) General obligations of the State of South Carolina or any of its political units; or (ii) revenue obligations of the State of South Carolina or its political units, if at the time of investment, the obligor has a long-term, unenhanced, unsecured debt rating in one of the top two ratings categories, without regard to a refinement or gradation of rating category by numerical modifier or otherwise, issued by at least two nationally recognized credit rating organizations.
- (d) Savings and Loan Associations to the extent that the same are insured by an agency of the federal government.
- (e) Certificates of Deposit (CD's) where the certificates are collaterally secured by securities of the type described in (a) and (b) above held by a third party as escrow agent or custodian, of a market value not less than the amount of the Certificates of Deposit so secured, including interest; provided, however, such collateral shall not be required to the extent the same are insured by an agency of the federal government.
- (f) Repurchase agreements when collateralized by securities as set forth in this section.
- (g) No load open-end or closed-end management type investment companies or investment trusts registered under the Investment Company Act of 1940, as amended, where the investment is made by a bank or trust company or savings and loan association or other financial institution when acting as trustee or agent for a bond or other debt issue of that local government unit, political subdivision, or county treasurer if the particular portfolio of the investment company or investment trust in which the investment is made (i) is limited to obligations described in items (a), (b), (c), and (f) of this subsection, and (ii) has among its objectives the attempt to maintain a constant net asset value of one dollar a share and to that end, value its assets by the amortized cost method.

City of Isle of Palms, South Carolina

Notes to the Financial Statements

The City's cash investment objectives are preservation of capital, liquidity and yield. The City reports its cash and investments at fair market value which is normally determined by quoted market prices. The City currently or in recent past years has generally used the following investments:

- South Carolina Local Government Investment Pool (the Pool) investments are invested with the South Carolina State Treasurer's Office, which established the South Carolina Pool pursuant to Section 6-6-10 of the South Carolina Code. The Pool is an investment trust fund, in which public monies in excess of current needs, which are under the custody of any city treasurer or any governing body of a political subdivision of the State, may be deposited. The Pool is a 2a 7-like pool which is not registered with the Securities and Exchange Commission (SEC) as an investment company, but has a policy that it will operate in a manner consistent with the SEC's Rule 2a 7 of the Investment Company Act of 1940. In accordance with GASB Statement No. 31, *"Accounting and Financial Reporting for Certain Investments and for External Investment Pools,"* investments are carried at fair value determined annually based upon quoted market prices. The total fair value of the Pool is apportioned to the entities with funds invested on an equal basis for each share owned, which are acquired at a cost of \$1.00. Financial statements for the Pool may be obtained by writing the Office of the State Treasurer, Local Government Investment Pool, P.O. Box 11778, Columbia, SC 29211-1960.

2. Receivables and Payables

During the course of its operations, the City has numerous transactions occurring between funds. These transactions include expenditures and transfers of resources to provide services, construct assets, and service debt. The accompanying financial statements generally reflect such transactions as transfers. To the extent that certain transactions between funds had not been paid or received as of year-end, balances of interfund receivables or payables have been recorded.

The City's lease receivable is measured at the present value of lease payments expected to be received during the lease term. Under the lease agreement, the City may receive variable lease payments that are dependent upon the lessee's revenue. The variable payments are recorded as an inflow of resources in the period the payment is received.

A deferred inflow of resources is recorded for the lease. The deferred inflow of resources is recorded at the initiation of the lease in an amount equal to the initial recording of the lease receivable. The deferred inflow of resources is amortized on a straight-line basis over the term of the lease.

All trade and property taxes receivable are shown net of an allowance for uncollectibles.

3. Inventories and Prepaids

Prepaid items and inventories in the governmental funds are reported under the consumption method as they are recorded as an expenditure at the time individual inventory items are consumed. Inventories are valued at cost (first-in, first-out). Inventories in the General Fund are offset by a fund balance constraint (nonspendable) to reflect that portion of fund balance does not represent available expendable resources.

City of Isle of Palms, South Carolina
Notes to the Financial Statements

4. Capital Assets

General capital assets are those assets not specifically related to activities reported in the Proprietary Fund. These capital assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide Statement of Net Position, but are not reported in the fund financial statements. Capital assets utilized by the Proprietary Fund are reported both in the business-type activities column of the government-wide Statement of Net Position and in the respective fund financial statements.

All capital assets are valued at historical cost or estimated historical cost, if actual historical cost is not available. Donated capital assets are valued at their estimated fair market value on the date donated. As allowed by GAAP, the City has elected to prospectively report public domain (infrastructure) general capital assets. Therefore, infrastructure capital assets acquired prior to July 1, 2000 have not been recorded. Public domain capital assets consist of roads, bridges, curbs and gutters, streets, and sidewalks, drainage systems, lighting systems and similar assets. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. The City maintains a minimum capitalization threshold of \$5,000 and capital assets of the City are depreciated using the straight-line method over the following estimated useful lives:

Description	Governmental and Business- Type Activities
Buildings and Improvements	5-40 years
Docks	5-20 years
Land Improvements	3-40 years
Vehicles and Vehicle Equipment	3-15 years
Equipment	4-20 years
Furniture and Fixtures	10-20 years

5. Right to Use Assets

The City has recorded right to use lease assets as a result of implementing GASB 87 and 96. The right to use assets are initially measured at an amount equal to the initial measurement of the related lease liability plus any lease payment made prior to the lease term, less lease incentives, and plus ancillary charges necessary to place the lease into service. The right to use assets are amortized on a straight-line basis over the longer of, the life of the related lease or the life of the underlying asset.

6. Compensated Absences

The City's general leave policy allows the accumulation of unused vacation leave up to a maximum of thirty (30) days and unused sick leave up to a maximum of ninety (90) days. Employees terminating or retiring are paid for accumulated vacation leave based on their hourly rate of pay earned at the time of separation or retirement. Sick leave can only be used while employed with the City and will not be paid out at termination or retirement.

City of Isle of Palms, South Carolina

Notes to the Financial Statements

The City reports compensated absences in accordance with the provisions of GASB Statement No. 16, "Accounting for Compensated Absences." The entire compensated absence liability and expense is reported in the government-wide financial statements. No portion of the liability is applicable to the Proprietary Fund as the City has no employees working in the marina operations. The governmental funds will also recognize compensated absences for terminations and retirements (matured liabilities) that occurred prior to year-end that are expected to be paid within a short time subsequent to year end, if they are material.

7. Accrued Liabilities and Long-Term Obligations

All payables, accrued liabilities, and other long-term obligations are reported in the government-wide financial statements. The portion applicable to the Proprietary Fund is also recorded in the Proprietary Fund financial statements. All current payables and accrued liabilities from governmental funds are reported in the governmental fund financial statements.

In the government-wide financial statements for the Primary Government, long-term debt and other long-term obligations are reported as liabilities on the Statement of Net Position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method that approximates the effective interest method. Bonds payable are reported net of the applicable bond premiums or discount. Bond issuance costs are expensed in the period incurred.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as expenditures.

8. Deferred Outflows and Inflows of Resources

As defined by GASB Concept Statement No. 4 "Elements of Financial Statements," deferred outflows of resources and deferred inflows of resources are the consumption of net assets by the government that are applicable to a future reporting period and an acquisition of net assets by the government that are applicable to a future reporting period, respectively.

In addition to assets, the Statement of Net Position and the Balance Sheet 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 City currently has one type of deferred outflows of resources. The City reports *deferred outflows related to pensions* in its Statement of Net Position in connection with its participation in the South Carolina Retirement System and the South Carolina Police Officers Retirement System. These *deferred outflows related to pensions* are either (a) recognized in the subsequent period as a reduction of the net pension liability (which includes pension contributions made after the measurement date) or (b) amortized in a systematic and rational method as pension expense in future periods in accordance with GAAP.

City of Isle of Palms, South Carolina

Notes to the Financial Statements

In addition to liabilities, the Statement of Net Position and the Balance Sheet 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 City currently has three types of deferred inflows of resources: (1) The City reports *unavailable revenue – property taxes* only in the governmental funds Balance Sheet; it is deferred and recognized as an inflow of resources (property tax revenues) in the period the amounts become available. (2) The City reports *deferred inflows related to pensions* in its Statement of Net Position in connection with its participation in the South Carolina Retirement System and South Carolina Police Officers Retirement System. These *deferred inflows related to pensions* are amortized in a systematic and rational method and recognized as a reduction of pension expense in future periods in accordance with GAAP. (3) The City reports *unearned revenue* in its Statement of Net Position related to revenues collected but not earned in the related period.

9. Fund Balance

In accordance with GAAP, the City classifies its governmental fund balances as follows:

Nonspendable – includes amounts that inherently cannot be spent either because it is not in spendable form (i.e. prepaids, inventories, etc.) or because of legal or contractual requirements (i.e. principal on an endowment, etc.).

Restricted – includes amounts that are constrained by specific purposes which are externally imposed by (a) other governments through laws and regulations, (b) grantors or contributions through agreements, (c) creditors through debt covenants or other contracts, or (d) imposed by law through constitutional provisions or enabling legislation.

Committed – includes amounts that are constrained for specific purposes that are internally imposed by the government through formal action made by the highest level of decision making authority (City Council) before the end of the reporting period. Those committed amounts cannot be used for any other purpose unless the government removes or changes the specified use by taking the same type of action it employed to previously commit those amounts. Committed amounts for the City consist of amounts passed and approved by resolution by City Council (Council).

Assigned – includes amounts that are intended to be used for specific purposes that are neither considered restricted or committed and that such assignments are made before the report issuance date. The City reserves the right to assign fund balance by a simple majority vote of Council. Council, by an approved resolution in its June 26, 2012 meeting, also formally granted the Mayor and City Administrator the right to assign fund balance (when deemed appropriate).

Unassigned – includes amounts that do not qualify to be accounted for and reported in any of the other fund balance categories. This classification represents the amount of fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the General Fund. The General Fund should be the only fund that reports a positive unassigned fund balance amount. In other governmental funds, if expenditures incurred for specific purposes exceeded the amounts of restricted, committed, or assigned to those purposes, it may be necessary to report a negative unassigned fund balance.

City of Isle of Palms, South Carolina

Notes to the Financial Statements

The City generally uses restricted amounts first when both restricted and unrestricted (committed, assigned, and unassigned) fund balance is available unless there are legal documents, contracts, or agreements that prohibit doing such. Additionally, the City generally would first use committed, then assigned, and lastly unassigned amounts of unrestricted fund balance when expenditures are made.

10. Net Position

Net position represents the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources. Net position is classified as net investment in capital assets, restricted, and unrestricted. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Outstanding debt, which has not been spent, is included in the same net position component as the unspent proceeds. Net position is reported as restricted when there are limitations imposed on their use either through enabling legislation or through external restrictions imposed by creditors, grantors, contributors, or laws or regulations of other governments.

11. Pensions

In government-wide financial statements, pensions are required to be recognized and disclosed using the accrual basis of accounting (see Note IV.C and the required supplementary information immediately following the notes to the financial statements for more information), regardless of the amount recognized as pension expenditures on the modified accrual basis of accounting. The City recognizes a net pension liability for each qualified pension plan in which it participates, which represents the excess of the total pension liability over the fiduciary net position of the qualified pension plan, or the City's proportionate share thereof in the case of a cost-sharing multiple-employer plan, measured as of the City's fiscal year-end. Changes in the net pension liability during the period are recorded as pension expense, or as deferred outflows or inflows of resources depending on the nature of the change, in the period incurred. Those changes in net pension liability that are recorded as deferred outflows or inflows of resources that arise from changes in actuarial assumptions or other inputs and differences between expected or actual experience are amortized over the weighted average remaining service life of all participants in the respective qualified pension plan and recorded as a component of pension expense beginning with the period in which they are incurred. Projected earnings on qualified pension plan investments are recognized as a component of pension expense. Differences between projected and actual investment earnings are reported as deferred outflows or inflows of resources and amortized as a component of pension expense on a closed basis over a five-year period beginning with the period in which the difference occurred.

12. Encumbrances

Encumbrance accounting, under which purchase orders, contracts, and other commitments for expenditures are recorded to reflect the use of the applicable spending appropriations, is used by the City during the year to control expenditures. Encumbrances do not constitute expenditures or liabilities. Encumbrances and unused expenditure appropriations lapse at year end.

City of Isle of Palms, South Carolina
Notes to the Financial Statements

D. *Accounting Estimates*

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions. Those estimates and assumptions affect the reported amounts of assets, deferred outflows of resources, liabilities, and deferred inflows of resources and disclosure of these balances as of the date of the financial statements. In addition, they affect the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates and assumptions.

E. *Comparative Data*

Comparative data (i.e. presentation of prior year totals by fund type) has not been presented in each of the statements since their inclusion would make the statements unduly complex and difficult to read.

F. *Subsequent Events*

Subsequent events are events or transactions that occur after the Statement of Net Position date but before the financial statements are available to be issued. The City recognized in the financial statements the effect of all subsequent events that provide additional evidence about conditions that existed at the date of the Statement of Net Position, including estimates inherent in the process of preparing the financial statements. The City's financial statements do not recognize subsequent events that provide evidence about conditions that did not exist at the date of the Statement of Net Position but arose after the Statement of Net Position and before the financial statements were available to be issued.

Management has evaluated subsequent events through the date of the audit report, which is the date the financial statements were available to be issued. Based upon this evaluation, there were no material adjustments to these financial statements.

City of Isle of Palms, South Carolina
Notes to the Financial Statements

II. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Budgetary Information

Budgets are adopted on a GAAP basis. During the months of February through May, the City's Administration, with other departments' input, develops a preliminary budget model for operational and capital expenditures, and develops revenue projections as a proposed means of financing the proposed expenditures. The City Treasurer and the City Administrator refine the budget model, develop objectives and update trends related to service efforts and accomplishments during the month of April. During May, the proposed budget is presented by the City Administrator to City Council. The budget includes proposed expenditures and the means for financing them.

Public meetings are conducted to obtain taxpayer comments. A target date in June is set for legal enactment of the budget through passage of an ordinance. The ordinance sets the limit at the fund level, for which expenditures may not exceed appropriations. After two readings of the budget, the City Council legally adopts the budget through the passage of the ordinance. After the City completes the formal budget process, the City prepares and issues the budget report.

Budget accountability rests primarily with the operating departments of the City. In accomplishing the programs and objectives for which the budget was authorized, department directors are responsible for ensuring that their respective expenditures do not exceed the prescribed funding levels.

For each assigned account, the department is obligated to stay within budget by each major expenditure category of personnel, operating, and capital. The City Administrator has the authority to transfer funds within departments and across departmental accounts. All unused expenditure appropriations lapse at year-end.

During the fiscal year, there were no amendments to the original adopted budget.

III. DETAILED NOTES ON ALL FUNDS AND ACTIVITIES

A. Deposits and Investments

Deposits

Custodial Credit Risk for Deposits: Custodial credit risk for deposits is the risk that, in the event of a bank failure, the City's deposits might not be recovered. The City does not have a deposit policy for custodial credit risk, but follows the investment policy statutes of the State of South Carolina. As of June 30, 2023 none of the City's bank balances were exposed to custodial credit risk.

City of Isle of Palms, South Carolina
Notes to the Financial Statements

Investments

As of June 30, 2023, the City had the following investments:

Investment Type	Fair Value	Credit Rating	Weighted Average Maturity (In Years)
South Carolina Local Government Investment Pool	\$ 38,816,698	Unrated	^

^ Investments in 2a-7 like funds are not required to disclose interest rate risk.

Interest Rate Risk: The City does not have a formal policy limiting investment maturities that would help manage its exposure to fair value losses from increasing interest rates, but they do follow the investment policy statutes of the State of South Carolina.

The City does not typically buy security investments and thus has not developed a policy for credit risk, custodial credit risk, or concentration of credit risk for these types of investments.

Certain cash, cash equivalents, and investments of the City are legally restricted for specified purposes. The major types of restrictions at June 30, 2023 were those imposed by the revenue source (i.e. hospitality tax, accommodation taxes, grants, etc.).

The following table reconciles the amounts reported as deposits and investments in the notes to the financial statements to cash and cash equivalents and investments reported in the financial statements:

Statement of Net Position	Amount
Cash and Cash Equivalents	\$ 22,822,413
Cash and Cash Equivalents - Restricted	16,928,830
Statement of Assets and Liabilities - Fiduciary Funds - Agency Fund	
Cash and Cash Equivalents	31,443
Total Cash and Investments per Financial Statements	<u>\$ 39,782,686</u>
Notes	Amount
Carrying Value of Deposits	\$ 965,988
Investments	38,816,698
Total Deposits and Investments per Notes to the Financial Statements	<u>\$ 39,782,686</u>

City of Isle of Palms, South Carolina
Notes to the Financial Statements

B. Receivables and Unavailable/Unearned Revenue

Property Taxes and Other Receivables

The City's 2022 property taxes were levied on September 30, 2022 and were due beginning on this date based on the assessed valuation on real and personal property (including vehicles) of approximately \$285,251,000 for tax year 2022. Property taxes were considered late on January 15, 2023. Motor vehicle property tax is levied and collected on a portion of taxable vehicles monthly. Penalties and charges are assessed if taxes are not paid by the following dates:

- January 18 through February 1 - 3% penalty for tax due
- February 2 through March 16 - 10% penalty for tax due
- March 17 - Lien Date - 15% penalty for tax due plus \$15 for a delinquent execution charge
- Unpaid Taxes After One Year - Property is sold by the County Tax Collector at the annual tax sale held the first Monday in November each year.

Assessed values are established by the Charleston County Tax Assessor and the South Carolina Tax Commission. The City's total tax rate for the 2022 property tax year was 23.3 mills. City property taxes are billed and collected by Charleston County under a joint billing and collection agreement.

Amounts received by Charleston County, but not yet remitted to the City at year end, are included as Taxes Receivable on the governmental fund balance sheet and on the government-wide Statement of Net Position.

Local option sales taxes, collected by the State of South Carolina, but not yet remitted to the City at year end, are included as due from other governments on the governmental fund balance sheet and on the government-wide Statement of Net Position.

The City's taxes receivable, other receivables, and due from other governments consist of the following as of June 30, 2023:

Description	General Fund	Capital Projects Fund	Accommodations		Beach Preservation Fee Fund	Hospitality Tax Fund	Marina Enterprise Fund	Totals
			Municipal Fee Fund	State Tax Fund				
Property Taxes	\$ 147,555	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 147,555
Allowance for Uncollectible	(6,050)	-	-	-	-	-	-	(6,050)
Local Option Sales Tax	235,925	-	-	-	-	-	-	235,925
Accommodations Taxes	76,973	-	736,722	1,343,741	452,332	-	-	2,609,768
Hospitality Taxes	-	-	-	-	-	166,565	-	166,565
Franchise Fees	63,806	-	-	-	-	-	-	63,806
State Aid to Subdivisions	26,742	-	-	-	-	-	-	26,742
Other	571,008	-	-	-	-	-	-	571,008
Net Receivables	\$ 1,115,959	\$ -	\$ 736,722	\$ 1,343,741	\$ 452,332	\$ 166,565	\$ -	\$ 3,815,319

Receivables of the Marina Enterprise Fund consist of amounts due from the Marina's tenants. There is no allowance for uncollectible amounts other than for property taxes.

City of Isle of Palms, South Carolina
Notes to the Financial Statements

Unavailable/Unearned Revenue

Governmental funds report deferred inflows of resources in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds and Enterprise funds also defer revenue recognition in connection with resources that have been received, but not yet earned (unearned revenue).

At June 30, 2023, the components of unavailable revenue (deferred inflows of resources) and unearned revenue (liability) were as follows:

Description	Fund	Unavailable	Unearned	Total
Property Taxes	General	\$ 94,224	\$ -	\$ 94,224
Total Unavailable/Unearned Revenue		<u>\$ 94,224</u>	<u>\$ -</u>	<u>\$ 94,224</u>

C. Interfund Receivables, Payables, and Transfers

Interfund Receivables and Payables

Interfund balances at June 30, 2023, consisted of the following individual fund receivables and payables:

Fund	Receivables	Payables
Governmental Funds:		
General Fund	\$ 1,320,557	\$ (2,552,952)
Capital Projects Fund	2,448,350	-
Municipal Accommodations Fee Fund	-	(583,050)
State Accommodations Tax Fund	-	(368,271)
Hopitality Tax Fund	-	(266,214)
Non-major Funds	<u>1,580</u>	<u>-</u>
	<u>\$ 3,770,487</u>	<u>\$ (3,770,487)</u>

The General Fund payable and the Capital Projects fund receivable relate to the year-end transfer from the General Fund for future Capital Projects. All interfund balances are expected to be paid back within one year.

City of Isle of Palms, South Carolina
Notes to the Financial Statements

Interfund Transfers

Transfers between funds for the year ended June 30, 2023, consisted of the following:

Fund	Transfer In	Transfer Out
Governmental Funds:		
General Fund	\$ 1,345,188	\$ (2,574,397)
Capital Projects Fund	2,471,375	-
Municipal Accommodations Fee Fund	-	(583,050)
State Accommodations Tax Fund	-	(642,811)
Hospitality Tax Fund	-	(266,214)
Non-major Funds	3,000	(3,510)
Proprietary Fund:		
Marina Enterprise Fund	250,419	-
Totals	<u>\$ 4,069,982</u>	<u>\$ (4,069,982)</u>

Transfers made out of the General Fund were primarily to fund future capital projects. Transfers made out of the Municipal Accommodations Fee Fund were mainly to offset Public Safety and Public Works costs in the General Fund. Transfers made out of the Hospitality Tax Fund were to offset Public Safety costs in the General Fund. Transfers from the State Accommodations Tax Fund were primarily for marina debt service and Public Safety costs.

City of Isle of Palms, South Carolina
Notes to the Financial Statements

D. Capital Assets

Capital asset activity for the City's governmental activities for the year ended June 30, 2023 was as follows:

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Governmental Activities:					
Capital Assets, Non-Depreciable:					
Land	\$ 4,272,896	\$ -	\$ -	\$ -	\$ 4,272,896
Construction in Progress	1,156,501	990,782	-	(130,219)	2,017,064
Total Capital Assets, Non-Depreciable	5,429,397	990,782	-	(130,219)	6,289,960
Capital Assets, Depreciable:					
Land Improvements	7,555,223	668,724	-	5,700	8,229,647
Buildings and Improvements	22,165,740	126,941	-	86,604	22,379,285
Vehicles and Vehicle Equipment	5,200,579	546,673	(42,832)	-	5,704,420
Equipment	2,514,948	458,883	(29,238)	37,915	2,982,508
Furniture and Fixtures	70,125	9,730	-	-	79,855
Total Capital Assets, Depreciable	37,506,615	1,810,951	(72,070)	130,219	39,375,715
Total Capital Assets	42,936,012	2,801,733	(72,070)	-	45,665,675
Less: Accumulated Depreciation for:					
Land Improvements	(3,792,489)	(500,461)	-	-	(4,292,950)
Buildings and Improvements	(9,876,357)	(927,772)	-	-	(10,804,129)
Vehicles and Vehicle Equipment	(3,679,759)	(466,348)	42,832	-	(4,103,275)
Equipment	(1,837,555)	(273,009)	29,238	-	(2,081,326)
Furniture and Fixtures	(69,298)	(1,249)	-	-	(70,547)
Total Accumulated Depreciation	(19,255,458)	(2,168,839)	72,070	-	(21,352,227)
Total Capital Assets, Depreciable, Net	18,251,157	(357,888)	-	130,219	18,023,488
Governmental Activities Capital Assets, Net	<u>\$ 23,680,554</u>	<u>\$ 632,894</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 24,313,448</u>

Capital asset additions and depreciation expense for the City's governmental activities were charged to functions/programs as follows:

Functions/Programs	Capital Asset Additions	Depreciation Expense
Governmental Activities		
General Government	\$ 389,856	\$ 170,341
Public Safety	745,808	1,198,803
Building, Planning, and Engineering	-	12,253
Public Works	1,225,595	544,598
Recreation	440,474	242,844
Total - Governmental Activities	<u>\$ 2,801,733</u>	<u>\$ 2,168,839</u>

City of Isle of Palms, South Carolina
Notes to the Financial Statements

Capital asset activity for the City's business-type activities for the year ended June 30, 2023, was as follows:

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Business-Type Activities:					
Capital Assets, Non-Depreciable:					
Land	\$ 3,035,786	\$ -	\$ -	\$ -	\$ 3,035,786
Construction in Progress	-	79,145	-	-	79,145
Total Capital Assets, Non-Depreciable	3,035,786	79,145	-	-	3,114,931
Capital Assets, Depreciable:					
Land Improvements	2,976,922	288,800	-	-	3,265,722
Buildings and Improvements	820,322	-	-	-	820,322
Docks	3,993,825	-	-	-	3,993,825
Equipment	626,794	-	-	-	626,794
Total Capital Assets, Depreciable	8,417,863	288,800	-	-	8,706,663
Less: Accumulated Depreciation for:					
Land Improvements	(1,044,181)	(91,875)	-	-	(1,136,056)
Buildings and Improvements	(633,760)	(10,445)	-	-	(644,205)
Docks	(637,950)	(192,595)	-	-	(830,545)
Equipment	(173,247)	(30,917)	-	-	(204,164)
Total Accumulated Depreciation	(2,489,138)	(325,832)	-	-	(2,814,970)
Total Capital Assets, Depreciable, Net	5,928,725	(37,032)	-	-	5,891,693
Business-Type Activities Capital Assets, Net	\$ 8,964,511	\$ 42,113	\$ -	\$ -	\$ 9,006,624

E. Long-Term Obligations

General Obligation Bonds

The City issues bonds to provide funds for the acquisition and construction of major capital facilities. General Obligations Bonds (GOBs) are directed obligations and pledge the full faith and credit of the City.

City of Isle of Palms, South Carolina
Notes to the Financial Statements

Details on the City’s debt outstanding as of June 30, 2023 are as follows:

	<u>Principal Outstanding at Year End</u>
General Obligation Bonds	
\$6,700,000 General Obligation Bonds Series 2008 (Series 2008B) issued in August 2008 to defray the cost of constructing and equipping a new public safety building and renovating certain municipal facilities. Principal is payable annually and interest, at 4.14%, semi-annually. Annual debt service requirements range from approximately \$375,000 to \$450,000 through March 2028 and are being paid 100% by the General Fund.	\$ 2,075,000
\$2,235,000 General Obligation Refunding Bond Series 2016 (Series 2016) issued in April 2016 to refund the remaining balance on the \$3,650,000 General Obligation Bond (Series 2006) issued in August 2006 which originally financed the construction and equipping of Fire Station 2. Principal is payable annually and interest, at 1.88%, semi-annually. Annual debt service requirements range from approximately \$243,000 to \$280,000 through June 2026 and are being paid 60% by the General Fund and 40% by the Municipal Accommodations Fee Fund.	790,000
\$4,300,000 General Obligation Bond Series 2020 (Series 2020) issued in November 2020 to defray the cost of the Marina Dock and Bulkhead Project. Principal is payable annually and interest, at 2.16%, semi-annually. Annual debt service requirements is approximately \$333,000 through June 2035 and are being paid by the Marina Enterprise Fund.	3,492,000
\$3,500,000 General Obligation Bond Series 2021 (Series 2021) issued in January 2021 to defray the cost of Phase III of the drainage project. Principal is payable annually and interest, at 1.71%, semi-annually. Annual debt service requirements range from approximately \$236,000 to \$261,000 through June 2035 and are being paid by the General Fund.	<u>2,834,000</u>
Total General Obligation Bonds	<u><u>\$ 9,191,000</u></u>

GOBs have been issued for both governmental and proprietary/enterprise activities. Bonds are reported in the Enterprise Fund if they are expected to be repaid from Enterprise Fund operations.

Interest paid on the debt currently issued by the City is exempt from federal income tax. The City sometimes temporarily reinvests the proceeds of such tax-exempt debt in higher-yielding taxable securities (via the Pool), especially during construction projects. The federal tax code refers to this practice as arbitrage. Excess earnings (the difference between the interest on the debt and the investment earnings received) resulting from arbitrage must be rebated to the federal government. The City had no arbitrage liability at June 30, 2023.

City of Isle of Palms, South Carolina
Notes to the Financial Statements

Debt Service Requirements to Maturity

Presented below are the debt service requirements to maturity for the governmental and business-type activities:

Year Ended June 30,	GOB		Totals
	Principal	Interest	
<u>Governmental Activities</u>			
2024	\$ 840,000	\$ 149,219	\$ 989,219
2025	858,000	125,316	983,316
2026	922,000	101,083	1,023,083
2027	676,000	74,520	750,520
2028	680,000	52,026	732,026
2029-2035	<u>1,723,000</u>	<u>119,820</u>	<u>1,842,820</u>
Totals	<u>\$ 5,699,000</u>	<u>\$ 621,984</u>	<u>\$ 6,320,984</u>
<u>Business-Type Activities</u>			
2024	\$ 258,000	\$ 75,428	\$ 333,428
2025	264,000	69,854	333,854
2026	269,000	64,152	333,152
2027	275,000	58,342	333,342
2028	281,000	52,402	333,402
2029-2035	<u>2,145,000</u>	<u>189,302</u>	<u>2,334,302</u>
Totals	<u>\$ 3,492,000</u>	<u>\$ 509,480</u>	<u>\$ 4,001,480</u>

Leases

At June 30, 2023, the City has recorded right to use lease assets as a result of implementing GASB 87. The right to use assets are initially measured at an amount equal to the initial measurement of the related lease liability. The right to use assets are amortized on a straight-line basis over the longer of the life of the asset or the life of the related leases. During the year ended June 30, 2023, the City recorded \$108,175 and \$22,004 of amortization expense and interest expense, respectively, related to these arrangements.

City of Isle of Palms, South Carolina
Notes to the Financial Statements

Right to use asset activity for the year ended June 30, 2023, was as follows:

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Governmental Activities:					
Vehicle and Vehicle Equipment	\$ 1,556,639	\$ -	\$ -	\$ -	\$ 1,556,639
Total Right of Use Assets	1,556,639	-	-	-	1,556,639
Less Accumulated Amortization for:					
Vehicle and Vehicle Equipment	(98,450)	(108,175)	-	-	(206,625)
Total Accumulated Amortization	(98,450)	(108,175)	-	-	(206,625)
Total Right of Use Assets, Net	<u>\$ 1,458,189</u>	<u>\$ (108,175)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,350,014</u>

Future minimum payments under the leases described above are as follows:

Year Ended June 30,	Principal	Interest	Totals
Governmental Activities			
2024	\$ 165,039	\$ 20,833	\$ 185,872
2025	167,891	17,980	185,871
2026	170,794	15,078	185,872
2027	173,746	12,126	185,872
2028	176,750	9,122	185,872
2029-2031	363,544	10,513	374,057
Totals	<u>\$ 1,217,764</u>	<u>\$ 85,652</u>	<u>\$ 1,303,416</u>

Subscription-Based Information Technology Arrangements

During the year ended June 30, 2023, the City entered into various contracts for subscription based information technology arrangements. This software is used in the City's administration, public safety, and building departments. Some of these subscriptions include variable payments that are based on usage and are expensed when incurred. The City recognized \$78,568 in amortization expense and \$20,233 in interest expense related to these arrangements.

City of Isle of Palms, South Carolina
Notes to the Financial Statements

Right to use asset activity for subscription-based information technology arrangements for the year ended June 30, 2023, was as follows:

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Governmental Activities:					
Equipment - SBITA	\$ 432,755	\$ 406,631	\$ -	\$ -	\$ 839,386
Total Right of Use Assets - SBITA	432,755	406,631	-	-	839,386
Less Accumulated Amortization for:					
Equipment - SBITA	(43,276)	(78,568)	-	-	(121,844)
Total Accumulated Amortization	(43,276)	(78,568)	-	-	(121,844)
Total Right of Use Assets - SBITA	<u>\$ 389,479</u>	<u>\$ 328,063</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 717,542</u>

A schedule of future minimum payments to be paid as of June 30, 2023 is shown below:

Year Ended June 30,	Principal	Interest	Totals
Governmental activities:			
2024	\$ 111,620	\$ 36,181	\$ 147,801
2025	85,156	29,275	114,431
2026	79,360	24,481	103,841
2027	84,296	20,032	104,328
2028	47,577	15,249	62,826
2029 - 2033	173,718	48,920	222,638
2034 - 2038	68,450	20,462	88,912
2039 - 2043	14,362	468	14,830
	<u>\$ 664,539</u>	<u>\$ 195,068</u>	<u>\$ 859,607</u>

City of Isle of Palms, South Carolina
Notes to the Financial Statements

Presented below is a summary of changes in long-term obligations for the year ended June 30, 2023, for the City's governmental and business-type activities.

Long-Term Obligations	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities:					
GOB Debt:					
GOB - Series 2008B	\$ 2,450,000	\$ -	\$ 375,000	\$ 2,075,000	\$ 375,000
GOB - Series 2015	210,000	-	210,000	-	-
GOB - Series 2016	1,030,000	-	240,000	790,000	250,000
GOB - Series 2021	3,045,000	-	211,000	2,834,000	215,000
Total GOB Debt	6,735,000	-	1,036,000	5,699,000	840,000
Accrued Compensated Absences	390,858	370,130	333,093	427,895	216,157
SBITA Liability	382,782	323,073	41,316	664,539	111,620
Lease Liability	1,380,170	-	162,406	1,217,764	165,039
Total Governmental Activities	<u>\$ 8,888,810</u>	<u>\$ 693,203</u>	<u>\$ 1,572,815</u>	<u>\$ 8,009,198</u>	<u>\$ 1,332,816</u>
Business-Type Activities:					
GOB Debt:					
GOB - Series 2020	\$ 3,745,000	\$ -	\$ 253,000	\$ 3,492,000	\$ 258,000
Total Business-Type Activities	<u>\$ 3,745,000</u>	<u>\$ -</u>	<u>\$ 253,000</u>	<u>\$ 3,492,000</u>	<u>\$ 258,000</u>

Resources from the General Fund, Municipal Accommodations Fee Fund, State Accommodations Tax Fund, and Hospitality Tax Fund have been used to liquidate the governmental activities debt. Resources from the Marina Enterprise Fund and the State Accommodations Tax Fund have been used to liquidate the business-type activities debt. The accrued compensated absences liability has been liquated through the General Fund.

Article Eight, Section Seven of the South Carolina Constitution of 1895, as amended, provides that no city shall incur any bonded debt which shall exceed eight percent (8%) of the assessed value of the property therein and no such debt shall be created without the electors of such city or city voting in favor of such further bonded debt. Prior to Home Rule Act of July 1, 1976, the bonded debt exemption was thirty five percent (35%). In 1976, the General Assembly reduced the general obligation debt limit, without voter approval to eight percent (8%) of assessed valuation; whereas, with a referendum any amount can be floated. As of June 30, 2023, the City had \$9,191,000 of bonded debt subject to the 8% limit of approximately \$22,820,000 available, resulting in an unused legal debt margin of approximately \$13,629,000.

The City incurred interest expense of approximately \$215,000 and \$80,000 for its governmental and business-type activities debt, respectively.

City of Isle of Palms, South Carolina
Notes to the Financial Statements

F. Marina Revenue

The City-owned Marina earns revenues from the rental of Marina facilities as noted below:

- The City dock lease (marine operations) – The City recognized rental income of \$143,617, interest income of \$105,322, and variable lease revenue of \$8,568 for the year ended June 30, 2023. The lease expires on January 31, 2045.
- Marina store lease – The City recognized rental income of \$60,685, interest income of \$44,418 and variable lease revenue of \$6,349 for the year ended June 30, 2023. The lease expires on January 31, 2045.
- Marina restaurant lease – The City recognized \$93,410 of rental income and \$71,408 in interest income for the year ended June 30, 2023. The lease expires on January 31, 2045.

Estimated future annual lease income for the long-term leases in effect as of June 30, 2023 are as follows:

	Principal	Interest	Total Receipts
2024	\$ 178,202	\$ 214,874	\$ 393,076
2025	194,149	208,927	403,076
2026	211,994	202,282	414,276
2027	221,448	195,252	416,700
2028	231,263	187,910	419,173
Thereafter	5,666,042	1,704,066	7,370,108
	\$ 6,703,098	\$ 2,713,311	\$ 9,416,409

IV. OTHER INFORMATION

A. Participation in Public Entity Risk Pools for Property and Casualty Insurance

The City is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets, errors and omissions, and natural disasters. For all of these risks, the City is a member of the South Carolina Municipal Insurance Reserve Fund (SCMIRF), a public entity risk pool operating as a common risk management and insurance program for local governments for general risk. The City pays an annual premium for this coverage. For the year ended June 30, 2023, the City's premium costs totaled approximately \$394,000. SCMIRF's net position from its most recently issued audited financial statements at December 31, 2022, totaled approximately \$6,715,000.

The City has also joined together with other municipalities in the state to form the South Carolina Municipal Insurance Trust (SCMIT), a public entity risk pool operating as a common risk management and insurance program for workers' compensation. The City pays an annual premium to SCMIT. For the year ended June 30, 2023, the City made premium payments totaling approximately \$296,000. The Trust uses reinsurance agreements to reduce its exposure to large workers' compensation losses. SCMIT's net position from its most recently issued audited financial statements at December 31, 2022, totaled approximately \$44,197,000.

For the above public entity risk pools for property and casualty insurance, there were no significant reductions in coverage in the past fiscal year, and settled claims in excess of insurance coverage for the last three years were immaterial.

City of Isle of Palms, South Carolina Notes to the Financial Statements

B. Health Insurance

The City provides a health insurance program for its employees through the SC State Health Plan (Health Plan). The City pays a monthly premium to the insurer for its health coverage (insured plan) with the insurer being responsible for claims.

C. Retirement Plans

The South Carolina Public Employee Benefit Authority (PEBA), created July 1, 2012, is the state agency responsible for the administration and management of the retirement systems and benefit programs of the state of South Carolina, including the State Optional Retirement Program and the S.C. Deferred Compensation Program, as well as the state's employee insurance programs. As such, PEBA is responsible for administering the South Carolina Retirement systems' five defined benefit pension plans. PEBA has an 11-member Board of Directors, appointed by the Governor and General Assembly leadership, which serves as custodian, co-trustee and co-fiduciary of the Systems and the assets of the retirement trust funds. The Retirement System Investment Commission (Commission as the governing body, RSIC as the agency), created by the General Assembly in 2005, has exclusive authority to invest and manage the retirement trust funds' assets. The Commission, an eight-member board, serves as co-trustee and co-fiduciary for the assets of the retirement trust funds. By law, the State Fiscal Accountability Authority (SFAA), which consist of five elected officials, also reviews certain PEBA Board decisions regarding the actuary of the Systems.

For purposes of measuring the net pension liability, deferred outflows and inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Systems and additions to/deductions from the Systems fiduciary net position have been determined on the accrual basis of accounting as they are reported by the Systems in accordance with generally accepted accounting principles (GAAP). For this purpose, revenues are recognized when earned and expenses are recognized when incurred. Benefit and refund expenses are recognized when due and payable in accordance with the terms of the plan. Investments are reported at fair value.

PEBA issues an Annual Comprehensive Financial Report (ACFR) containing financial statements and required supplementary information for the System's Pension Trust Funds. The ACFR is publicly available through PEBA's website at www.peba.sc.gov, or a copy may be obtained by submitting a request to PEBA, 202 Arbor Lake Drive, Columbia, SC 29223. PEBA is a division of the primary government of the state of South Carolina and therefore, retirement trust fund financial information is also included in the ACFR for the state.

Plan Descriptions

The South Carolina Retirement System (SCRS), a cost-sharing multiple-employer defined benefit pension plan, was established July 1, 1945, pursuant to the provisions of Section 9-1-20 of the South Carolina Code of Laws for the purpose of providing retirement and other benefits for teachers and employees of the state and its political subdivisions. SCRS covers employees of state agencies, public school districts and participating charter schools, public higher education institutions, other participating local subdivisions of government and first term individuals elected to the South Carolina General Assembly.

The South Carolina Police Officers Retirement System (PORS), a cost-sharing multiple-employer defined benefit pension plan, was established July 1, 1962, pursuant to the provisions of Section 9-11-20 of the South Carolina Code of Laws for the purpose of providing retirement and other benefits to police officers and firefighters. PORS also covers peace officers, coroners, probate judges and magistrates.

City of Isle of Palms, South Carolina Notes to the Financial Statements

Membership

Membership requirements are prescribed in Title 9 of the South Carolina Code of Laws. A brief summary of the requirements under each system is presented below.

- SCRS - Generally, all employees of covered employers are required to participate in and contribute to the system as a condition of employment. This plan covers general employees, teachers, and first-term individuals elected to the South Carolina General Assembly. An employee member of the system with an effective date of membership prior to July 1, 2012, is a Class Two member. An employee member of the system with an effective date of membership on or after July 1, 2012, is a Class Three member.
- PORS - To be eligible for PORS membership, an employee must be required by the terms of his employment, by election or appointment, to preserve public order, protect life and property, and detect crimes in the state; to prevent and control property destruction by fire; be a coroner in a full-time permanent position; or be a peace officer employed by the Department of Corrections, the Department of Juvenile Justice, or the Department of Mental Health. Probate judges and coroners may elect membership in PORS. Magistrates are required to participate in PORS for service as a magistrate. PORS members, other than magistrates and probate judges, must also earn at least \$2,000 per year and devote at least 1,600 hours per year to this work, unless exempted by statute. An employee member of the system with an effective date of membership prior to July 1, 2012 is a Class Two member. An employee member of the system with an effective date of membership on or after July 1, 2012 is a Class Three member.

Benefits

Benefit terms are prescribed in Title 9 of the South Carolina Code of Laws. PEBA does not have the authority to establish or amend benefit terms without a legislative change in the code of laws. Key elements of the benefit calculation include the benefit multiplier, years of service, and average final compensation. A brief summary of benefit terms for each system is presented below.

- SCRS - A Class Two member who has separated from service with at least five or more years of earned service is eligible for a monthly pension at age 65 or with 28 years credited service regardless of age. A member may elect early retirement with reduced pension benefits payable at age 55 with 25 years of service credit. A Class Three member who has separated from service with at least eight or more years of earned service is eligible for a monthly pension upon satisfying the Rule of 90 requirements that the total of the member's age and the member's creditable service equals at least 90 years. Both Class Two and Class Three members are eligible to receive a reduced deferred annuity at age 60 if they satisfy the five- or eight- year earned service requirement, respectively. An incidental death benefit is also available to beneficiaries of active and retired members of employers who participate in the death benefit program.

The annual retirement allowance of eligible retirees or their surviving annuitants is increased by the lesser of one percent or five hundred dollars every July 1. Only those annuitants in receipt of a benefit on July 1 of the preceding year are eligible to receive the increase. Members who retire under the early retirement provisions at age 55 with 25 years of service are not eligible for the benefit adjustment until the second July 1 after reaching age 60 or the second July 1 after the date they would have had 28 years of service credit had they not retired.

City of Isle of Palms, South Carolina Notes to the Financial Statements

- PORS - A Class Two member who has separated from service with at least five or more years of earned service is eligible for a monthly pension at age 55 or with 25 years of service regardless of age. A Class Three member who has separated from service with at least eight or more years of earned service is eligible for a monthly pension at age 55 or with 27 years of service regardless of age. Both Class Two and Class Three members are eligible to receive a deferred annuity at age 55 with five or eight years of earned service, respectively. An incidental death benefit is also available to beneficiaries of active and retired members of employers who participate in the death benefit program. Accidental death benefits are also provided upon the death of an active member working for a covered employer whose death was a natural and proximate result of an injury incurred while in the performance of duty.

The retirement allowance of eligible retirees or their surviving annuitants is increased by the lesser of one percent or five hundred dollars every July 1. Only those annuitants in receipt of a benefit on July 1 of the preceding year are eligible to receive the increase.

Contributions

Actuarial valuations are performed annually by an external consulting actuary to ensure applicable contribution rates satisfy the funding parameters specified in Title 9 of the South Carolina Code of Laws. Under these provisions, SCRS and PORS contribution requirements must be sufficient to maintain an amortization period for the financing of the unfunded actuarial accrued liability (UAAL) over a period that does not exceed the number of years scheduled in state statute. The Retirement Funding and Administration Act of 2017 increased, but also established a ceiling for SCRS and PORS employee contributions rates. Effective July 1, 2017, employee rates were increased to a capped rate of 9.00 percent for SCRS and 9.75 percent for PORS. The legislation also increased employer contribution rates beginning July 1, 2017 for both SCRS and PORS by two percentage points and further scheduled employer contribution rates to increase by a minimum of one percentage point each year in accordance with state statute. The General Assembly postponed the one percent increase in the SCRS and PORS employer contribution rates that was scheduled to go into effect beginning July 1, 2020. In accordance with the legislative funding schedule, employer contribution rates will continue to increase by one percentage point each year until reaching 18.56 percent for SCRS and 21.24 percent for PORS but may be increased further, if the scheduled contributions are not sufficient to meet the funding periods set for the applicable year. The board shall increase the employer contribution rates as necessary to meet the amortization period set in statute.

Pension reform legislation modified statute such that the employer contribution rates for SCRS and PORS to be further increased, not to exceed one-half of one percent in any one year if necessary, in order to improve the funding of the plans. The statute set rates intended to reduce the unfunded liability of SCRS and PORS to the maximum amortization period of 20 years from 30 years over a ten-year schedule, as determined by the annual actuarial valuations of the plan. Finally, under the revised statute, the contribution rates for SCRS and PORS may not be decreased until the plans are at least 85 percent funded.

City of Isle of Palms, South Carolina
Notes to the Financial Statements

Required **employee** contribution rates for fiscal years 2023 and 2022 are as follows:

SCRS

Employee Class Two	9.00%
Employee Class Three	9.00%

PORS

Employee Class Two	9.75%
Employee Class Three	9.75%

Required **employer** contribution rates for fiscal years 2023 and 2022 are as follows:

SCRS

	<u>2023</u>	<u>2022</u>
Employee Class Two	17.41%	16.41%
Employee Class Three	17.41%	16.41%
Employer Incidental Death Benefit	0.15%	0.15%

PORS

Employee Class Two	19.84%	18.84%
Employee Class Three	19.84%	18.84%
Employer Incidental Death Benefit	0.20%	0.20%
Employer Accidental Death Program	0.20%	0.20%

Net Pension Liability

The net pension liability (NPL) is calculated separately for each system and represents that particular system's total pension liability determined in accordance with GASB No. 67 less that System's fiduciary net position. NPL totals, as of June 30, 2022, for SCRS and PORS are as follows:

<u>System</u>	<u>Total Pension Liability</u>	<u>Plan Fiduciary Net Position</u>	<u>Employers' Net Pension Liability (Asset)</u>	<u>Plan Fiduciary Net Position as a Percentage of the Total Pension</u>
SCRS	\$56,454,779,872	\$32,212,626,932	\$24,242,152,940	57.1%
PORS	\$8,937,686,946	\$5,938,707,767	\$2,998,979,179	66.4%

City of Isle of Palms, South Carolina
Notes to the Financial Statements

Actuarial Assumptions and Methods

Actuarial valuations of the ongoing plan involve estimates of the reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and future salary increases. Amounts determined regarding the net pension liability are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. South Carolina state statute requires that an actuarial experience study be completed at least once in each five-year period. An experience report on the Systems was most recently issued for the period ending June 30, 2019.

The June 30, 2022, total pension liability (TPL), NPL, and sensitivity information shown in this report were determined by PEBA’s consulting actuary, and are based on an actuarial valuation performed as of July 1, 2021. The total pension liability was rolled-forward from the valuation date to the plans’ fiscal year end, June 30, 2022, using generally accepted actuarial principals. There was no legislation enacted during the 2022 legislative session that had a material change in the benefit provisions for any of the systems. each plan’s fiduciary net position is reported in the Systems’ financial statements.

The following table provides a summary of the actuarial cost method and assumptions used to calculate the TPL as of June 30, 2022.

Actuarial assumptions:	SCRS	PORS
Actuarial cost method	Entry age	Entry age
Investment rate of return	7.00%	7.00%
Projected salary increases*	3.0% to 11.0% (varies by service)*	3.5% to 10.5% (varies by service)*
Benefit adjustments	lesser of 1% or \$500 annually	lesser of 1% or \$500 annually

*Includes inflation at 2.25%

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 80% of Scale UMP projected from the year 2020.

Assumptions used in the determined of the June 30, 2022, TPL are as follows.

Former Job Class	Males	Females
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 Females multiplied by 107%
Public Safety and Firefighters	2020 PRSC Males multiplied by 127%	2020 PRSC Females multiplied by 107%

City of Isle of Palms, South Carolina
Notes to the Financial Statements

At June 30, 2023, the City reported liabilities of approximately \$4,582,000 and \$6,583,000 for its proportionate share of the NPLs for the SCRS and PORS (Plans), respectively. The NPLs were measured as of June 30, 2022, and the total pension liabilities for the Plans used to calculate the NPLs were determined based on the most recent actuarial valuation report as of July 1, 2021 that was projected forward to the measurement date. The City's proportion of the NPLs were based on a projection of the City's long-term share of contributions to the Plans relative to the projected contributions of all participating South Carolina state and local governmental employers, actuarially determined. At June 30, 2022, the City's SCRS proportion was 0.018901 percent, which increased slightly from the prior year. At June 30, 2022, the City's PORS proportion was 0.219518 percent, which increased slightly from the prior year.

For the year ended June 30, 2023, the City recognized pension expense of approximately \$333,000 and \$575,000 for the SCRS and PORS, respectively. Components of collective pension expense for the year ended June 30, 2023 are presented below:

	SCRS	PORS
Service cost (annual cost of current service)	\$ 175,112	\$ 429,032
Interest on the total pension liability	618,912	1,177,663
Plan administrative costs	2,947	6,408
Plan member contributions	(161,111)	(321,752)
Expected return on plan assets	(381,465)	(840,525)
Recognition of current year amortization - difference between expected and actual experience and assumption changes	81,672	135,615
Recognition of current year amortization - difference between projected and actual investment earnings	(3,271)	(5,988)
Other	430	(5,715)
	<u>\$ 333,226</u>	<u>\$ 574,738</u>
Total	<u>\$ 333,226</u>	<u>\$ 574,738</u>

At June 30, 2023, the City reported deferred outflows of resources (deferred pension charges) and deferred inflows of resources (deferred pension credits) related to pensions from the following sources:

<u>SCRS:</u>	Deferred outflows of resources	Deferred inflows of resources
Differences between expected and actual experience	\$ 39,808	\$ 19,968
Changes of assumptions	146,953	-
Net difference between projected and actual earnings on pension plan investments	7,066	-
Changes in proportion and differences between City contributions and proportionate share of contributions	74,675	66,556
City contributions subsequent to the measurement date	437,877	-
	<u>\$ 706,379</u>	<u>\$ 86,524</u>
Total	<u>\$ 706,379</u>	<u>\$ 86,524</u>

City of Isle of Palms, South Carolina
Notes to the Financial Statements

<u>PORS:</u>	Deferred outflows of resources	Deferred inflows of resources
Differences between expected and actual experience	\$ 110,455	\$ 130,141
Changes of assumptions	274,139	-
Net difference between projected and actual earnings on pension plan investments	19,880	-
Changes in proportion and differences between City contributions and proportionate share of contributions	194,561	82,269
City contributions subsequent to the measurement date	819,326	-
Total	\$ 1,418,361	\$ 212,410

Approximately \$438,000 and \$819,000 that were reported as deferred outflows of resources related to the City's contributions subsequent to the measurement date to the SCRS and PORS, respectively, will be recognized as a reduction of the NPL in the year ended June 30, 2024.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the SCRS and PORS will be recognized as an increase or (decrease) in pension expense as follows:

<u>Year ended June 30:</u>	SCRS	PORS	Total
2023	\$ 68,326	\$ 153,095	\$ 221,421
2024	81,800	170,459	252,259
2025	(87,640)	(192,822)	(280,462)
2026	119,493	255,892	375,385
	\$ 181,979	\$ 386,624	\$ 568,603

Long-term Expected Rate of Return

The long-term expected rate of return on pension plan investments is based upon 20-year capital market assumptions. The long-term expected rates of return represent assumptions developed using an arithmetic building block approach primarily based on consensus expectations and market-based inputs. Expected returns are net of investment fees.

City of Isle of Palms, South Carolina
Notes to the Financial Statements

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 below. 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.

<u>Allocation / Exposure</u>	<u>Policy Target</u>	<u>Expected Arithmetic Real Rate of Return</u>	<u>Long-Term Expected Portfolio Real Rate of Return</u>
Public Equity	46.0%	6.79%	3.12%
Bonds	26.0%	-0.35%	-0.09%
Private Equity	9.0%	8.75%	0.79%
Private Debt	7.0%	6.00%	0.42%
Real Assets	12.0%		
Real Estate	9.0%	4.12%	0.37%
Infrasctructure	3.0%	5.88%	0.18%
Total Expected Real Return	100.0%		4.79%
Inflation for Actuarial Purposes			2.25%
Total Expected Nominal Return			7.04%

Discount Rate

The discount rate used to measure the 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 State Code of Laws. Based on those assumptions, the System’s fiduciary net position was projected to be available to make all 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.

Sensitivity Analysis

The following table presents the sensitivity of the City’s proportionate share of the NPL of the Plans as of June 30, 2023 to changes in the discount rate, calculated using the discount rate of 7.00 percent, as well as what it would be if it were calculated using a discount rate that is 1.00% point lower (6.00 percent) or 1% point higher (8.00 percent) than the current rate:

<u>System</u>	<u>1.00% Decrease (6.00%)</u>	<u>Discount Rate (7.00%)</u>	<u>1.00% Increase (8.00%)</u>
SCRS	\$ 5,874,701	\$ 4,581,910	\$ 3,507,304
PORS	\$ 9,180,014	\$ 6,583,304	\$ 4,457,643

Payable to Plans

The City reported payables of \$219,662 to PEBA as of June 30, 2023, representing required employer and employee contributions related to 2023. These amounts are included in Other Accrued Liabilities on the financial statements and have been paid subsequent to year end.

City of Isle of Palms, South Carolina
Notes to the Financial Statements

C. Other Postemployment Benefits

Upon retirement from the City, employees who meet certain eligibility requirements have the option to retain health insurance through the Health Plan paying the applicable retiree rate. The Health Plan and the City's Personnel Manual establish the requirements for post-employment healthcare benefits. Presently there are no retired participants who opted to retain health insurance through the Health Plan. For the fiscal year ended June 30, 2023, there were no material liabilities or expenditures to be required with GASB Statement No. 75, *"Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions"*.

D. Commitments and Contingencies

The City receives financial assistance from various federal, state, and local governmental agencies in the form of grants. Disbursements of funds received under these programs generally require compliance with the terms and conditions specified in the grant agreements. The disbursements are also subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material effect on any of the financial statements included herein or on the overall financial position of the City at June 30, 2023.

E. Litigation

The City is periodically the subject of litigation by a variety of plaintiffs. Although the outcomes of such litigation are not presently determinable, the City management believes that the resolution of these matters will not have a material adverse effect on the financial condition of the City.



Required Supplementary Information other than Management's Discussion and Analysis (Unaudited)

Required supplementary information includes financial information and disclosures that are required by the Governmental Accounting Standards Board, but are not considered a part of the basic financial statements. Such information includes:

- Budgetary Comparison Schedules
 - General Fund
 - Municipal Accommodations Fee Fund
 - State Accommodations Tax Fund
 - Hospitality Tax Fund
 - Beach Preservation Fund
- South Carolina Retirement System
 - Schedule of the City's Proportionate Share of the Net Pension Liability
 - Schedule of the City's Contributions
- South Carolina Police Officers Retirement System
 - Schedule of the City's Proportionate Share of the Net Pension Liability
 - Schedule of the City's Contributions

City of Isle of Palms, South Carolina
Required Supplementary Information (Unaudited)
Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budgets and Actual – General Fund
Year Ended June 30, 2023

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Property Taxes	\$ 4,924,000	\$ 4,924,000	\$ 5,176,672	\$ 252,672
Local Option Sales Tax	1,014,000	1,014,000	1,184,906	170,906
Intergovernmental	297,755	297,755	371,261	73,506
Licenses and Permits	4,791,000	4,791,000	6,629,253	1,838,253
Fines and Forfeitures	300,000	300,000	239,425	(60,575)
Revenues From Use of Properties (Marina excluded)	1,330,150	1,330,150	1,292,339	(37,811)
Interest	6,000	6,000	297,485	291,485
Other Revenues	233,200	233,200	355,290	122,090
Total Revenues	12,896,105	12,896,105	15,546,631	2,650,526
Expenditures				
General Government:				
Mayor and Council	116,138	116,138	105,467	10,671
Administration	1,438,430	1,438,430	1,550,450	(112,020)
Judicial and Legal	274,694	274,694	393,378	(118,684)
Public Safety:				
Police Department	3,158,200	3,158,200	3,297,335	(139,135)
Fire Department	3,984,648	3,984,648	4,363,772	(379,124)
Building, Planning, and Engineering	461,660	461,660	630,528	(168,868)
Public Works	1,691,778	1,691,778	1,729,640	(37,862)
Recreation:				
Recreation Department	1,024,436	1,024,436	969,063	55,373
Recreation Programs	96,750	96,750	86,232	10,518
Non-Departmental:				
Parking Meters	103,394	103,394	95,815	7,579
Capital Outlay	-	-	857	(857)
Debt Service:				
Principal	808,000	808,000	812,096	(4,096)
Interest	163,362	163,362	165,931	(2,569)
Total Expenditures	13,321,490	13,321,490	14,200,564	(879,074)
Excess of Revenues Over Expenditures	(425,385)	(425,385)	1,346,067	1,771,452
Other Financing Sources (Uses)				
Transfer In	1,243,410	1,243,410	1,345,188	101,778
Transfer Out	(823,025)	(823,025)	(2,574,397)	(1,751,372)
Sale of Capital Assets	5,000	5,000	11,890	6,890
SBITA Liabilities Issued	-	-	291,322	291,322
Total Other Financing Sources (Uses)	425,385	425,385	(925,997)	(1,351,382)
Net Changes In Fund Balances	-	-	420,070	420,070
Fund Balances, Beginning of Year	7,299,596	7,299,596	7,299,596	-
Fund Balances, End of Year	\$ 7,299,596	\$ 7,299,596	\$ 7,719,666	\$ 420,070

City of Isle of Palms, South Carolina
Required Supplementary Information (Unaudited)
Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budgets and Actual – Municipal Accommodations Fee Fund
Year Ended June 30, 2023

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Accommodation Fee Revenue	\$ 1,543,000	\$ 1,543,000	\$ 1,869,571	\$ 326,571
County Accommodations Fee Revenue	598,000	598,000	751,634	153,634
Interest	1,500	1,500	102,396	100,896
Total Revenues	2,142,500	2,142,500	2,723,601	581,101
Expenditures				
Current:				
General Government	97,400	97,400	55,693	41,707
Public Safety	50,000	50,000	37,289	12,711
Public Works	29,000	29,000	97,528	(68,528)
Non-Departmental:				
Public Restrooms	312,800	312,800	264,508	48,292
Capital Outlay	988,918	988,918	335,986	652,932
Debt Service:				
Principal	165,449	165,449	165,449	-
Interest	13,919	13,919	13,919	-
Total Expenditures	1,657,486	1,657,486	970,372	687,114
Excess (Deficiency) of Revenues Over Expenditures	485,014	485,014	1,753,229	1,268,215
Other Financing Sources (Uses)				
Transfer In	-	-	-	-
Transfer Out	(833,050)	(833,050)	(583,050)	250,000
SBITA Liabilities Issued	-	-	31,751	31,751
Total Other Financing Sources (Uses)	(833,050)	(833,050)	(551,299)	281,751
Net Changes In Fund Balances	(348,036)	(348,036)	1,201,930	1,549,966
Fund Balances, Beginning of Year	2,483,142	2,483,142	2,483,142	-
Fund Balances, End of Year	\$ 2,135,106	\$ 2,135,106	\$ 3,685,072	\$ 1,549,966

City of Isle of Palms, South Carolina
Required Supplementary Information (Unaudited)
Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budgets and Actual – State Accommodations Tax Fund
Year Ended June 30, 2023

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Accommodations Tax Revenue	\$ 2,617,338	\$ 2,617,338	\$ 3,528,313	\$ 910,975
Interest	2,200	2,200	130,902	128,702
Total Revenues	<u>2,619,538</u>	<u>2,619,538</u>	<u>3,659,215</u>	<u>1,039,677</u>
Expenditures				
Current:				
General Government	936,128	936,128	1,214,485	(278,357)
Public Safety	10,600	10,600	12,555	(1,955)
Public Works	7,500	7,500	3,938	3,562
Recreation:				
Recreation Department	16,500	16,500	6,837	9,663
Non-Departmental:				
Public Restrooms	200,880	200,880	160,186	40,694
Capital Outlay	508,000	508,000	285,584	222,416
Debt Service:				
Principal	80,957	80,957	80,957	-
Interest	10,958	10,958	10,958	-
Total Expenditures	<u>1,771,523</u>	<u>1,771,523</u>	<u>1,775,500</u>	<u>(3,977)</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>848,015</u>	<u>848,015</u>	<u>1,883,715</u>	<u>1,035,700</u>
Other Financing Sources (Uses)				
Transfer Out	(944,565)	(944,565)	(642,811)	301,754
Total Other Financing Sources (Uses)	<u>(944,565)</u>	<u>(944,565)</u>	<u>(642,811)</u>	<u>301,754</u>
Net Changes In Fund Balances	<u>(96,550)</u>	<u>(96,550)</u>	<u>1,240,904</u>	<u>1,337,454</u>
Fund Balances, Beginning of Year	2,913,156	2,913,156	2,913,156	-
Fund Balances, End of Year	<u>\$ 2,816,606</u>	<u>\$ 2,816,606</u>	<u>\$ 4,154,060</u>	<u>\$ 1,337,454</u>

City of Isle of Palms, South Carolina
Required Supplementary Information (Unaudited)
Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budgets and Actual – Hospitality Tax Fund
Year Ended June 30, 2023

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Hospitality Taxes	\$ 1,000,000	\$ 1,000,000	\$ 1,354,621	\$ 354,621
Interest	1,100	1,100	56,546	55,446
Total Revenues	1,001,100	1,001,100	1,411,167	410,067
Expenditures				
Current:				
Public Safety	163,000	163,000	38,621	124,379
Building, Planning, and Engineering	-	-	338	(338)
Public Works	263,800	263,800	238,113	25,687
Recreation	45,500	45,500	37,308	8,192
Non-Departmental:				
Public Restrooms	20,000	20,000	1,223	18,777
Capital Outlay	489,500	489,500	432,378	57,122
Debt Service:				
Principal	144,000	144,000	181,219	(37,219)
Interest	11,618	11,618	24,245	(12,627)
Total Expenditures	1,137,418	1,137,418	953,445	183,973
Excess of Revenues Over Expenditures	(136,318)	(136,318)	457,722	594,040
Other Financing Uses				
Transfer Out	266,214	266,214	(266,214)	(532,428)
Total Other Financing Uses	266,214	266,214	(266,214)	(532,428)
Net Changes In Fund Balances	129,896	129,896	191,508	61,612
Fund Balances, Beginning of Year	1,248,143	1,248,143	1,248,143	-
Fund Balances, End of Year	\$ 1,378,039	\$ 1,378,039	\$ 1,439,651	\$ 61,612

City of Isle of Palms, South Carolina
Required Supplementary Information (Unaudited)
Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budgets and Actual – Beach Preservation Fund
Year Ended June 30, 2023

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Beach preservation fee	\$ 1,543,000	\$ 1,543,000	\$ 1,989,571	\$ 446,571
Interest	2,700	2,700	273,625	270,925
Total Revenues	1,545,700	1,545,700	2,263,196	717,496
Expenditures				
Current:				
General Government	129,662	129,662	102,301	27,361
Capital Outlay	285,000	285,000	308,998	(23,998)
Total Expenditures	414,662	414,662	411,299	3,363
Excess of Revenues Over Expenditures	1,131,038	1,131,038	1,851,897	720,859
Net Changes In Fund Balances	1,131,038	1,131,038	1,851,897	720,859
Fund Balances, Beginning of Year	6,493,826	6,493,826	6,493,826	-
Fund Balances, End of Year	<u>\$ 7,624,864</u>	<u>\$ 7,624,864</u>	<u>\$ 8,345,723</u>	<u>\$ 720,859</u>

City of Isle of Palms, South Carolina
Required Supplementary Information (Unaudited)
Schedule of the City's Proportionate Share of Net Pension Liability
South Carolina Retirement System
Year Ended June 30, 2023

	Year Ended June 30,								
	2023	2022	2021	2020	2019	2018	2017	2016	2015
City of Isle of Palms' proportion of the net pension liability	0.018901%	0.018463%	0.018572%	0.019538%	0.019916%	0.019257%	0.019055%	0.018636%	0.018910%
City of Isle of Palms' proportionate share of the net pension liability	<u>\$ 4,581,910</u>	<u>\$ 3,995,567</u>	<u>\$ 4,745,412</u>	<u>\$ 4,461,231</u>	<u>\$ 4,462,643</u>	<u>\$ 4,335,060</u>	<u>\$ 4,070,120</u>	<u>\$ 3,534,218</u>	<u>\$ 3,255,503</u>
City of Isle of Palms' covered payroll during measurement period	<u>\$ 2,401,890</u>	<u>\$ 2,252,565</u>	<u>\$ 2,087,260</u>	<u>\$ 2,069,765</u>	<u>\$ 2,063,111</u>	<u>\$ 2,063,898</u>	<u>\$ 1,942,949</u>	<u>\$ 1,845,203</u>	<u>\$ 1,747,268</u>
City of Isle of Palms' proportionate share of the net pension liability as a percentage of its covered-employee payroll	190.76%	177.38%	229.27%	215.54%	216.31%	210.04%	209.48%	191.54%	186.32%
Plan fiduciary net position as a percentage of the total pension liability	57.06%	60.70%	50.70%	54.40%	54.10%	53.30%	52.90%	57.00%	59.92%

*Note- This schedule will show information for 10 years. However, until a full 10 years is compiled, the City will show information for years for which information is available.

City of Isle of Palms, South Carolina
Required Supplementary Information (Unaudited)
Schedule of the City's Contributions
South Carolina Retirement System
Year Ended June 30, 2023

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2021</u>	<u>2020</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 437,877	\$ 373,025	\$ 324,778	\$ 322,055	\$ 279,865	\$ 279,865	\$ 224,605	\$ 204,079	\$ 190,452	\$ 181,973
Contributions in relation to the contractually required contribution	<u>(437,877)</u>	<u>(373,025)</u>	<u>(324,778)</u>	<u>(322,055)</u>	<u>(279,865)</u>	<u>(279,865)</u>	<u>(224,605)</u>	<u>(204,079)</u>	<u>(190,452)</u>	<u>(181,973)</u>
Contribution deficiency (excess)	<u>\$ -</u>									
City of Isle of Palms' covered-employee payroll	<u>\$ 2,401,890</u>	<u>\$ 2,252,565</u>	<u>\$ 2,087,260</u>	<u>\$ 2,069,765</u>	<u>\$ 2,063,111</u>	<u>\$ 2,063,898</u>	<u>\$ 1,942,949</u>	<u>\$ 1,845,203</u>	<u>\$ 1,747,268</u>	<u>\$ 1,718,609</u>
Contributions as a percentage of covered-employee payroll	18.23%	16.56%	15.56%	15.56%	13.57%	13.56%	11.56%	11.06%	10.90%	10.59%

City of Isle of Palms, South Carolina
Required Supplementary Information (Unaudited)
Schedule of the City's Proportionate Share of Net Pension Liability
South Carolina Police Officers Retirement System
Year Ended June 30, 2023

	Year Ended June 30,									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	
City of Isle of Palms' proportion of the net pension liability	0.219518%	0.214513%	0.208518%	0.216172%	0.235181%	0.226290%	0.230280%	0.226240%	0.210300%	
City of Isle of Palms' proportionate share of the net pension liability	<u>\$ 6,583,304</u>	<u>\$ 5,519,240</u>	<u>\$ 6,914,893</u>	<u>\$ 6,195,349</u>	<u>\$ 6,663,950</u>	<u>\$ 6,199,297</u>	<u>\$ 5,840,969</u>	<u>\$ 4,931,002</u>	<u>\$ 4,025,983</u>	
City of Isle of Palms' covered payroll during measurement period	<u>\$ 3,860,810</u>	<u>\$ 3,474,085</u>	<u>\$ 3,226,368</u>	<u>\$ 3,152,136</u>	<u>\$ 3,135,480</u>	<u>\$ 3,229,223</u>	<u>\$ 3,047,364</u>	<u>\$ 2,885,754</u>	<u>\$ 2,802,857</u>	
City of Isle of Palms' proportionate share of the net pension liability as a percentage of its covered-employee payroll	170.52%	158.87%	219.37%	196.54%	206.36%	191.97%	191.67%	170.87%	143.64%	
Plan fiduciary net position as a percentage of the total pension liability	66.45%	70.40%	58.80%	62.70%	61.70%	60.90%	60.40%	64.60%	67.55%	

*Note- This schedule will show information for 10 years. However, until a full 10 years is compiled, the City will show information for years for which information is available.

City of Isle of Palms, South Carolina
Required Supplementary Information (Unaudited)
Schedule of the City's Contributions
South Carolina Police Officers Retirement System
Year Ended June 30, 2023

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 819,326	\$ 668,414	\$ 588,490	\$ 574,950	\$ 524,426	\$ 524,426	\$ 433,945	\$ 403,373	\$ 375,863	\$ 324,766
Contributions in relation to the contractually required contribution	<u>(819,326)</u>	<u>(668,414)</u>	<u>(588,490)</u>	<u>(574,950)</u>	<u>(524,426)</u>	<u>(524,426)</u>	<u>(433,945)</u>	<u>(403,373)</u>	<u>(375,863)</u>	<u>(324,766)</u>
Contribution deficiency (excess)	<u>\$ -</u>									
City of Isle of Palms' covered-employee payroll	<u>\$ 3,860,810</u>	<u>\$ 3,474,085</u>	<u>\$ 3,226,368</u>	<u>\$ 3,152,136</u>	<u>\$ 3,135,480</u>	<u>\$ 3,229,223</u>	<u>\$ 3,047,364</u>	<u>\$ 2,885,754</u>	<u>\$ 2,802,857</u>	<u>\$ 2,526,375</u>
Contributions as a percentage of covered-employee payroll	21.22%	19.24%	18.24%	18.24%	16.73%	16.24%	14.24%	13.98%	13.41%	12.86%

Supplementary Information

NON-MAJOR GOVERNMENTAL FUND DESCRIPTIONS

SPECIAL REVENUE FUNDS

To account for the proceeds of specific revenue sources (other than fiduciary funds or capital project funds) that are received by the City that are either legally restricted or assigned for specified purposes.

VICTIM ASSISTANCE FUND – To account for monies set aside to assist victims of crimes in accordance with state law.

RECREATION BUILDING FUND – To account for donations made to the City's Recreation Department.



City of Isle of Palms, South Carolina
Combining Balance Sheet
Non-Major Governmental Funds
June 30, 2023

	Victim Assistance Fund	Recreation Building Fund	Total Non- Major Funds
Assets			
Cash and Cash Equivalents - Restricted	\$ 33,605	\$ 113,242	\$ 146,847
Due from Other Funds	1,580	-	1,580
Total Assets	\$ 35,185	\$ 113,242	\$ 148,427
Liabilities			
Accounts Payable	\$ -	\$ -	\$ -
Due to Other Funds	-	-	-
Total Liabilities	-	-	-
Fund Balances			
Restricted	35,185	-	35,185
Assigned	-	113,242	113,242
Total Fund Balances	35,185	113,242	148,427
Total Liabilities and Fund Balances	\$ 35,185	\$ 113,242	\$ 148,427

City of Isle of Palms, South Carolina
Combining Schedule of Revenues, Expenditures,
and Changes in Fund Balances
Non-Major Governmental Funds
Year Ended June 30, 2023

	Victim Assistance Fund	Recreation Building Fund	Total Non- Major Funds
Revenues			
Fines and Forfeitures	\$ 14,867	\$ -	\$ 14,867
Interest	-	3,915	3,915
Other	-	18,602	18,602
Total Revenues	14,867	22,517	37,384
Expenditures			
Current:			
Public Safety	8,297	-	8,297
Recreation	-	11,342	11,342
Total Expenditures	8,297	11,342	19,639
Excess (Deficiency) of Revenues Over Expenditures	6,570	11,175	17,745
Other Financing Sources			
Transfers In	-	3,000	3,000
Transfers Out	(3,510)	-	(3,510)
Total Other Financing Sources	(3,510)	3,000	(510)
Net Change In Fund Balances	3,060	14,175	17,235
Fund Balances, Beginning of Year	32,125	99,067	131,192
Fund Balances, End of Year	\$ 35,185	\$ 113,242	\$ 148,427

City of Isle of Palms, South Carolina
Schedule of Detailed Revenues and Expenditures
Budget and Actual – General Fund
Year Ended June 30, 2023

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues			
Property Taxes	\$ 4,924,000	\$ 5,176,672	\$ 252,672
Local Option Sales Tax	1,014,000	1,184,906	170,906
Intergovernmental			
State Aid to Subdivisions	100,000	103,147	3,147
State Accommodations Tax Administrative Fee	162,755	210,701	47,946
State Shared Funds - Alcohol	35,000	47,000	12,000
Grants	-	10,413	10,413
Total Intergovernmental	297,755	371,261	73,506
Licenses and Permits			
Business Licenses	1,500,000	2,295,728	795,728
Residential Rental Licenses	975,000	1,603,408	628,408
Insurance Licenses	785,000	929,854	144,854
Public Utilities	780,000	848,712	68,712
Building Permits	725,000	923,328	198,328
Telecommunication Licenses	20,000	14,180	(5,820)
Transportation	6,000	14,043	8,043
Total Licenses and Permits	4,791,000	6,629,253	1,838,253
Fines and Forfeitures	300,000	239,425	(60,575)
Revenue From Use of Properties			
Parking Lot Revenue	600,000	673,699	73,699
Parking Meter Revenue	730,000	618,580	(111,420)
Residential Guest Parking Revenue	150	60	(90)
Total Revenue From Use of Properties	1,330,150	1,292,339	(37,811)
Interest			
Interest Income	6,000	297,485	291,485
Total Interest	6,000	297,485	291,485

City of Isle of Palms, South Carolina
Schedule of Detailed Revenues and Expenditures
Budget and Actual – General Fund
Year Ended June 30, 2023

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Other Revenues			
Recreation Program Income	\$ 70,000	\$ 82,012	\$ 12,012
Recreation Instructors Income	150,000	201,731	51,731
Miscellaneous	9,000	61,508	52,508
Cart Purchase Revenue	4,000	9,525	5,525
Boat Ramp Fees	100	500	400
Kennel Fees	100	14	(86)
	<u>233,200</u>	<u>355,290</u>	<u>122,090</u>
Total Other Revenues			
Total Revenues	<u>12,896,105</u>	<u>15,546,631</u>	<u>2,650,526</u>
Expenditures			
General Government			
<u>Mayor and Council:</u>			
Salaries	17,000	17,000	-
Payroll Taxes	1,301	1,071	230
Retirement	557	263	294
Group Health Insurance	61,010	54,550	6,460
Workers Compensation	570	449	121
Membership and Dues	500	84	416
Print and Office Supplies	2,100	179	1,921
Meetings and Seminars	14,000	20,272	(6,272)
Telephone	6,000	3,653	2,347
Insurance	2,100	172	1,928
Miscellaneous and Contingency	6,000	5,829	171
Citizens and Employee Services	5,000	1,945	3,055
	<u>116,138</u>	<u>105,467</u>	<u>10,671</u>
Total Mayor and Council			
<u>Administration:</u>			
Salaries	531,662	541,369	(9,707)
Salaries - Overtime	1,846	611	1,235
Payroll Taxes	40,813	40,543	270
Retirement	99,019	90,482	8,537
Group Health Insurance	44,931	43,221	1,710
Workers Compensation	5,674	3,942	1,732
Unemployment Compensation	-	-	-
Print and Office Supplies	11,000	10,237	763
Membership and Dues	5,985	6,345	(360)

City of Isle of Palms, South Carolina
Schedule of Detailed Revenues and Expenditures
Budget and Actual – General Fund
Year Ended June 30, 2023

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Meetings and Seminars	\$ 8,500	\$ 7,855	\$ 645
Vehicle, Fuel, and Oil	2,500	4,753	(2,253)
Electric and Gas	5,000	5,451	(451)
Telephone and Cable	10,500	10,506	(6)
Water and Sewer	1,900	1,489	411
IT Equipment, Software and Services	239,000	233,485	5,515
Subscription Based IT Arrangements	-	128,658	(128,658)
Noncapital Tools and Equipment	1,000	154	846
Maintenance and Service Contracts	29,000	26,686	2,314
Machine and Equipment Repair	500	495	5
Cleaning and Sanitary Supplies	2,000	1,649	351
Storm Preparation & Cleanup	-	111,854	(111,854)
Medical and Lab	600	531	69
Insurance	21,000	22,901	(1,901)
Rent and Leases	10,000	7,146	2,854
Advertising	6,000	8,678	(2,678)
Employee Training	37,000	14,410	22,590
Professional Services	86,000	123,467	(37,467)
Temporary Labor	4,000	1,719	2,281
Contracted Services	178,000	44,757	133,243
Miscellaneous and Contingency	44,000	46,228	(2,228)
Election Expense	-	711	(711)
Bank Service Charges	11,000	10,117	883
Total Administration	1,438,430	1,550,450	(112,020)
<u>Judicial and Legal:</u>			
Salaries - Full-time	76,768	85,922	(9,154)
Salaries - Over-time	1,747	9,153	(7,406)
Salaries - Part-time	16,500	15,041	1,459
Payroll Taxes	7,269	8,428	(1,159)
Retirement	17,635	18,137	(502)
Group Health Insurance	6,735	6,998	(263)
Workers Compensation	390	234	156
Print and Office Supplies	4,000	1,779	2,221
Membership and Dues	150	69	81
Meetings and Seminars	700	400	300
Telephone and Cable	4,000	3,633	367
IT Equipment, Software and Services	1,000	-	1,000
Noncapital Tools and Equipment	800	109	691
Maintenance and Service Contracts	3,850	-	3,850
Insurance	800	976	(176)

City of Isle of Palms, South Carolina
Schedule of Detailed Revenues and Expenditures
Budget and Actual – General Fund
Year Ended June 30, 2023

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Employee Training	\$ 1,500	\$ 1,346	\$ 154
Professional Services	130,000	241,153	(111,153)
Miscellaneous and Contingency	850	-	850
Total Judicial and Legal	<u>274,694</u>	<u>393,378</u>	<u>(118,684)</u>
Total General Government	1,829,262	2,049,295	(220,033)
Public Safety			
<u>Police Department:</u>			
Salaries	1,627,181	1,779,932	(152,751)
Salaries - Over-time	143,133	162,421	(19,288)
Payroll Taxes	135,429	145,309	(9,880)
Retirement	365,799	369,109	(3,310)
Group Health Insurance	217,022	220,469	(3,447)
Workers Compensation	99,721	87,292	12,429
Print and Office Supplies	14,000	14,059	(59)
Membership and Dues	2,000	2,070	(70)
Meetings and Seminars	3,000	2,666	334
Vehicle, Fuel, and Oil	125,000	118,089	6,911
Vehicle Maintenance	60,000	52,987	7,013
Electric and Gas	29,000	31,098	(2,098)
Telephone and Cable	52,000	46,269	5,731
Water and Sewer	6,500	6,824	(324)
IT Equipment, Software and Services	55,000	37,466	17,534
Noncapital Tools and Equipment	15,000	13,203	1,797
Maintenance and Service Contracts	45,500	19,016	26,484
Machine and Equipment Repair	7,000	3,024	3,976
Uniforms	22,715	24,415	(1,700)
Cleaning and Sanitary Supplies	6,000	3,805	2,195
Medical and Lab	5,000	5,509	(509)
Insurance	97,000	125,953	(28,953)
Rent and Leases	3,000	1,600	1,400
Employee Training	10,000	12,901	(2,901)
Professional Services	5,000	5,020	(20)
Miscellaneous and Contingency	5,000	5,355	(355)
Canine Kennel Expenses	2,200	1,474	726
Total Police Department	<u>3,158,200</u>	<u>3,297,335</u>	<u>(139,135)</u>

City of Isle of Palms, South Carolina
Schedule of Detailed Revenues and Expenditures
Budget and Actual – General Fund
Year Ended June 30, 2023

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Fire Department:			
Salaries - Full-time	\$ 1,974,950	\$ 2,207,153	\$ (232,203)
Salaries - Over-time	317,166	385,677	(68,511)
Salaries - Part-time	20,000	318	19,682
Payroll Taxes	176,877	193,752	(16,875)
Retirement	490,062	505,437	(15,375)
Group Health Insurance	290,413	309,291	(18,878)
Workers Compensation	117,380	118,669	(1,289)
Print and Office Supplies	7,900	5,996	1,904
Membership and Dues	2,300	1,442	858
Meetings and Seminars	3,900	1,752	2,148
Vehicle, Fuel, and Oil	32,000	37,154	(5,154)
Vehicle Maintenance	65,000	75,952	(10,952)
Electric and Gas	46,000	42,654	3,346
Telephone and Cable	61,000	60,212	788
Water and Sewer	13,000	9,332	3,668
IT Equipment, Software and Services	44,000	47,621	(3,621)
Subscription Based IT Arrangements	-	30,994	(30,994)
Noncapital Tools and Equipment	7,000	13,512	(6,512)
Maintenance and Service Contracts	46,200	39,788	6,412
Machine and Equipment Repair	10,000	12,736	(2,736)
Uniforms	22,000	23,154	(1,154)
Cleaning and Sanitary Supplies	8,000	9,150	(1,150)
Medical and Lab	27,000	26,535	465
Insurance	147,000	153,510	(6,510)
Rent and Leases	3,000	1,108	1,892
Employee Training	22,500	22,682	(182)
Professional Services	21,000	21,969	(969)
Miscellaneous and Contingency	9,000	6,222	2,778
	<hr/>	<hr/>	<hr/>
Total Fire Department	3,984,648	4,363,772	(379,124)
Total Public Safety	<hr/>	<hr/>	<hr/>
	7,142,848	7,661,107	(518,259)
Building, Planning, and Engineering			
Salaries - Full-time	229,345	259,202	(29,857)
Salaries - Over-time	655	872	(217)
Payroll Taxes	17,595	19,553	(1,958)
Retirement	42,688	43,491	(803)
Group Health Insurance	33,789	32,950	839
Workers Compensation	2,988	2,353	635
Print and Office Supplies	10,000	8,259	1,741
Membership and Dues	1,000	569	431
Meetings and Seminars	3,000	-	3,000
Vehicle, Fuel, and Oil	5,000	3,259	1,741

City of Isle of Palms, South Carolina
Schedule of Detailed Revenues and Expenditures
Budget and Actual – General Fund
Year Ended June 30, 2023

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Vehicle Maintenance	\$ 1,000	\$ 101	\$ 899
Electric and Gas	5,100	5,451	(351)
Telephone and Cable	5,500	4,614	886
Water and Sewer	1,600	1,308	292
IT Equipment, Software and Services	57,000	6,222	50,778
Subscription Based IT Arrangements	-	181,012	(181,012)
Noncapital Tools and Equipment	1,000	920	80
Maintenance and Service Contracts	7,500	8,838	(1,338)
Machine and Equipment Repair	500	-	500
Uniforms	500	431	69
Cleaning and Sanitary Supplies	500	321	179
Medical and Lab	100	203	(103)
Insurance	10,000	10,839	(839)
Rent and Leases	1,500	726	774
Employee Training	2,000	1,426	574
Professional Services	17,300	37,300	(20,000)
Temporary Labor	4,000	-	4,000
Miscellaneous and Contingency	500	308	192
Total Building, Planning, and Engineering	461,660	630,528	(168,868)
Public Works			
Salaries - Full-time	676,422	699,272	(22,850)
Salaries - Over-time	11,697	17,360	(5,663)
Salaries - Part-time	21,870	19,680	2,190
Payroll Taxes	54,314	54,880	(566)
Retirement	127,715	119,121	8,594
Group Health Insurance	110,404	101,412	8,992
Workers Compensation	56,556	53,368	3,188
Print and Office Supplies	1,500	690	810
Membership and Dues	500	171	329
Meetings and Seminars	500	55	445
Vehicle, Fuel, and Oil	109,000	116,856	(7,856)
Vehicle Maintenance	95,000	110,806	(15,806)
Electric and Gas	70,000	70,341	(341)
Telephone and Cable	14,000	12,791	1,209
Water and Sewer	3,000	1,518	1,482
IT Equipment, Software and Services	6,000	6,562	(562)
Noncapital Tools and Equipment	2,000	4,585	(2,585)
Maintenance and Service Contracts	11,500	12,866	(1,366)
Machine and Equipment Repair	4,000	2,960	1,040
Uniforms	11,000	11,946	(946)
Cleaning and Sanitary Supplies	2,500	1,116	1,384
Medical and Lab	4,000	2,735	1,265
Street Signs	2,000	1,276	724
Insurance	38,500	40,596	(2,096)

City of Isle of Palms, South Carolina
Schedule of Detailed Revenues and Expenditures
Budget and Actual – General Fund
Year Ended June 30, 2023

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Employee Training	\$ 300	\$ 46	\$ 254
Professional Services	2,000	2,021	(21)
Temporary Labor	244,000	246,585	(2,585)
Contracted Services	1,000	900	100
Miscellaneous and Contingency	1,000	494	506
Garbage Cart - Procurement	7,500	16,462	(8,962)
Total Public Works	1,691,778	1,729,640	(37,862)
Recreation			
<u>Recreation Department:</u>			
Salaries - Full-time	413,496	377,840	35,656
Salaries - Over-time	9,301	1,971	7,330
Salaries - Part-time	185,000	211,364	(26,364)
Payroll Taxes	46,496	44,674	1,822
Retirement	79,796	67,387	12,409
Group Health Insurance	59,919	53,439	6,480
Workers Compensation	17,158	15,280	1,878
Print and Office Supplies	10,500	9,684	816
Membership and Dues	1,600	1,081	519
Meetings and Seminars	2,000	1,692	308
Vehicle, Fuel, and Oil	4,000	3,661	339
Vehicle Maintenance	2,000	2,501	(501)
Electric and Gas	32,000	33,136	(1,136)
Telephone and Cable	13,000	10,917	2,083
Water and Sewer	5,000	3,904	1,096
IT, Equipment, Software and Services	21,000	23,440	(2,440)
Noncapital Tools and Equipment	2,000	1,559	441
Maintenance and Service Contracts	45,000	37,775	7,225
Machine and Equipment Repair	2,500	1,581	919
Uniforms	1,950	1,654	296
Cleaning and Sanitary Supplies	8,000	6,652	1,348
Medical and Lab	1,000	685	315
Insurance	49,000	52,675	(3,675)
Rent and Leases	4,600	1,459	3,141
Employee Training	2,500	1,311	1,189
Professional Services	120	-	120
Temporary Labor	2,000	-	2,000
Miscellaneous and Contingency	3,500	1,741	1,759
Total Recreation Department	1,024,436	969,063	55,373

City of Isle of Palms, South Carolina
Schedule of Detailed Revenues and Expenditures
Budget and Actual – General Fund
Year Ended June 30, 2023

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
<u>Recreation Programs:</u>			
Five Year Old & Under Play Group	\$ 750	\$ 719	\$ 31
Gymnastics	3,500	3,350	150
Special Activities	24,500	19,258	5,242
Summer Camp	14,500	10,441	4,059
Themed Activities	2,000	1,950	50
Adult Sports	13,000	12,989	11
Youth Sports	35,000	35,149	(149)
Teenagers	3,500	2,376	1,124
Total Recreation Programs	<u>96,750</u>	<u>86,232</u>	<u>10,518</u>
Total Recreation	1,121,186	1,055,295	65,891
Non-Departmental			
Parking Meters			
Salaries - Over-time	1,500	2,522	(1,022)
Salaries - Part-time	88,940	82,111	6,829
Payroll Taxes	6,919	6,478	441
Workers Compensation	6,035	4,704	1,331
Total Parking Meters	<u>103,394</u>	<u>95,815</u>	<u>7,579</u>
Total Non-Departmental	103,394	95,815	7,579
Capital outlay	<u>-</u>	<u>857</u>	<u>(857)</u>
Debt Service			
Principal	808,000	812,096	(4,096)
Interest	<u>163,362</u>	<u>165,931</u>	<u>(2,569)</u>
Total Debt Service	<u>971,362</u>	<u>978,027</u>	<u>(6,665)</u>
Total General Fund Expenditures	<u>\$ 13,321,490</u>	<u>\$ 14,200,564</u>	<u>\$ (879,074)</u>

City of Isle of Palms, South Carolina
Schedule of Expenditures by Type – Actual
Year Ended June 30, 2023

	General Government		
	Mayor and Council	Administration	Judicial and Legal
Departmental Expenditures			
Salaries - Full-time	\$ 17,000	\$ 541,369	\$ 85,922
Salaries - Over-time	-	611	9,153
Salaries - Part-time	-	-	15,041
Payroll Taxes	1,071	40,543	8,428
Retirement	263	90,482	18,137
Group Health Insurance	54,550	43,221	6,998
Workers Compensation	449	3,942	234
Unemployment Compensation	-	-	-
Print and Office Supplies	179	10,237	1,779
Membership and Dues	84	6,345	69
Membership and Seminars	20,272	7,855	400
Vehicle, Fuel, and Oil	-	4,753	-
Vehicle Maintenance	-	-	-
Electric and Gas	-	5,451	-
Telephone and Cable	3,653	10,506	3,633
Water and Sewer	-	1,489	-
IT Equipment, Software and Services	-	233,485	-
Subscription Based IT Arrangements	-	128,658	-
Noncapital Tools and Equipment	-	154	109
Maintenance and Service Contracts	-	26,686	-
Machine and Equipment Repair	-	495	-
Uniforms	-	-	-
Cleaning and Sanitary Supplies	-	1,649	-
Storm Preparation & Cleanup	-	111,854	-
Medical and Lab	-	531	-
Street Signs	-	-	-
Insurance	172	22,901	976
Rent and Leases	-	7,146	-
Advertising	-	8,678	-
Employee Training	-	14,410	1,346
Professional Services	-	123,467	241,153
Temporary Labor	-	1,719	-
Contracted Services	-	44,757	-
Miscellaneous and Contingency	5,829	46,228	-
Citizens and Employee Services	1,945	-	-
Canine Kennel Expenses	-	-	-
Recreation Instruction Expense	-	-	-
Garbage Cart - Procurement	-	-	-
Election Expenses	-	711	-
Bank Service Charges	-	10,117	-
Total Departmental Expenditures	\$ 105,467	\$ 1,550,450	\$ 393,378

City of Isle of Palms, South Carolina
Schedule of Expenditures by Type – Actual
Year Ended June 30, 2023

Departmental Expenditures	Public Safety		Building, Planning, and Engineering	Public Works Department
	Police Department	Fire Department		
	Salaries - Full-time	\$ 1,779,932	\$ 2,207,153	\$ 259,202
Salaries - Over-time	162,421	385,677	872	17,360
Salaries - Part-time	-	318	-	19,680
Payroll Taxes	145,309	193,752	19,553	54,880
Retirement	369,109	505,437	43,491	119,121
Group Health Insurance	220,469	309,291	32,950	101,412
Workers Compensation	87,292	118,669	2,353	53,368
Print and Office Supplies	14,059	5,996	8,259	690
Membership and Dues	2,070	1,442	569	171
Membership and Seminars	2,666	1,752	-	55
Vehicle, Fuel, and Oil	118,089	37,154	3,259	116,856
Vehicle Maintenance	52,987	75,952	101	110,806
Electric and Gas	31,098	42,654	5,451	70,341
Telephone and Cable	46,269	60,212	4,614	12,791
Water and Sewer	6,824	9,332	1,308	1,518
IT Equipment, Software and Services	37,466	47,621	6,222	6,562
Subscription Based IT Arrangements	-	30,994	181,012	-
Noncapital Tools and Equipment	13,203	13,512	920	4,585
Maintenance and Service Contracts	19,016	39,788	8,838	12,866
Machine and Equipment Repair	3,024	12,736	-	2,960
Uniforms	24,415	23,154	431	11,946
Cleaning and Sanitary Supplies	3,805	9,150	321	1,116
Medical and Lab	5,509	26,535	203	2,735
Street Signs	-	-	-	1,276
Insurance	125,953	153,510	10,839	40,596
Rent and Leases	1,600	1,108	726	169
Advertising	-	-	-	-
Employee Training	12,901	22,682	1,426	46
Professional Services	5,020	21,969	37,300	2,021
Temporary Labor	-	-	-	246,585
Contracted Services	-	-	-	900
Miscellaneous and Contingency	5,355	6,222	308	494
Canine Kennel Expenses	1,474	-	-	-
Recreation Instruction Expense	-	-	-	-
Garbage Cart - Procurement	-	-	-	16,462
Bank Service Charges	-	-	-	-
	<u>\$ 3,297,335</u>	<u>\$ 4,363,772</u>	<u>\$ 630,528</u>	<u>\$ 1,729,640</u>

City of Isle of Palms, South Carolina
Schedule of Expenditures by Type – Actual
Year Ended June 30, 2023

	<u>Non-Departmental</u>		<u>Total</u>
	<u>Recreation</u>	<u>Parking Meters</u>	
Departmental Expenditures			
Salaries - Full-time	\$ 377,840	\$ -	\$ 5,967,690
Salaries - Over-time	1,971	2,522	580,587
Salaries - Part-time	211,364	82,111	328,514
Payroll Taxes	44,674	6,478	514,688
Retirement	67,387	-	1,213,427
Group Health Insurance	53,439	-	822,330
Workers Compensation	15,280	4,704	286,291
Print and Office Supplies	9,684	-	50,883
Membership and Dues	1,081	-	11,831
Membership and Seminars	1,692	-	34,692
Vehicle, Fuel, and Oil	3,661	-	283,772
Vehicle Maintenance	2,501	-	242,347
Electric and Gas	33,136	-	188,131
Telephone and Cable	10,917	-	152,595
Water and Sewer	3,904	-	24,375
IT Equipment, Software and Services	23,440	-	354,796
Subscription Based IT Arrangements	-	-	340,664
Noncapital Tools and Equipment	1,559	-	34,042
Maintenance and Service Contracts	37,775	-	144,969
Machine and Equipment Repair	1,581	-	20,796
Uniforms	1,654	-	61,600
Cleaning and Sanitary Supplies	6,652	-	22,693
Medical and Lab	685	-	36,198
Street Signs	-	-	1,276
Insurance	52,675	-	407,622
Rent and Leases	1,459	-	12,208
Advertising	-	-	8,678
Employee Training	1,311	-	54,122
Professional Services	-	-	430,930
Temporary Labor	-	-	248,304
Contracted Services	-	-	45,657
Miscellaneous and Contingency	1,741	-	66,177
Canine Kennel Expenses	-	-	1,474
Recreation Instruction Expense	86,232	-	86,232
Garbage Cart - Procurement	-	-	16,462
Election Expenses	-	-	711
Bank Service Charges	-	-	10,117
	<u>\$ 1,055,295</u>	<u>\$ 95,815</u>	<u>\$ 13,221,680</u>
		Capital Outlay	857
		Debt Service	978,027
			<u><u>\$ 14,200,564</u></u>

City of Isle of Palms, South Carolina
Schedule of Fines, Assessments, and Surcharges
Year Ended June 30, 2023

FOR THE STATE TREASURER'S OFFICE:

COUNTY / MUNICIPAL FUNDS COLLECTED BY CLERK OF COURT	<u>General Sessions</u>	<u>Magistrate Court</u>	<u>Municipal Court</u>	<u>Total</u>
Court Fines and Assessments:				
Court fines and assessments collected			\$ 373,629.48	\$ 373,629.48
Court fines and assessments remitted to State Treasurer			\$ (117,605.86)	\$ (117,605.86)
Total Court Fines and Assessments retained	\$ -	\$ -	\$ 256,023.62	\$ 256,023.62
Surcharges and Assessments retained for victim services:				
Surcharges collected and retained			\$ 4,908.48	\$ 4,908.48
Assessments retained			\$ 9,958.44	\$ 9,958.44
Total Surcharges and Assessments retained for victim services	\$ -	\$ -	\$ 14,866.92	\$ 14,866.92

FOR THE DEPARTMENT OF CRIME VICTIM COMPENSATION (DCVC)

<u>VICTIM SERVICE FUNDS COLLECTED</u>	<u>Municipal</u>	<u>County</u>	<u>Total</u>
Carryforward from Previous Year – Beginning Balance	\$ 32,124.22		\$ 32,124.22
<u>Victim Service Revenue:</u>			
Victim Service Fines Retained by City/County Treasurer	\$ -		\$ -
Victim Service Assessments Retained by City/County Treasurer	\$ 9,958.44		\$ 9,958.44
Victim Service Surcharges Retained by City/County Treasurer	\$ 4,908.48		\$ 4,908.48
Interest Earned	\$ -		\$ -
Grant Funds Received			
Grant from:			\$ -
General Funds Transferred to Victim Service Fund	\$ -		\$ -
Contribution Received from Victim Service Contracts:			
(1) Town of			\$ -
(2) Town of			\$ -
(3) City of			\$ -
Total Funds Allocated to Victim Service Fund + Beginning Balance (A)	\$ 46,991.14	\$ -	\$ 46,991.14

City of Isle of Palms, South Carolina
Schedule of Fines, Assessments, and Surcharges
Year Ended June 30, 2023

Expenditures for Victim Service Program:	<u>Municipal</u>	<u>County</u>	<u>Total</u>
Salaries and Benefits			\$ -
Operating Expenditures	\$ 772.01		\$ 772.01
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:			\$ -
Transferred to General Fund	\$ 3,510.31		\$ 3,510.31
Total Expenditures from Victim Service Fund/Program (B)	\$ 4,282.32	\$ -	\$ 4,282.32
Total Victim Service Funds Retained by Municipal/County Treasurer (A-B)	\$ 42,708.82		\$ 42,708.82
Less: Prior Year Fund Deficit Repayment	\$ 7,524.22		\$ 7,524.22
Carryforward Funds – End of Year	\$ 35,184.60	\$ -	\$ 35,184.60

**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 Honorable Mayor and Members of City Council
City of Isle of Palms
Isle of Palms, South Carolina

We have audited the City of Isle of Palms (the City), 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, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the City’s basic financial statements, and have issued our report thereon dated November 30, 2023.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City’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 City’s internal control. Accordingly, we do not express an opinion on the effectiveness of the City’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 over financial reporting 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.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City’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 these 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.

Veris LLC

Mount Pleasant, South Carolina
November 30, 2023



**City of Isle of Palms, South Carolina
Schedule of Findings and Questioned Costs
Year ended June 30, 2023**

Section I – Summary of Auditor’s Results

Financial Statements

Type of auditor’s report issued:	Unmodified
Internal control over financial reporting:	
Material weakness identified?	No
Significant deficiencies identified not considered to be material weakness?	No
Noncompliance material to financial statements noted?	No

Section II – Financial Statement Findings

None

Section III – Compliance Findings

None

Section IV – Summary Schedule of Prior Year Findings

Not Applicable