

ANNUAL COMPREHENSIVE FINANCIAL REPORT

TOWN OF MOUNT PLEASANT SOUTH CAROLINA

FOR FISCAL YEAR ENDED
JUNE 30, 2023



TOWN ADMINISTRATOR
Eric M. DeMoura

ASSISTANT TOWN ADMINISTRATOR
Christiane M. Farrell

FINANCE AND CORPORATE SERVICES

CHIEF FINANCIAL OFFICER
Marcy E. Cotov

DEPUTY CHIEF FINANCIAL OFFICER
Tammy L. Harness

FINANCE DIRECTOR
Peggy S. Conkel, CPA, CGFO

TOWN OF MOUNT PLEASANT, SOUTH CAROLINA

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November 14, 2023

To the Citizens of the Town of Mount Pleasant:

State law requires every general-purpose local government to publish a complete set of financial statements presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. This report is published to fulfill that requirement for the fiscal year (FY) ended June 30, 2023.

Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal controls that it has established for this purpose. The cost of internal controls should not exceed anticipated benefits. Accordingly, the objective of internal controls is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

Mauldin & Jenkins, LLC, Certified Public Accountants, have issued an unmodified opinion on the Town of Mount Pleasant's financial statements for the fiscal year (FY) ended June 30, 2023. The independent auditor's report is located at the beginning of the financial section of this report.

Management's discussion and analysis (MD&A) immediately follows the independent auditor's report and provides a narrative introduction, overview, and analysis of the financial statements. The MD&A complements this letter of transmittal and should be read in conjunction with the financial statements.

Profile of the Government

The Town of Mount Pleasant, incorporated in 1837, is located along the middle of South Carolina's coast within Charleston County. Mount Pleasant occupies approximately 62.37 square miles and serves a population of approximately 94,000 residents. It is currently the fourth largest municipality in the State by population size. Mount Pleasant is connected via the Arthur Ravenel Jr. Bridge to the most populous city in the State, the historic City of Charleston. The third largest city in South Carolina, the City of North Charleston, is a few miles west and can be reached via Interstates 26 and 526.

Mount Pleasant is truly a place where you can live, work, and play. Major service industries in Mount Pleasant include health care, professional and business, and hospitality and leisure. Mount Pleasant offers excellent schools, historical sites, recreational opportunities, and a wide variety of housing, shopping, and dining options. For these reasons, Mount Pleasant has attracted national attention.

The Town of Mount Pleasant currently employs more than 600 employees, including part-time, organized into nine departments, which provide a full range of municipal services. These services

include police and fire protection, municipal court, sanitation services, maintenance of buildings and infrastructure, recreational facilities and programs, construction permitting and building inspections, land use planning and code enforcement, transportation management, and general administrative and legal support.

The Town of Mount Pleasant operates under the council form of government as provided in S.C. Code § 5-11-10 et seq., as amended. Town Council is composed of the Mayor and eight council members elected at-large. Council terms run for a period of four years with half of the council terms expiring on alternating years. All legislative and administrative powers of the municipality and the determination of all matters of policy are vested in the municipal council. Town Council enacts ordinances and resolutions relative to municipal services, levies taxes, establishes appropriations, issues debt, and institutes other fees and regulations, which aid in the maintenance of equitable treatment and quality standards within the municipality. Each member of Town Council, including the Mayor, has one vote in each matter. To assist Town Council, a Town Administrator is employed to oversee and coordinate activities among the various departments. The Town Administrator ensures management functions are carried out within the policies and procedures endorsed by Town Council. He also ensures personnel requirements and budget constraints are upheld by Department Managers charged with managing the daily operations necessary to provide services to the residents and businesses of the Town.

Town Council is required to adopt an annual budget in accordance with Article X of the South Carolina Constitution. After input from the Department Managers and the Chief Financial Officer, the Town Administrator presents the proposed budget to Town Council. A public hearing is held, the recommended budget is further reviewed and ultimately adopted by Town Council. At the request of a department, line items may be adjusted, although the total appropriation for each fund may not be exceeded. To modify the original ordinance adopting the budget, formal action must be taken by Town Council.

Local Economy

The U.S. Census Bureau named Mount Pleasant the 12th fastest-growing city in the nation from 2010 to 2019 (with a 34.1% population increase) and 24/7 Wall Street named the Town as one of the top 50 cities to live in the U.S. The quality of life, location, and low taxes are attractive to businesses and residents. The neighboring historic City of Charleston was ranked #1 city in the world by *Travel and Leisure*. The City of Charleston and the Town are both experiencing rapid growth due to this global recognition.

Housing prices in the Charleston metro area continue to be well above State and National averages. Total assessed property values of the Town increased 6.4% from \$1.184 billion in tax year 2022 to \$1.260 billion in tax year 2023. Residential construction has seen continual growth since calendar year 2013. The Town seeks balance between fast growth and a stable community. To manage the growth, Town Council has extended an existing apartment moratorium and a building permit allocation program which limits the residential permits to 600 per year. The number of people coming to the area is good for business and industry; however, the growing demands on traffic and infrastructure are both factors that continue to be reassessed each year.

Single family residential new construction is mostly concentrated in four larger development areas including Carolina Park, Liberty Hill Farms and Oyster Point, Midtown, and Moores Landing. In addition to these larger developments, there continues to be infill development spread throughout the town on smaller tracts of land. Townhouse and multifamily developments including Liberty Hill Farms, Atlantic Beach House Apartments, the Heritage and Marsh Cove developments within Dunes West, and the Legacy at Patriots Point, have completed their plans. There is continued growth with age restricted developments as well, mostly within Carolina Park.

Similar to the infill development the Town is experiencing with residential properties, commercial development is increasingly seeing a shift towards redevelopment of properties and upfits and reuse of existing spaces. Some of the completed commercial projects during the past year include Rise Above Physical Therapy, Coastal Flowers and Gifts, Longboard Dental, and Wildflower & Whiskey Clothing Co.

The Town has consistently outpaced state and national standards regarding unemployment, per capita income, and education as seen in the chart below.

	Unemployment	Per Capita Income	High School Graduate or Higher (age 25+)	Bachelor's Degree or Higher (age 25+)
Town	2.2%	\$ 59,505	98%	65%
State	3.2%	\$ 32,823	89%	30%
Nation	3.6%	\$ 37,638	89%	34%

The Town of Mount Pleasant's retail industry has continued to grow over the past years. In FY 2023 there was a total of 1,071 new business licenses issued. Total business license revenue was just over \$15 million, which was a 39% decrease from the prior year. This was due to the change in state law last year, which now requires all businesses to renew their licenses in April. Previously, the Town's renewal date was in July, which means in FY 2022 two tax years for business license renewals were recognized. This was a one-time event during the transition to the new, state-required renewal date.

The Town of Mount Pleasant began their concerted effort to execute their economic development strategy in FY 2023. In addition to hiring their first economic developer, Council also invested strategically to help launch the Harbor Entrepreneur Center. The Center is a hub of entrepreneurial "collision," providing office space for high-growth and highly technical companies. In its first three months, over 40 companies have located in the center, making the Town of Mount Pleasant home to one of the most dynamic innovation and entrepreneurial working spaces in the Southeast.

State and global economic growth also directly impact the Town. The South Carolina Ports Authority's (SCPA) newest economic impact study shows a \$63.4 billion annual impact on the state's economy—representing 1 in 10 jobs statewide and generating over a billion dollars in tax revenue. The SCPA opened the first phase of the Hugh K. Leatherman Terminal in North Charleston in March 2021, which marked the country's first container terminal in more than a

decade. SCPA has invested in the Wando Welch Terminal in Mount Pleasant which includes five (5) ship-to-shore cranes and 24 rubber-tiered gantry cranes. The Port of Charleston is the 8th largest port in the nation and the Charleston Harbor Deepening Project increased the depth of the harbor to 52-feet, creating the deepest harbor on the East Coast.

Volvo Cars located their Ridgeville factory on the 1,600-acre Camp Hall site in neighboring Berkeley County approximately six years ago, employing nearly 1,500 people. The plant produces the S90 sedan as well as the EX90 and Polestar 3, making it a global leader in electric vehicle production. In late 2022, Redwood Materials announced SC's biggest economic development in history when they chose to co-locate at the Camp Hall site. The company will manufacture anode and cathode battery components, investing \$3.5B and ultimately employing 1,500 workers. Both these firms are a testament to the growing importance the State and region plays in the electric vehicle industry.

In Charleston County, the Boeing Company employs approximately 6,000 locals and is home to the company's second 787 Dreamliner final assembly and delivery facility. Other large private employers in Charleston County include Robert Bosch LLC and Mercedes-Benz Vans, LLC, both employing approximately 1,600 people each.

Charleston International Airport, the state's busiest terminal, continues to deliver economic impact for business and tourism travel in the Lowcountry. The combination of passenger flights and the expansion of Charleston Air Force Base injects approximately \$4.5B annually into our economy and supports approximately 35,000 jobs. The airport boasts 12 carriers, an increasing number of direct flights, and welcomes approximately 5.3M passengers each year.

Long-term Financial Planning

Future financial requirements are directly linked to the vision and goals outlined in the Town of Mount Pleasant's Comprehensive Plan, Strategic Plan, and Capital Improvement Plan. The plans can be found on the Town's website at www.tompsc.com.

The [Comprehensive Plan](#) is developed in accordance with South Carolina Code of Laws, Section 6-29-510. The purpose of the Comprehensive Plan is to help manage the physical, social, and economic growth, development, and redevelopment of the Town. To accomplish the goals of the Comprehensive Plan, recommended strategies are organized by plan element to create a five-year implementation plan.

One of the required elements of the Comprehensive Plan is the priority investment element. The priority investment element addresses the coordination of major capital improvements, intergovernmental coordination, and provides direction for implementing many of the recommended strategies described in other elements. It encourages local jurisdictions to examine their future needs for capital improvements and public facilities and associated funding sources over a ten-year horizon. The Town is currently working on its five-year (mid ten-year) update to the Comprehensive Plan.

The [Strategic Plan](#) was updated in 2021. This is the Town's acting strategic plan through 2025. This is the third strategic plan of the Town. The goals and objectives as stated in the Strategic Plan are used to guide the capital and operational spending plan for the Town during this time.

The [Capital Improvement Plan](#) (CIP) is a five-year fiscal planning tool that is used to identify needed capital projects and the appropriate funding and timing for those projects. The CIP is updated annually based on submissions from the Town's various departments. The Town Administrator reviews each project and presents a recommended CIP to Town Council. A financing strategy for approved projects is developed based on a comprehensive financial forecast. The future impact of the completed projects on the annual budget, including operational and staffing costs, is also considered.

Relevant Financial Policies

The Town's financial decisions are guided by formal and informal financial policies designed to provide a consistent and measurable framework for Town decision makers. The Town, as a political subdivision of the State of South Carolina, is required to prepare and maintain a balanced budget. For the fiscal year ending June 30, 2023, the Town's budget was balanced.

Unassigned fund balance of approximately \$45 million in the General Fund for the fiscal year ended June 30, 2023, represents 42% of 2024 budgeted expenditures. Town policy requires the unassigned fund balance in the General Fund be no less than 25% of General Fund expenditures for the same year. General Fund Committed Emergency Reserves for Disaster Recovery of \$2 million were maintained in accordance with policy.

Per Town policy, during fiscal year 2023, \$9.4 million was transferred to the Capital Asset Fund from the General Fund (based on 50% of audited excess unassigned fund balance for the fiscal year ended June 30, 2022, over the 25% required to remain in the unassigned fund balance).

An effective debt planning strategy promotes financial strength and flexibility and integrates the Town's financial position, Strategic Plan, and Capital Improvement Plan. The Town's debt policy limits issuance of general obligation bonds by requiring annual debt service payments not exceed 25% of General Fund operating expenditures for the same year. For the fiscal year ended June 30, 2023, annual debt service payments were 13% of General Fund actual operating expenditures.

During fiscal year 2023, the Town issued a \$50 million general obligation referendum bond. This referendum was voted on and approved during the November ballot in 2022. It is not subject to the 8% limit governed by State Statute. The projects included in this referendum bond are (1) Rifle Range Park, a new facility containing a gymnasium with an indoor, elevated walking track, multiple art and classroom spaces, rectangular multi-purpose fields, tennis/pickleball/basketball courts, and other amenities; (2) expansion of the Mugsy Kerr Tennis Complex facility; (3) renovation of the Park West Pool; and (4) other projects including additional funds for Mount Pleasant Way and greenspace. This 15-year, general obligation bond was issued in March, 2023 to fund these projects and requires a 4 mill increase for debt service repayment beginning in fiscal year 2024.

The Town's top bond rating of Aaa by Moody's Investors Service and AAA by Standard & Poor's Rating Service contributed to an excellent interest rate on the referendum bond. Both rating agencies referenced the Town's continued economic expansion, flexibility to maintain balanced operating results, very strong management, and conservative budgeting approach, which ensures consideration of existing and future service and infrastructure demands through long-term financial and capital planning, as reasons for the high ratings.

Major Initiatives

Town transportation projects include the realignment and connection of Rifle Range Road to US 17 via the Vaughn Ed Kee Parkway, the construction of Billy Swails Boulevard phase 4B, the Patriots Point Gateway intersection, and roadway and intersection enhancements in the Maritime Port District. All the transportation projects are pay-go funded with various special revenues to be received within the next five years.

Public Services and stormwater projects include the completion of the design and the construction of the Public Service Operations Center, drainage improvements in the Old Village area of Town, stormwater pipe repair and rehabilitation, and water quality projects.

Fire Station Number Seven is currently being designed for renovation and expansion. This fire station is the most centrally located and currently only offers medical response units. This station expansion will allow for the relocation of apparatus and personnel within the district along with resource sharing with the Police Department.

The Operations Center and stormwater / drainage upgrades in the Old Village are funded by prior general obligation bonds. Other funding sources, including special revenues, are incorporated into the capital plan over the next five years. Fire Station Number Seven is funded with special revenues including both Accommodations and Hospitality tax revenues.

Awards and Acknowledgments

Mount Pleasant has received the All-America City Award on three separate occasions. This award is given by the National Civic League and recognizes places, cities, and towns for outstanding civic accomplishments. According to the National Civic League officials, "communities have to demonstrate an ability to address serious challenges with innovative, grassroots strategies that promote civic engagement and cooperation between the public, private, and non-profit sectors." Mount Pleasant first received this distinguished award in 2010, the second award in 2018, and just recently received the third award in 2023. Staff and community stakeholders traveled to Denver, Colorado in June 2023 to present town initiatives to judges. The theme for the 2023 All-America City Award was "Creating Thriving Communities through Youth Engagement." The presentation focused on the concept that "The Town of Mount Pleasant is a lot like a sweetgrass basket. Every piece fits together to create something extraordinary.... weaving in and out, like the ebb and flow of a tide. An engaged community working in harmony where we can weave bonds of hope and trust, making the fabric of the community stronger and more colorful."

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Town of Mount Pleasant

for its Annual Comprehensive Financial Report for the fiscal year ended June 30, 2022. This was the thirty-fifth consecutive year that the Town has received this prestigious award. To be awarded a Certificate of Achievement, the government must publish an easily readable and efficiently organized Annual Report, which satisfies both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current Annual Comprehensive Financial Report continues to meet the Certificate of Achievement Program's requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

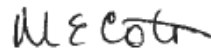
The Town has also received the GFOA's Distinguished Budget Presentation Award for the 2024 fiscal year. This marks the eleventh consecutive year the Town has received this award. To receive the budget award, the budget process and documents must meet program criteria as a policy document, operations guide, financial plan, and communications device.

The preparation of this report would not have been possible without the efficient and dedicated service of the Finance staff. We wish to express our appreciation to the Town's various departments who assisted and contributed to its preparation. Credit also must be given to the Mayor and Town Council for their unfailing support for maintaining the highest standards of professionalism in the management of the Town of Mount Pleasant's finances.

Respectfully submitted,



Eric M. DeMoura
Town Administrator



Marcy E. Cotov
Chief Financial Officer

TOWN OF MOUNT PLEASANT, SOUTH CAROLINA

LISTING OF PRINCIPAL OFFICIALS

As of June 30, 2023

MAYOR

Will Haynie

MAYOR PRO TEMPORE

Gary Santos

COUNCIL MEMBERS

Howard R. Chapman, P.E.

Laura Hyatt

Jake Rambo

Gary Santos

Brenda Corley

John Iacofano

Carl Ritchie

Guang Ming Whitley

TOWN ADMINISTRATOR

Eric M. DeMoura

ASSISTANT TOWN ADMINISTRATOR

Christiane M. Farrell

DEPARTMENT MANAGERS

Chief Financial Officer

Chief of Police

Corporation Counsel

Court Administrator

Engineering and Development Services Director

Fire Chief

Recreation Director

Planning, Land Use, and Neighborhoods Director

Public Services Director

Marcy Cotov

Mark Arnold

David G. Pagliarini

Laurie Wilson

Brad Morrison

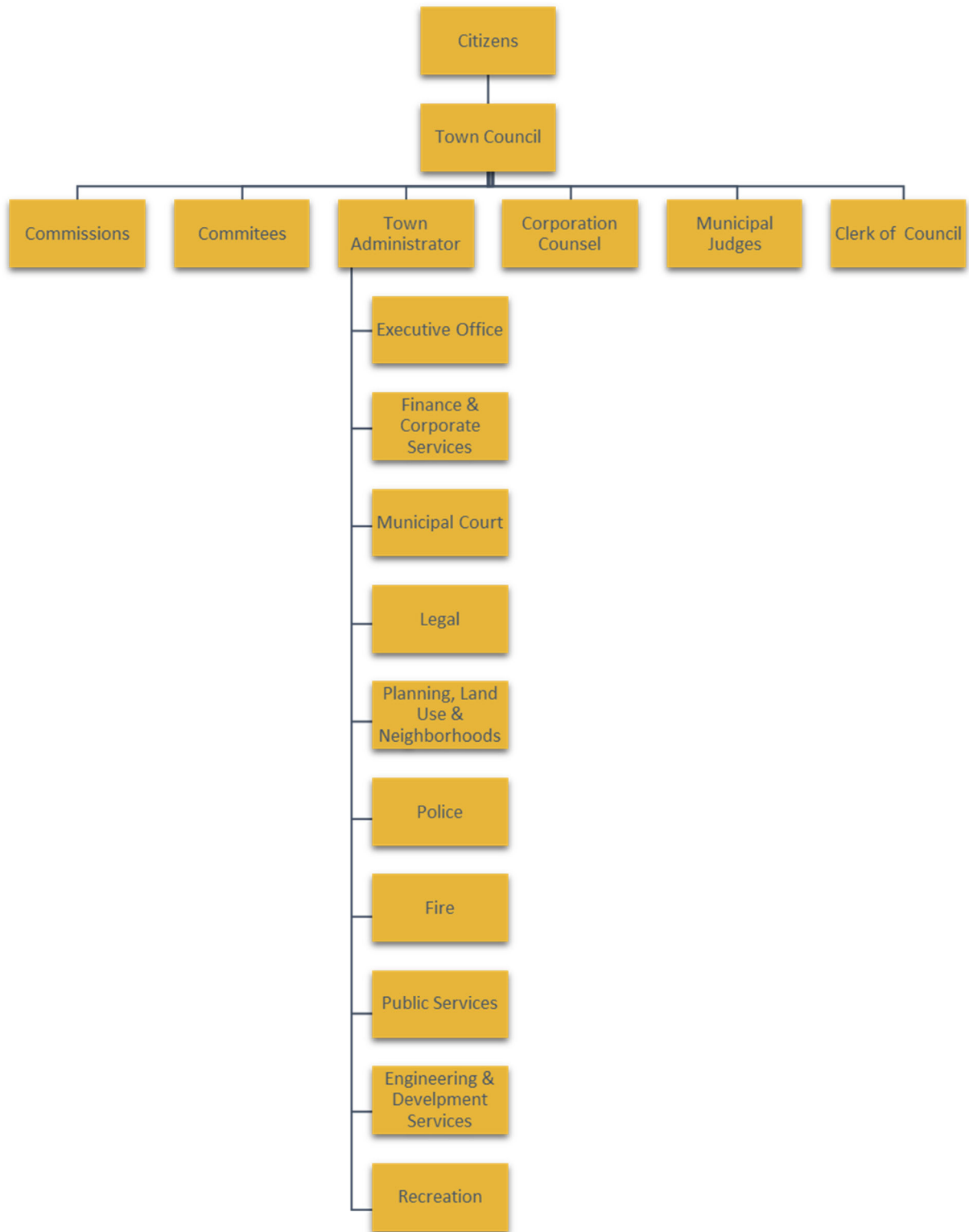
Mike Mixon

Steve Gergick

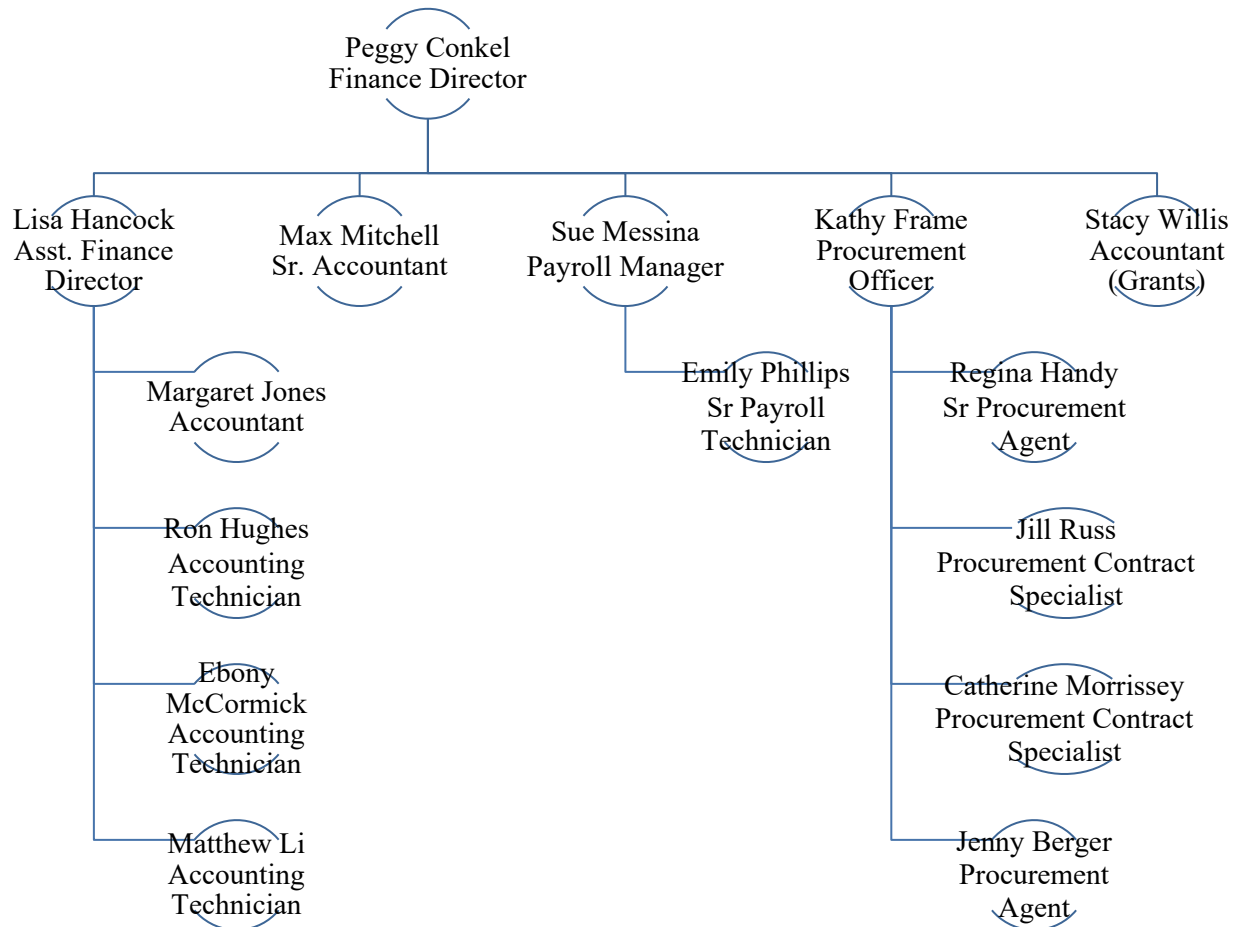
Michele Reed

Andy Weis

TOWN OF MOUNT PLEASANT ORGANIZATION CHART



TOWN OF MOUNT PLEASANT FINANCIAL SERVICES DIVISION





Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**Town of Mount Pleasant
South Carolina**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2022

Christopher P. Morill

Executive Director/CEO



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INDEPENDENT AUDITOR'S REPORT

The Honorable Mayor and Members
of Town Council
Town of Mount Pleasant
Mount Pleasant, South Carolina

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the **Town of Mount Pleasant, South Carolina** (the "Town"), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Town 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Town and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter

The Town implemented Governmental Accounting Standards Board ("GASB") Statement No. 96, *Subscription-Based Information Technology Arrangements*, as of July 1, 2022. This standard significantly changed the accounting for the Town's subscription-based information technology arrangements and the related disclosures. See Note I. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America, 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 Town's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, 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 Town'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 Town's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, the Budgetary Comparison Schedule – General Fund, Pension Plan Schedules, and Other Post-employment Benefit Plan Schedules, as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. The Combining and Individual Fund Financial Schedules, and the Schedule of Debt Service Coverage - Stormwater are presented for purposes of additional analysis and are not a required part of the basic financial statements of the Town. The Uniform Schedule of Court Fines, Assessments and Surcharges (per ACT 96) is presented for purposes of additional analysis as required by the State of South Carolina, and is not a required part of the basic financial statements of the Town. The accompanying Schedule of Expenditures of Federal Awards is presented for the purpose of additional analysis as required by Title 2 *U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements of the Town. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Combining and Individual Fund Financial Schedules, the Schedule of Debt Service Coverage – Stormwater, the Uniform Schedule of Court Fines, Assessments and Surcharges, and the Schedule of Expenditures of Federal Awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory section and statistical section but does not include the basic financial statements and our auditor's report thereon. Our opinion on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

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

Other Reporting Required By Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 14, 2023, on our consideration of the Town's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Mount Pleasant, South Carolina's internal control over financial reporting and compliance.

Mauldin & Jenkins, LLC

Savannah, Georgia
November 14, 2023



The Financial Services Division

Mission Statement

The Financial Services Division serves the citizens, elected officials and employees of the Town of Mount Pleasant with integrity, dedication, knowledge and experience through prudent management of the Town's financial needs in accordance with laws and professional standards safeguarding the Town's financial resources.

TOWN OF MOUNT PLEASANT, SOUTH CAROLINA

MANAGEMENT'S DISCUSSION AND ANALYSIS

YEAR ENDED JUNE 30, 2023

As management of the Town of Mount Pleasant ("Town"), we offer readers of the Town's financial statements this narrative overview and analysis of the financial activities of the Town for the fiscal year ended June 30, 2023 ("2023" or "FY 2023") as compared to fiscal year ended June 30, 2022 ("2022" or "FY 2022"). The intent of this discussion and analysis is to look at the Town's financial performance as a whole. We would encourage readers to not only consider the information presented here but also the information provided in the letter of transmittal, financial statements and notes to the financial statements to enhance their understanding of the Town's overall improved financial position.

FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of resources of the Town exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$646,255,000 (net position). Unrestricted net position was \$40,247,000.
- The Town's total net position increased by \$19,798,000 compared to the prior year's net position.
- As of the close of the current fiscal year, the Town's governmental funds reported combined ending fund balances of \$246,291,000, an increase of \$51,066,000 over the prior year's fund balance. The increase was primarily due to revenues and other financing sources of \$257,663,000 exceeding expenditures and other financing uses of \$206,597,000.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$45,393,000 or 54% of total General Fund expenditures for the year ended June 30, 2023.
- The Town's total capital assets increased \$22,283,000 (4%) during the current fiscal year, as capital asset additions of \$41,950,000 exceeded depreciation and amortization expense of \$18,281,000 and net disposals of \$1,386,000.
- The Town's total long-term obligations (excluding infrastructure credits and compensated absences) increased by \$52,767,000 (70%) during the current fiscal year. The increase in long-term obligations is primarily due to current year issuances of the 2023 GO Bonds of \$50,000,000 issued under referendum, \$3,375,000 in financed purchase agreements, \$1,155,000 in leases, and \$1,019,000 in Subscription-Based Information Technology Arrangements ("SBITAs") exceeding scheduled principal payments and reductions of \$9,460,000.
- The Town adopted GASB Statement No. 96 "*Subscription-Based Information Technology Arrangements*" ("SBITAs") for the year ended June 30, 2023 ("GASB #96" or "Statement"). The objective of GASB #96 is to better meet the information needs of financial statement users by (a) establishing uniform accounting and financial reporting requirements for SBITAs; (b) improving the comparability of financial statements among governments that have entered into SBITAs; and (c) enhancing the understandability, reliability, relevance, and consistency of information about SBITAs. Under this Statement, a government should generally recognize a right-to-use subscription asset (an intangible asset) and a corresponding subscription liability. The adoption of GASB #96 has resulted in the addition of a subscription liability and corresponding intangible right-to-use asset on the Town's government-wide financial statements of approximately \$651,000 and \$642,000, respectively.

OVERVIEW OF FINANCIAL STATEMENTS

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

Financial Statements

This discussion and analysis is intended to serve as an introduction to the Town's financial statements. The Town's financial statements comprise 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 Town through the use of government-wide statements and fund financial statements. In addition to the financial statements, this report contains supplementary information that will enhance the reader's understanding of the financial condition of the Town.

TOWN OF MOUNT PLEASANT, SOUTH CAROLINA

MANAGEMENT'S DISCUSSION AND ANALYSIS

YEAR ENDED JUNE 30, 2023

OVERVIEW OF FINANCIAL STATEMENTS (CONTINUED)

Financial Statements (Continued)

The financial statements include two kinds of statements that present different views of the Town. The *government-wide financial statements* are designed to provide readers with a broad overview of the Town's finances in a manner similar to a private-sector business. The *fund financial statements* are designed for a more detailed look at the Town's finances.

Government-Wide Financial Statements

The *statement of net position* presents information on all of the Town's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, with the differences between them 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 Town 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 fiscal periods.

Government-wide financial statements are divided into two categories: 1) governmental activities; and 2) business-type activities. The Town does not have any business-type activities, but its governmental activities include general government, justice department, public safety, public service, engineering and development services, planning, land use, and neighborhoods, and culture and recreation. Taxes (including business licenses), building permits, impact assessments, other charges for services, and state and federal grant funds finance most of these activities.

Fund Financial Statements

The fund financial statements provide a more detailed look at the Town'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 Town, 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 Town's budget ordinance. All of the funds of the Town can be divided into two categories: governmental funds and proprietary 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 Town's basic services are accounted for in governmental funds. These funds focus on how assets can be readily 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 the *modified accrual basis of accounting* which provides a short-term spending focus. As a result, the governmental fund financial statements give the reader a detailed short-term view that helps him or her determine if there are more or less financial resources available to finance the Town's programs. The relationship between *governmental activities* (reported in the statement of net position and the statement of activities) and *governmental funds* is described in a reconciliation that is a part of the fund financial statements.

The Town maintains numerous individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, Capital Asset Fund, GO Bond Capital Projects Fund, and TIF Bond Capital Projects Fund – as they are considered major funds. Information from the other governmental funds is combined into aggregated presentations. Individual fund data for each of these non-major governmental funds is provided in the form of combining schedules in the supplementary information section of this report.

Proprietary Funds – The Town maintains one type of proprietary fund which is internal service funds. The Town has two internal service funds. *Internal service funds* are used to accumulate and allocate costs internally among the Town's various functions. The Town uses the Health Services Fund to account for management of its health insurance plan. The Town uses the Insurance Management Fund to account for workers' compensation, property and casualty insurance. These services have been included within *governmental activities* in the government-wide financial statements.

TOWN OF MOUNT PLEASANT, SOUTH CAROLINA

MANAGEMENT'S DISCUSSION AND ANALYSIS

YEAR ENDED JUNE 30, 2023

OVERVIEW OF FINANCIAL STATEMENTS (CONTINUED)

Financial Statements (Continued)

Fund Financial Statements (Continued)

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. Regarding the Town's major funds, the Town adopts an annual budget for its General Fund, as required by South Carolina Constitution, Article 10, Section 7. A required budgetary comparison schedule has been provided to demonstrate compliance with the budget. In addition, the Town presents required schedules for the Town's pension plan and other postemployment benefits plan. Required supplementary information can be found as listed in the table of contents.

Supplementary information, including non-major governmental funds and budgetary comparison schedules for the other budgeted funds, is presented immediately following the required supplementary information. These schedules can be found as listed in the table of contents. Budgetary comparison schedules have been provided for all special revenue funds, capital projects funds, and debt service funds with legally adopted budgets.

TOWN OF MOUNT PLEASANT, SOUTH CAROLINA

MANAGEMENT'S DISCUSSION AND ANALYSIS

YEAR ENDED JUNE 30, 2023

GOVERNMENT-WIDE FINANCIAL ANALYSIS

The following table provides a summary of the Town's net position at June 30, 2023, compared to June 30, 2022:

	Town's Governmental Activities	
	June 30, 2023	June 30, 2022
Assets:		
Current Assets	\$ 287,406,299	\$ 234,582,062
Non-Current Assets	608,621,738	585,900,761
Total Assets	896,028,037	820,482,823
Deferred Outflows of Resources:		
Deferred Pension Charges	12,300,157	11,435,348
Deferred OPEB Charges	3,894,667	2,829,792
Total Deferred Outflows of Resources	16,194,824	14,265,140
Liabilities:		
Long-Term Liabilities	115,484,436	71,691,967
Net Pension Liability	68,309,639	57,862,406
Net OPEB Liability	15,780,267	12,516,920
Other Liabilities	40,444,917	28,577,375
Total Liabilities	240,019,259	170,648,668
Deferred Inflows of Resources:		
Deferred Revenue	14,191,595	13,569,867
Deferred Pension Credits	1,516,203	11,786,060
Deferred OPEB Credits	10,240,646	12,285,795
Total Deferred Inflows of Resources	25,948,444	37,641,722
Net Position:		
Net Investment in Capital Assets	551,315,895	538,746,867
Restricted	54,692,640	54,774,521
Unrestricted	40,246,623	32,936,185
Total Net Position	\$ 646,255,158	\$ 626,457,573

The Town's current assets at June 30, 2023, increased by approximately \$52,824,000 (23%) from the prior year, primarily due to an increase in cash and cash equivalents of \$54,820,000 offset by decreases in other receivables of \$1,621,000. The increase in cash and cash equivalents was due to the \$50,000,000 issuance of the 2023 GO Bonds.

The Town's non-current assets at June 30, 2023 increased primarily due to an increase of approximately \$22,283,000 (4%) in capital assets (net of accumulated depreciation and amortization). Total donated capital assets \$7,001,000 of which \$1,058,000 was land and \$5,943,000 was infrastructure from developers. Of this amount, \$289,000 is representative of curbs and sidewalks; \$2,890,000 for roads; and \$2,764,000 for stormwater related improvements.

The Town had approximately \$25,484,000 in additions to construction in progress during the year, of which \$11,197,000 relates to the Public Services Operations Center. There were several on-going capital projects remaining in construction in progress at the end of the fiscal year, of which \$14,041,000 related to the Public Services Operation Center, \$6,456,000 for Carolina Park Phase III, and \$5,089,000 for the Vaughn Ed Kee Parkway.

TOWN OF MOUNT PLEASANT, SOUTH CAROLINA

MANAGEMENT'S DISCUSSION AND ANALYSIS

YEAR ENDED JUNE 30, 2023

GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)

Deferred outflows of resources (resources that will be used in a future period) increased by \$1,930,000 (14%) primarily due to changes in the valuation of the net pension and net OPEB liabilities.

The long-term liabilities increased by \$33,152,000. The increase is the result of the issuances of the 2023 GO Bonds of \$50,000,000 issued under referendum, \$3,375,000 in financed purchase agreements, \$1,155,000 in leases, and \$1,019,000 in Subscription-Based Information Technology Arrangements ("SBITAs") exceeding scheduled principal payments and reductions of \$9,460,000. The remainder of the change is due to a \$184,000 increase in compensated absences.

Net pension liability increased by \$10,447,000 due to the State's total net pension liability increasing. The State funding of the pension program has had challenges that have been addressed by increasing the required contribution amounts and improving investment earnings. This liability is not controlled by the Town.

Net OPEB liability increased by \$3,263,000 primarily due to differences between expected and actual experience and changes in assumptions such as decreasing the eligibility age of SCRS from 60 to 55.

Other liabilities increased by \$11,868,000 (42%) due to the first payment on the 2023 GO Bonds of \$8,135,000 coming due in FY2024.

Deferred inflows of resources decreased by \$11,693,000 (31%) due to a \$2,045,000 decrease in deferred OPEB credits, a \$10,270,000 decrease in deferred pension credits due to changes in the latest actuarial valuation, offset by a \$622,000 increase in deferred revenues.

Assets and deferred outflows exceeded liabilities and deferred inflows of resources (net position) by \$646,255,000 at the close of the most recent fiscal year. The largest portion of the Town's net position, or \$551,316,000, reflects its investment in capital assets (i.e., land, buildings, machinery and equipment, infrastructure, etc.) less any related outstanding debt, including capital leases, used to acquire those assets. The Town uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot generally be used to liquidate these liabilities.

An additional portion of the Town's net position of \$54,693,000 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 (i.e. impact assessment fees, tax increment financing revenues, accommodation taxes, hospitality taxes, etc.). The remaining balance is unrestricted net position of \$40,247,000.

TOWN OF MOUNT PLEASANT, SOUTH CAROLINA**MANAGEMENT'S DISCUSSION AND ANALYSIS****YEAR ENDED JUNE 30, 2023****GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)**

The following table shows the changes in the Town's net position for FY 2023 compared to FY 2022.

	Town's Governmental Activities	
	2023	2022
Revenues:		
Program Revenues:		
Charges for Services	\$ 12,895,793	\$ 15,337,488
Operating Grants and Contributions	3,980,977	3,972,975
Capital Grants and Contributions	7,149,613	11,638,934
General Revenues:		
Property Taxes	34,137,350	37,650,902
Other Taxes	67,763,245	73,262,289
State Shared	4,988,260	4,004,706
Other	9,354,682	1,565,328
Total Revenues	<u>140,269,920</u>	<u>147,432,622</u>
Expenses:		
General Government	24,443,755	31,474,241
Justice Department	2,176,766	2,033,579
Public Safety	38,306,193	36,307,039
Public Service	26,126,470	19,196,833
Engineering and Development Services	8,679,034	8,806,202
Planning , Land Use, and Neighborhoods	8,084,783	7,871,471
Culture and Recreation	10,122,321	9,519,673
Interest and Other Charges	2,533,013	1,878,486
Total Expenses	<u>120,472,335</u>	<u>117,087,524</u>
Net Change in Net Position	19,797,585	30,345,098
Net Position - Beginning of Year	<u>626,457,573</u>	<u>596,112,475</u>
Net Position - End of Year	<u>\$ 646,255,158</u>	<u>\$ 626,457,573</u>

Revenues exceeded expenses by \$19,798,000 for FY 2023. Total revenues decreased from the prior year by \$7,163,000 (5%). The decrease is primarily due to a \$4,489,000 decrease in capital grants and contributions, a \$5,499,000 decrease in other taxes due to two years of business license revenue that were recorded in the previous year. These decreases were partially offset by a \$7,302,000 increase in other revenues due to interest earnings on investments and a \$984,000 increase in state shared revenues due to FEMA reimbursement related to Hurricane Ian.

Expenses increased compared to the prior year by \$3,385,000 (3%). The increase was primarily the result of a decrease of \$7,030,000 in general government offset by an increase in public service of \$6,959,000. The decrease in general government expenditures was primarily due to decreases in capital expenditures. The increase in public service expenditures was due to capital outlay related to the new public service building.

TOWN OF MOUNT PLEASANT, SOUTH CAROLINA

MANAGEMENT'S DISCUSSION AND ANALYSIS

YEAR ENDED JUNE 30, 2023

FINANCIAL ANALYSIS OF THE TOWN'S FUNDS

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

Governmental Funds

The focus of the Town's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Town'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.

As of the end of FY 2023, the Town's governmental funds reported combined ending fund balance of \$246,291,000, which represents an increase of \$51,066,000 in comparison with the prior year. Approximately 18% of total fund balance, or \$45,393,000, constitutes General Fund unassigned fund balance which is available for spending at the Town's discretion. The Town's non-spendable fund balance was approximately \$4,000 for metered postage. Restricted fund balance includes amounts restricted for capital projects and debt service (\$87,529,000), tourism related costs (\$28,873,000), storm water (\$2,869,000), impact assessment (\$8,814,000), and other restricted purposes (\$809,000). The Town also reports committed fund balance for capital projects (\$55,737,000) and emergency reserves for disaster recovery (\$2,000,000) and assigned fund balance for capital projects (\$4,762,000) and FY 2023 budget appropriations (\$9,500,000).

The General Fund is the operating fund of the Town. As of June 30, 2023, the total fund balance was \$57,070,000. As a measure of the General Fund's liquidity, it may be useful to compare total unassigned fund balance to total General Fund expenditures. Total unassigned fund balance of the General Fund represents 54% of total General Fund expenditures. The Town adopted a fund balance policy which requires the Town to leave 25% of the total operating expenditures plus transfers out in the bank, or \$27,501,000, for fiscal year ending June 30, 2023. This policy was put in place to meet the cash-flow needs of the Town. This policy was developed based on historical data related to maintaining sufficient reserves to sustain cash-flow until revenues are received from the County, State, or any other outside grantor agency. The net decrease in the fund balance of the General Fund was \$4,353,000 during FY 2023. Some of the highlights for the decrease in fund balance are as follows:

General Fund revenues decreased by \$3,734,000 (4%) from the prior year primarily due to a \$8,695,000 (19%) decrease in licenses and permits due to the Business License Standardization Act becoming effective during the prior year which resulted in two years of business license revenue being recorded in the previous fiscal year. Property tax revenues increased approximately \$2,014,000 (4%) due to an increase in assessed values. General Fund expenditures increased by \$7,244,000 (10%) primarily due to increases in personnel costs. The General Fund reported a decrease of \$1,061,000 in transfers to other funds as a result of the decrease in budgeted transfers to the Capital Asset Fund.

The Capital Asset Fund reported an increase in fund balance of \$13,612,000 (29%) primarily due to revenues and other financing sources of \$60,037,000 exceeding expenditures and other financing uses of \$46,425,000. The increase is primarily due to an increase of approximately \$1,874,000 in investment earnings. The Capital Asset Fund reported an increase in expenditures of \$12,493,000. The increase is primarily due to a \$11,581,000 increase in capital outlay related to the construction of the new public service building and \$15,540,000 in transfers from other funds.

The TIF Bond Capital Projects fund had a decrease of \$1,205,000 (16%) due to expenditures related primarily to ongoing capital projects. These expenditures will continue to decrease as capital projects are completed due to the expiration of the TIF District funding source.

The GO Bonds Projects Fund reported a increase in fund balance of \$35,808,000 (106%) due to the issuance of the 2023 GO Bonds and a \$1,738,000 in investment earnings exceeding \$98,000 in capital outlay and \$15,741,000 in transfers to other funds.

TOWN OF MOUNT PLEASANT, SOUTH CAROLINA

MANAGEMENT'S DISCUSSION AND ANALYSIS

YEAR ENDED JUNE 30, 2023

FINANCIAL ANALYSIS OF THE TOWN'S FUNDS (CONTINUED)

Proprietary Funds (Continued)

Proprietary Funds

A comparison of fund balances for the Town's internal service funds by fund to the prior fiscal year is listed below:

	June 30, 2023	June 30, 2022
Health Services Fund	\$ 4,174,272	\$ 3,135,922
Insurance Management Fund	1,909,602	1,588,077
Total	<u>\$ 6,083,874</u>	<u>\$ 4,723,999</u>

The Town uses the Health Services Fund to account for management of its partially self-insured health insurance plan. The Health Services Fund reported an increase in net position of \$1,038,000 during the current year. The net position of the Health Services Fund is internally restricted for future claims. The Town uses the Insurance Management Fund to account for workers' compensation, property and casualty insurance. The Insurance Management Fund reported an increase in net position of \$322,000 during the current year. The net position of the Insurance Management Fund is internally restricted for future insurance needs.

General Fund Budgetary Highlights

During the fiscal year, the Town prepared a mid-year revision to the budget and recorded the annual infrastructure transfer that was established by the Town's Fund Balance Policy. Generally, budget amendments fall into one of three categories: 1) amendments made to adjust the estimates that are used to prepare the original budget ordinance once more exact information is available; 2) amendments made to recognize new funding amounts from external sources, such as Federal and State grants; and 3) increases in expenditures that become necessary to maintain services. The mid-year amendments to the General Fund increased budgeted expenditures and transfers out by approximately \$9,113,000 and increased budgeted revenues by approximately \$1,073,000. The primary reasons for the adjustment were increased insurance license revenue and fund balance policy. The final budget also reflects encumbrance and capital carryforwards from the prior year.

General Fund Budget to Actual Variances 10% or Greater

Intergovernmental revenues were (25%) higher than budget due to the FEMA Hurricane Ian reimbursement. Rents and Royalties were (90%) higher than budget due to increases in rentals of Town owned facilities. Investment earnings were (1478%) higher than budget due to higher investment returns than expected. Other Revenues were (39%) higher than budget due to conservative budgeting.

General Fund general government expenditures were (13%) under budget due to planned contingency funds that were not required during the fiscal year. Municipal Court expenditures were (14%) under budget. Planning, Land Use, and Neighborhoods' expenditures were (23%) under budget due to contract services that were anticipated due to contract services being lower than anticipated. Nondepartmental expenditures were (14%) under budget due to budgeted contingencies that were not expended.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

The Town's capital assets for its governmental activities as of June 30, 2023, amounted to \$608,105,000 (net of accumulated depreciation and amortization). These capital assets include land, construction in progress, buildings, improvements, machinery and equipment, roads, infrastructure, leases and subscription assets.

TOWN OF MOUNT PLEASANT, SOUTH CAROLINA

MANAGEMENT'S DISCUSSION AND ANALYSIS

YEAR ENDED JUNE 30, 2023

CAPITAL ASSET AND DEBT ADMINISTRATION (CONTINUED)

Capital Assets (Continued)

The Town's capital assets as of June 30, 2023, and 2022, were as follows:

	Town's Governmental Activities	
	June 30, 2022	June 30, 2022
Land	\$ 343,351,682	\$ 339,284,422
Construction in Progress	35,241,317	9,757,537
Buildings and Building Improvements	88,431,352	89,449,079
Improvements Other Than Buildings	20,585,026	20,585,026
Infrastructure	358,304,955	352,019,190
Machinery and Equipment	40,785,560	40,444,715
Right-to-Use Lease Asset	1,717,966	563,274
Right-to-Use Subscription Asset	1,019,207	-
Less: Accumulated Depreciation and Amortization	(281,332,066)	(266,280,908)
Total	\$ 608,104,999	\$ 585,822,335

The overall increase in the Town's capital assets for the period ending June 30, 2023, was \$22,283,000 which represents a 4% increase over the prior year. Depreciation and Amortization expense was \$18,281,000 for 2023 compared to \$17,698,000 for 2022.

Construction in progress projects outstanding at June 30, 2023, included the following:

- Alahambra Hall Renovations
- All American Blvd Extension
- Billy Swails Blvd Phase 4B
- Canal Engineering / Survey Phase I
- Carolina Park Phase III
- 516 Coleman Blvd Parking Lot
- Coleman Blvd Patriots Point, Magrath Darby Intersection
- Computer Software Cityworks Asset Management System
- Fire Station 7 Renovation and Expansion
- Hamlin Trail
- Hobcaw Subdivision Drainage Study
- Jones Center Renovation
- Maritime Port District Intersection Improvements
- Mount Pleasant Way
- National Drive Multi Use Path
- Park West & Stockdale Intersection Improvements
- Park West Pool Renovation
- Pitt Street Bridge Micromobility
- Public Safety Training Master Plan
- Public Services Operations Center
- Rifle Range Road Park
- Snee Farm Outfall
- Traffic Circle Lexington Drive at All American Blvd
- Vaughn Ed Kee Parkway
- Waterfront Park

TOWN OF MOUNT PLEASANT, SOUTH CAROLINA

MANAGEMENT'S DISCUSSION AND ANALYSIS

YEAR ENDED JUNE 30, 2023

CAPITAL ASSET AND DEBT ADMINISTRATION (CONTINUED)

Capital Assets (Continued)

Intergovernmental Improvements

Improvements related to State/Federal Highway road projects are not capitalized as assets by the Town as the condemnation of property and right-of-ways are released back to the South Carolina Department of Transportation ("SCDOT") at the completion of the projects.

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

Debt

As of June 30, 2023, the Town had total outstanding long-term obligations of \$135,099,000. Of the Town's total long-term obligations, \$100,503,000 was general obligation debt (including unamortized premiums), which is backed by the full faith and credit of the Town. The Town's total long-term obligations as of June 30, 2023, and 2022, were as follows:

	June 30, 2023	June 30, 2022
General Obligation Bonds	\$ 100,503,000	\$ 56,566,000
SRF Loan	8,353,901	8,779,174
Subtotal	108,856,901	65,345,174
Premiums	9,679,403	3,497,656
Total Debt	118,536,304	68,842,830
Financed Purchase Agreements	6,784,891	5,625,032
Leases	1,632,779	554,314
SBITAs	651,441	-
Infrastructure Credits	4,827,934	4,827,934
Compensated Absences	2,666,184	2,482,562
Total Long- Term Obligations	\$ 135,099,533	\$ 82,332,672

The overall increase in the Town's long-term obligations for the current fiscal year was \$52,767,000, or 64%. The increase is due to proceeds from the GO Bond issuance, financed purchase agreements, leases and SBITAs, exceeding scheduled principal payments.

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 Town's statutory debt limit at June 30, 2023, was \$94,722,000. The Town had non-referendum bonded debt of \$50,503,000 which resulted in the Town having an unused legal debt margin of \$44,219,000.

Additional information regarding the Town's long-term obligations can be found in Note III.E in the notes to the financial statements.

REQUESTS FOR TOWN INFORMATION

This financial report is designed to provide a general overview of the Town of Mount Pleasant's finances for all those with an interest in the government's financial situation. Questions concerning any of the information should be addressed to Peggy Conkel, CPA, CGFO, Finance Director, pconkel@tompsec.com or mailed to 100 Ann Edwards Lane, Mount Pleasant, SC 29464.



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Basic Financial Statements

TOWN OF MOUNT PLEASANT, SOUTH CAROLINA

STATEMENT OF NET POSITION

JUNE 30, 2023

	GOVERNMENTAL ACTIVITIES
ASSETS	
CURRENT ASSETS:	
Cash and Cash Equivalents	\$ 80,979,254
Cash and Cash Equivalents - Restricted	192,430,959
Property Taxes Receivable, Net	1,911,334
Intergovernmental Receivables	8,329,784
Lease Receivable, Current	63,055
Other Receivables, Net	810,857
Other Assets	2,881,056
TOTAL CURRENT ASSETS	287,406,299
NON-CURRENT ASSETS:	
Capital Assets:	
Non-Depreciable	378,592,999
Depreciable, Net	229,512,000
Lease Receivable, Less Current Portion	516,739
TOTAL NON-CURRENT ASSETS	608,621,738
TOTAL ASSETS	896,028,037
DEFERRED OUTFLOWS OF RESOURCES	
Deferred Pension Charges	12,300,157
Deferred OPEB Charges	3,894,667
TOTAL DEFERRED OUTFLOWS OF RESOURCES	16,194,824
LIABILITIES	
CURRENT LIABILITIES:	
Accounts Payable	12,637,891
Retainage Payable	2,325,075
Security Deposit Liability	68,000
Accrued Payroll and Fringe Liability	2,127,388
Escrow For Seized Funds	1,267,183
Other Accrued Liabilities	730,611
Accrued Interest Payable	958,753
Unearned Revenue	714,919
Current Portion of Long-Term Liabilities	19,615,097
TOTAL CURRENT LIABILITIES	40,444,917
NON-CURRENT LIABILITIES:	
Noncurrent Liabilities:	
Net Pension Liability - Due in More Than One Year	68,309,639
Net OPEB Liability - Due in More Than One Year	15,780,267
Long-Term Liabilities	115,484,436
TOTAL NON-CURRENT LIABILITIES	199,574,342
TOTAL LIABILITIES	240,019,259
DEFERRED INFLOWS OF RESOURCES	
Deferred Revenue	14,191,595
Deferred Pension Credits	1,516,203
Deferred OPEB Credits	10,240,646
TOTAL DEFERRED INFLOWS OF RESOURCES	25,948,444
NET POSITION	
Net Investment in Capital Assets	551,315,895
Restricted For:	
Impact Assessment Infrastructure/Capital Assets	8,814,240
Tourism Related Costs	28,873,230
Storm Water	2,869,395
Capital Projects	10,818,904
Debt Service	2,507,598
By Donors	89,469
OPIOD Settlement	173,496
Special Permits	425,530
Firefighters' 1% Fund	120,778
Unrestricted	40,246,623
TOTAL NET POSITION	\$ 646,255,158

The notes to the financial statements are an integral part of this statement.
See accompanying independent auditor's report.

TOWN OF MOUNT PLEASANT, SOUTH CAROLINA

STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2023

FUNCTIONS/PROGRAMS	EXPENSES	PROGRAM REVENUES			NET (EXPENSE) REVENUE AND CHANGES IN NET POSITION GOVERNMENTAL ACTIVITIES
		CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	
Governmental Activities:					
General Government	\$ 24,443,755	1,317,408	3,980,977	-	\$ (19,145,370)
Justice Department	2,176,766	-	-	-	(2,176,766)
Public Safety	38,306,193	924,816	-	634	(37,380,743)
Public Service	26,126,470	3,113,944	-	-	(23,012,526)
Engineering and Development Services	8,679,034	-	-	7,148,979	(1,530,055)
Planning, Land Use, and Neighborhoods	8,084,783	2,839,641	-	-	(5,245,142)
Culture and Recreation	10,122,321	4,699,984	-	-	(5,422,337)
Interest and Other Charges	2,533,013	-	-	-	(2,533,013)
Total Governmental Activities	\$ 120,472,335	12,895,793	3,980,977	7,149,613	(96,445,952)
General Revenues:					
Taxes:					
Property Taxes					34,137,350
Sales Taxes					17,159,944
Accommodation Taxes					5,396,855
Hospitality Taxes					9,477,394
Franchise Taxes					1,154,254
Business Licenses - Gross Receipts					34,366,193
Other Taxes					208,605
Payments in Lieu of Taxes					520,598
State Shared Revenue Not Restricted to Specific Programs					4,988,260
Miscellaneous Revenue					971,875
Interest Earned					7,862,209
Total General Revenues					116,243,537
CHANGE IN NET POSITION					19,797,585
NET POSITION - Beginning of Year					626,457,573
NET POSITION, End of Year					\$ 646,255,158

The notes to the financial statements are an integral part of this statement.
See accompanying independent auditor's report.

TOWN OF MOUNT PLEASANT, SOUTH CAROLINA

BALANCE SHEET - GOVERNMENTAL FUNDS

JUNE 30, 2023

	GENERAL FUND	CAPITAL ASSET FUND
ASSETS		
Cash And Cash Equivalents	\$ 73,505,841	-
Cash And Cash Equivalents - Restricted	1,337,269	40,813,139
Property Taxes Receivable, Net	1,704,137	-
Intergovernmental Receivables	4,503,614	199,791
Other Receivables, Net	983,839	78,426
Due From Other Funds	1,695,719	26,197,702
Other Assets	117,475	2,742,037
TOTAL ASSETS	83,847,894	70,031,095
LIABILITIES		
Accounts Payable	6,151,981	4,308,409
Retainage Payable	-	2,252,517
Due To Other Funds	3,499,722	14,882
Security Deposit Liability	68,000	-
Accrued Payroll and Fringe Liability	2,127,388	-
Escrow For Funds Held	1,267,183	-
Unearned Revenue	714,919	-
TOTAL LIABILITIES	13,829,193	6,575,808
DEFERRED INFLOWS OF RESOURCES		
Unavailable Revenue - Property Taxes	1,322,755	-
Deferred Revenue	11,625,634	2,565,961
TOTAL DEFERRED INFLOWS OF RESOURCES	12,948,389	2,565,961
FUND BALANCES		
Nonspendable	3,618	-
Restricted:		
Capital Projects/Debt Service	-	-
Tourism Related Costs	-	-
By Donors	-	-
Special Permits	-	-
Storm Water	-	-
OPIOID Settlement	173,496	-
Public Safety	-	-
Impact Assessment Infrastructure/Capital Assets	-	390,870
Committed:		
Disaster Recovery	2,000,000	-
Capital Projects	-	55,736,564
Assigned:		
Capital Projects	-	4,761,892
FY 2024 Budget Appropriation	9,499,761	-
Unassigned	45,393,437	-
TOTAL FUND BALANCES	57,070,312	60,889,326
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$ 83,847,894	70,031,095

The notes to the financial statements are an integral part of this statement.
See accompanying independent auditor's report.

GO BOND CAPITAL PROJECTS FUND	TIF BOND CAPITAL PROJECTS FUND	NONMAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
-	-	-	\$ 73,505,841
85,958,255	6,809,636	57,512,660	192,430,959
-	-	207,197	1,911,334
-	-	3,626,379	8,329,784
-	-	-	1,062,265
-	-	1,995,969	29,889,390
-	-	-	2,859,512
85,958,255	6,809,636	63,342,205	309,989,085
555,467	489,454	466,839	11,972,150
-	72,558	-	2,325,075
15,741,300	13,199	10,295,937	29,565,040
-	-	-	68,000
-	-	-	2,127,388
-	-	-	1,267,183
-	-	-	714,919
16,296,767	575,211	10,762,776	48,039,755
-	-	144,476	1,467,231
-	-	-	14,191,595
-	-	144,476	15,658,826
-	-	-	3,618
69,661,488	6,234,425	11,633,181	87,529,094
-	-	28,873,230	28,873,230
-	-	89,469	89,469
-	-	425,530	425,530
-	-	2,869,395	2,869,395
-	-	-	173,496
-	-	120,778	120,778
-	-	8,423,370	8,814,240
-	-	-	2,000,000
-	-	-	55,736,564
-	-	-	4,761,892
-	-	-	9,499,761
-	-	-	45,393,437
69,661,488	6,234,425	52,434,953	246,290,504
85,958,255	6,809,636	63,342,205	\$ 309,989,085



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TOWN OF MOUNT PLEASANT, SOUTH CAROLINA

**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE GOVERNMENT-WIDE
STATEMENT OF NET POSITION**

JUNE 30, 2023

TOTAL FUND BALANCES - GOVERNMENTAL FUNDS	\$ 246,290,504
Amounts reported for the governmental activities in the Statement of Net Position are different because of the following:	
Outstanding property taxes and other revenues which will be collected in the future but are not available soon enough to pay for the current period's expenditures are deferred in the funds.	1,467,231
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 \$887,719,099 and the accumulated depreciation and amortization was \$281,228,113.	606,490,986
The Town's proportionate shares of the net pension liability, deferred outflows of resources, and deferred inflows of resources related to its participation in the State retirement plans are not recorded in the governmental funds but are recorded in the Statement of Net Position.	(57,525,685)
The Town's proportionate shares of the net OPEB liability, deferred outflows of resources, and deferred inflows of resources related to its OPEB plan are not recorded in the governmental funds but are recorded in the Statement of Net Position.	(22,126,246)
Interest is recorded as an expenditure when due and payable in the governmental funds. Interest is recorded in the government-wide statements when it is incurred. This amount represents the amount of interest incurred but not yet due and payable at year-end.	(958,753)
Internal service funds are used by management to account for the costs of health, dental and benefit services provided to employees and retirees of the Town as well as costs related to workers compensation and property and casualty insurance policies. The assets and liabilities of the internal service fund are included in governmental activities in the statement of net position.	6,083,874
Long-term liabilities, including bonds payable, are not due or payable in the current period and therefore are not reported as liabilities in the funds. Long-term liabilities at year-end consisted of the following:	
Long-Term Debt and Premiums	(119,187,744)
Financed Purchase Agreements	(6,784,891)
Infrastructure Credits	(4,827,934)
Compensated Absences (Vacation and Compensatory Time Earned)	(2,666,184)
TOTAL NET POSITION - GOVERNMENTAL ACTIVITIES	\$ 646,255,158

The notes to the financial statements are an integral part of this statement.
See accompanying independent auditor's report.

TOWN OF MOUNT PLEASANT, SOUTH CAROLINA

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

YEAR ENDED JUNE 30, 2023

	GENERAL FUND	CAPITAL ASSET FUND
REVENUES		
Property, Sales and Other Taxes	\$ 47,836,828	-
Licenses and Permits	37,542,105	-
Intergovernmental	4,842,021	3,900,616
Fines and Forfeitures	491,188	-
Special Assessments	-	-
Charges for Services	5,347,625	-
Rents and Royalties	402,843	47,730
Investment Earnings	1,860,340	1,962,720
Other Revenues	564,503	374,812
TOTAL REVENUES	98,887,453	6,285,878
EXPENDITURES		
Current:		
General Government	7,278,620	-
Justice Department	2,121,803	88,636
Public Safety	35,220,304	44,417
Public Service	15,052,332	4,454,454
Engineering and Development Services	5,056,314	605,606
Planning, Land Use, and Neighborhoods	1,904,246	33,922
Culture and Recreation	8,396,067	235,658
Non Departmental	6,828,504	4,460,677
Capital Outlay	1,627,206	36,120,241
Debt Service:		
Principal	-	367,766
Interest and Fiscal Charges	-	13,775
TOTAL EXPENDITURES	83,485,396	46,425,152
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	15,402,057	(40,139,274)
OTHER FINANCING SOURCES (USES)		
Transfers In	6,500,958	49,356,877
Transfers Out	(26,520,508)	-
Sale of Capital Assets	264,732	-
Financed Purchase Agreements	-	3,375,000
Subscription-Based IT Arrangements	-	1,019,207
Issuance of Debt	-	-
Premium on Bonds Issued	-	-
TOTAL OTHER FINANCING SOURCES (USES)	(19,754,818)	53,751,084
NET CHANGE IN FUND BALANCES	(4,352,761)	13,611,810
FUND BALANCES - Beginning of Year	61,423,073	47,277,516
FUND BALANCES - End of Year	\$ 57,070,312	60,889,326

The notes to the financial statements are an integral part of this statement.
See accompanying independent auditor's report.

GO BOND CAPITAL PROJECTS FUND	TIF BOND CAPITAL PROJECTS FUND	NONMAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
-	-	16,588,581	\$ 64,425,409
-	-	-	37,542,105
-	-	4,728,990	13,471,627
-	-	-	491,188
-	-	1,518,441	1,518,441
-	-	3,114,037	8,461,662
-	-	-	450,573
1,872,845	296,041	1,870,264	7,862,210
-	-	32,560	971,875
1,872,845	296,041	27,852,873	135,195,090
-	-	1,587,115	8,865,735
-	-	-	2,210,439
-	-	1,090,944	36,355,665
-	-	-	19,506,786
-	-	-	5,661,920
-	-	-	1,938,168
-	-	124,684	8,756,409
-	-	171,713	11,460,894
98,398	1,501,503	27,156	39,374,504
-	-	8,703,414	9,071,180
-	-	2,077,467	2,091,242
98,398	1,501,503	13,782,493	145,292,942
1,774,447	(1,205,462)	14,070,380	(10,097,852)
-	-	5,446,410	61,304,245
(15,741,300)	-	(19,042,437)	(61,304,245)
-	-	10,500	275,232
-	-	-	3,375,000
-	-	-	1,019,207
49,775,000	-	225,000	50,000,000
-	-	6,494,113	6,494,113
34,033,700	-	(6,866,414)	61,163,552
35,808,147	(1,205,462)	7,203,966	51,065,700
33,853,341	7,439,887	45,230,987	195,224,804
69,661,488	6,234,425	52,434,953	\$ 246,290,504

TOWN OF MOUNT PLEASANT, SOUTH CAROLINA

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

YEAR ENDED JUNE 30, 2023

TOTAL NET CHANGE IN FUND BALANCES - GOVERNMENTAL FUNDS	\$ 51,065,700
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Amounts reported for the governmental activities in the Statement of Activities are different because of the following:

Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.	(1,926,458)
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Changes in the Town's proportionate shares of the net pension liability, deferred outflows of resources, and deferred inflows of resources related to its participation in the State retirement plans for the current year are not reported in the governmental funds but are reported in the Statement of Activities.	687,433
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Repayment of principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position.	9,071,180
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Debt proceeds provide current financial resources to governmental funds, but issuing debt or entering into leases increases long-term liabilities in the Statement of Net Position.	(54,394,207)
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Premiums on issuance of debt must be deferred and amortized over the life of the respective debt in the Statement of Activities. However, proceeds from premiums are reported as an other financing source in the year they are received in the governmental funds. This is the net change in premiums during the current year.	(6,181,747)
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Interest on long-term debt 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 represents the change in accrued interest during the current year.	(754,137)
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Changes in the Town's net OPEB liability, deferred outflows of resources, and deferred inflows of resources related to its OPEB plan for the current year are not reported in the governmental funds but are reported in the Statement of Activities.	(153,323)
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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.	(183,621)
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The internal service funds are used by management to account for the costs of health, dental and benefit services provided to employees and retirees of the Town. The net revenue of the activities of the internal service fund is reported with governmental activities.	1,359,875
--	-----------

Governmental funds report only proceeds received from the sale of capital assets without any consideration for the net book value of the assets that were sold. The Statement of Activities reports gains or losses based on the proceeds and the net book value of the assets sold.	(1,386,049)
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Governmental funds report capital outlays 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. This is the amount by which capital additions of \$40,795,310 which includes donated assets of \$7,001,288, exceeded depreciation and amortization expense of \$18,202,371 in the current period	22,592,939
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TOTAL CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	\$ 19,797,585
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The notes to the financial statements are an integral part of this statement.
See accompanying independent auditor's report.

TOWN OF MOUNT PLEASANT, SOUTH CAROLINA

STATEMENT OF NET POSITION - PROPRIETARY FUNDS

JUNE 30, 2023

	TOTAL INTERNAL SERVICE FUNDS
ASSETS	
Current Assets:	
Cash and Cash Equivalents	\$ 7,473,413
Accounts Receivable	328,386
Prepaid Expenses	21,544
Due from Other Funds	1,330,966
Total Current Assets	<u>9,154,309</u>
Noncurrent Assets:	
Right-to-Use Lease Asset	1,614,013
Total Noncurrent Assets	<u>1,614,013</u>
TOTAL ASSETS	<u>10,768,322</u>
LIABILITIES	
Current Liabilities:	
Accounts Payable	665,742
Accrued Liabilities	730,611
Due to Other Funds	1,655,316
Lease Liability - Current	109,054
Total Current Liabilities	<u>3,160,723</u>
Noncurrent Liabilities:	
Lease Liability - Non-Current Portion	1,523,725
Total Noncurrent Liabilities	<u>1,523,725</u>
TOTAL LIABILITIES	<u>4,684,448</u>
NET POSITION	
Net Investment in Capital Assets	(18,766)
Unrestricted	6,102,640
TOTAL NET POSITION	<u>\$ 6,083,874</u>

The notes to the financial statements are an integral part of this statement.
See accompanying independent auditor's report.

TOWN OF MOUNT PLEASANT, SOUTH CAROLINA

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

YEAR ENDED JUNE 30, 2023

	TOTAL INTERNAL SERVICE FUNDS
OPERATING REVENUES	
Contributions	\$ 14,238,918
Premiums	1,442,764
Other Revenues	1,757,487
TOTAL OPERATING REVENUES	17,439,169
OPERATING EXPENSES	
Claims	8,135,332
Other Operating Expenses	7,943,962
TOTAL OPERATING EXPENSES	16,079,294
CHANGE IN NET POSITION	1,359,875
NET POSITION, Beginning of Year	4,723,999
NET POSITION, End of Year	\$ 6,083,874

The notes to the financial statements are an integral part of this statement.
See accompanying independent auditor's report.

TOWN OF MOUNT PLEASANT, SOUTH CAROLINA

STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS

YEAR ENDED JUNE 30, 2023

	TOTAL INTERNAL SERVICE FUNDS
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from Charges for Fees and Services	\$ 16,386,814
Payments for Claims/Premiums	(16,070,696)
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>316,118</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	316,118
CASH AND CASH EQUIVALENTS, Beginning of Year	<u>7,157,295</u>
CASH AND CASH EQUIVALENTS, End of Year	<u><u>\$ 7,473,413</u></u>
Reconciliation of Operating Income to Net Cash From Operating Activities:	
Operating Income	\$ 1,359,875
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:	
(Increase) Decrease in Assets:	
Accounts Receivable	(62,511)
Right-to-use Lease Asset	(1,075,774)
Other Assets	(9,172)
Due from Other Funds	(983,363)
Increase (Decrease) in Liabilities:	
Accounts Payable	(623,336)
Accrued Liabilities	(266,941)
Accrued Interest	(698)
Due to Other Funds	899,573
Lease Liability	1,078,465
Net Cash Provided By Operating Activities	<u><u>\$ 316,118</u></u>

The notes to the financial statements are an integral part of this statement.
See accompanying independent auditor's report.



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TOWN OF MOUNT PLEASANT, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2023

The Town of Mount Pleasant (“Town”) was organized under a charter originally granted by the State of South Carolina in 1837. The Town of Mount Pleasant operates under the Council form of government as provided in S.C. Code 5-11-10 et seq. as amended. Town Council (“Council”) is composed of a Mayor and eight council members elected at large. Council member terms run for a period of four years with four of the council seats terms expiring on alternating years.

All legislative and administrative powers of the Town and the determination of all matters of policy are vested in Council. Each member of Council, including the Mayor, has one vote in each matter. Under the Town’s form of government, the Mayor acts as the chief executive officer. To assist the Mayor and Council, the Council employs a Town Administrator to oversee and coordinate activities among the various departments of the government.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. The Reporting Entity

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

As required by GAAP, the financial statements must present the Town’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 Town both appoints a voting majority of the entity’s governing body, and either 1) the Town 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 Town. 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 Town and there is a potential that the entity could either provide specific financial benefits to, or to impose specific financial burdens on the Town.

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 Town having the authority to approve or modify that budget; (b) levy taxes or set rates or charges without approval by the Town; and (c) issue bonded debt without approval by the Town. An entity has a financial benefit or burden relationship with the Town if, for example, any one of the following conditions exists: (a) the Town is legally entitled to or can otherwise access the entity’s resources, (b) the Town is legally obligated or has otherwise assumed the obligation to finance the deficits or provide financial support to, the entity, or (c) the Town 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 for being fiscally independent if excluding it would cause the Town’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 Town. Based on the criteria above, the Town does not have any component units.

Related Organizations

The legal name of the entity is Commissioners of Public Works for the Town of Mount Pleasant but the popular name is Mount Pleasant Waterworks or Waterworks. Waterworks provides water and wastewater services to the Town and certain surrounding areas. Separate financial statements are prepared and are available at the offices of Mount Pleasant Waterworks, 1619 Rifle Range Road, Mount Pleasant, South Carolina 29464.

TOWN OF MOUNT PLEASANT, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2023

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

A. The Reporting Entity (Continued)

Major Operations

The Town's major operations include police and fire protection, municipal court, sanitation services, maintenance of buildings and infrastructure, recreational facilities and programs, construction permitting and building inspections, land use planning and code enforcement, transportation management, and general administrative and legal support.

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 Town. For the most part, the effect of interfund activity (except for interfund services provided and used between functions) has been removed from these financial 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 Town does not have any business-type activities.

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 Town.

The **government-wide financial statements** are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. 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 Town gives or receives value without directly receiving or giving equal value in exchange, include 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 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 Town generally considers its revenues to be available if they are collected within 60 days of the end of the current fiscal period with the exception of certain reimbursement expenditure grants for which a twelve-month availability period is generally used.

TOWN OF MOUNT PLEASANT, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2023

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Measurement Focus, Basis of Accounting, and Basis of Presentation (Continued)

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, lease 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, including entering into contracts giving the Town the right to use leased assets, are reported as capital outlay expenditures in governmental funds. Issuance of long-term debt and acquisitions under financed purchase agreements are reported as other financing sources.

Fund financial statements report detailed information about the Town. The focus of governmental fund financial statements is on major funds rather than by fund 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 Town'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 to aid 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 Town uses the following fund categories:

Governmental fund types are those through which most governmental functions of the Town are financed. The Town's expendable financial resources and related assets and liabilities (except for those accounted for in the fiduciary funds) are accounted for through governmental funds. The Town's governmental fund types and funds are as follows:

The **General Fund, a major fund** and a budgeted fund, is the general operating fund of the Town and accounts for all revenues and expenditures of the Town 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 Town has ten non-major special revenue funds: the Accommodations Tax Fund, Local Accommodations Tax Fund, Hospitality Tax Fund, Partnership Programs Fund, Special Permit Fund, Stormwater Utility Fund, Federal Seized Fund, State Seized Fund, Firefighters' 1% Fund, and Impact Assessment Fund. The Accommodations Tax Fund is the only special revenue fund with a legally adopted budget.

Capital projects funds are used to account for and report financial resources that are restricted, committed, or assigned for (a) the acquisition, construction, or renovation of major capital facilities, (b) ongoing major improvement projects which usually span more than one year, and (c) major equipment or other capital asset acquisitions which are not financed by another fund. The Town has the following capital projects funds:

The **GO Bond Fund, a major capital projects fund** and an unbudgeted fund, is used to account for proceeds from the Town's General Obligation Bonds which will be used for construction, expansion and improvements to recreational facilities, public safety facilities, public service facilities, transportation projects, municipal improvements, and other miscellaneous improvements. Projects for this fund are designated by Town officials. Budgets for capital projects are approved on a project-by-project basis and not on an annual or biennial basis.

TOWN OF MOUNT PLEASANT, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2023

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Measurement Focus, Basis of Accounting, and Basis of Presentation (Continued)

The *Capital Asset Fund, a major capital projects fund* and a budgeted fund, is used to account for and report financial resources that are restricted, committed, or assigned to expenditures for capital outlays including the acquisition of construction of capital facilities and other capital assets.

The *TIF Bond Fund, a major capital projects fund* and unbudgeted fund, is used to account for the proceeds from the Tax Increment Financing (“TIF”) Bonds and from tax revenues received from the TIF district which will be used for transportation improvements. Projects for this fund are designated by Town officials.

Debt service funds are used to account for the accumulation of resources and payments of long-term bond principal and interest from government resources. The Debt Service Fund, a non-major debt service fund and a budgeted fund, is used to account for all debt obligations such as bonds, leases, and loans.

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 Town does not have any enterprise funds and has two internal service funds.

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:

Internal Service Funds are used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the Town, or to other governments, on a cost-reimbursement basis. The Town has the following internal service funds:

The *Health Services Fund* is used to account for the costs of health, dental and benefit services provided to employees and retirees of the Town.

The *Insurance Management Fund* is used to account for the insurance premiums and deductibles, expected and unanticipated loss reserves and costs of workers’ compensation and property and casualty insurance liabilities of the Town.

Change in Accounting Principle

The Town adopted GASB Statement No. 96 “*Subscription-Based Information Technology Arrangements*” (“SBITAs”) for the year ended June 30, 2023 (“GASB #96” or “Statement”). The objective of GASB #96 is to better meet the information needs of financial statement users by (a) establishing uniform accounting and financial reporting requirements for SBITAs; (b) improving the comparability of financial statements among governments that have entered into SBITAs; and (c) enhancing the understandability, reliability, relevance, and consistency of information about SBITAs. Under this Statement, a government should generally recognize a right-to-use subscription asset (an intangible asset) and a corresponding subscription liability. The adoption of GASB #96 resulted in no impact to the Town’s opening net position, but it has resulted in the addition of a subscription liability and a corresponding intangible right-to-use asset on the Town’s government-wide financial statements of approximately \$651,000 and \$642,000, respectively.

TOWN OF MOUNT PLEASANT, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2023

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

1. Cash, Cash Equivalents, and Investments

The Town considers all highly liquid investments (including restricted assets) with original maturities of three months or less when purchased and investments in the South Carolina Pooled Investment Fund ("Pool") to be cash equivalents. Securities with an initial maturity of more than three months (from when initially purchased) that are not purchased from the pool are reported as investments.

The Town'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). The statutes of the State of South Carolina authorize the Town 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 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.

TOWN OF MOUNT PLEASANT, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2023

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

1. Cash, Cash Equivalents, and Investments (Continued)

The Town's cash and investment objectives are safety, liquidity and yield. The Town reports its cash and investments at fair value which is normally determined by quoted market prices. The Town currently or in the past year has primarily used the South Carolina Local Government Investment Pool ("LGIP" or "Pool"). These 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. In accordance with GASB Statement No. 31 "*Accounting and Financial Reporting for Certain Investments and for External Investment Pools*" and GASB Statement No. 72 "*Fair Value Measurement and Application*", investments are carried at fair value determined annually based upon (a) quoted market prices for identical or similar investments or (b) observable inputs other than 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. Funds may be deposited by Pool participants at any time and may be withdrawn upon 24 hours' notice. Financial statements for the Pool may be obtained by writing the Office of 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 Town 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 in (out). 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.

Property taxes receivable represent current real and personal property as well as delinquent real and personal property taxes for the past ten years, less an allowance for amounts estimated to be uncollectible. All net property taxes receivable at year end, except those collected within 60 days, are recorded as unavailable revenue – property taxes (a component of deferred inflows of resources) and thus not recognized as revenue until collected in the governmental funds.

Property taxes are assessed and collected by Charleston County under a joint billing and collection agreement. Real property and all personal property taxes other than vehicle property taxes attach as an enforceable lien on property as of January 1st. Taxes are levied and billed in September on all property other than vehicles and are payable without penalty until January 15th of the following year. Penalties are assessed on unpaid taxes on the following dates: January 16th – 3%, February 1st – an additional 7%, and March 16th – an additional 5%. On March 16th, the property tax bills are transferred to the delinquent tax collection office of Charleston County and the properties are subject to sale. Vehicle property taxes attach a lien and are levied throughout the year depending on when the vehicles' license tags expire. Other personal property taxes are levied in October and are payable by December 31.

The Town records receivables related to federal, state, and local grants when the reimbursable expenditure is incurred, less an allowance for amounts estimated to be uncollectible (if any). All trade, property taxes, grants, and other receivables are shown net of an allowance for uncollectibles.

The Town's lease receivable is measured at the present value of fixed lease payments expected to be received during the lease term. A deferred inflow of resources as also been recorded related to the lease. The deferred inflow of resources is recorded at the initiation of the lease in an amount equal to the initial value of the lease receivable. The deferred inflow of resources is amortized on a straight-line basis over the term of the lease.

TOWN OF MOUNT PLEASANT, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2023

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

3. Inventories and Prepaid Items

Inventories and prepaid items in the governmental funds are generally accounted for using the purchase method (expensed when paid). If significant amounts of inventories or prepaid items exist in the governmental funds, the Town records these amounts in the balance sheet.

4. Capital Assets

All of the Town’s capital assets are general capital assets. These assets are reported in the Statement of Net Position but are not reported in the governmental fund financial statements.

Capital assets, which include property, plant, and equipment, are reported in the governmental activities columns in the government-wide financial statements. Capital assets are recorded at historical cost or estimated historical cost if not purchased or constructed. Donated capital assets are recorded at estimated acquisition value (as estimated by the Town) at the date of donation. Improvements by the Town to roads owned by the state are not capitalized but are expensed as incurred. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets’ lives are not capitalized.

Capital assets are depreciated on the straight-line method using the following estimated useful lives and capitalization thresholds:

Category	Estimated Useful Life in	Thresholds
	Years	
Land Improvements	10	\$ 50,000
Buildings	25	50,000
Building Improvements	15	50,000
Infrastructure	30-40	100,000
Machinery, Equipment, Furniture, and Software	5	10,000
Vehicles	5	10,000
Heavy Vehicles	15	\$ 10,000

Aggregated assets that are individually less than the above thresholds should be capitalized if the asset is not part of the Town’s Asset Replacement Plan and the total aggregate assets purchase is greater than 1% of net capital assets. Aggregated assets that are part of an initial mass purchase such as furnishings for a new building should be capitalized if the asset is not part of the Town’s Asset Replacement Plan and the aggregate asset purchase is greater than 1% of net capital assets.

The Town reports intangible right-to-use assets related to ongoing lease agreements and subscriptions. The right-to-use assets are initially measured at an amount equal to the initial measurement of the related lease or subscription liability. The right-to-use assets are amortized on a straight-line basis over the life of the related lease or subscription.

TOWN OF MOUNT PLEASANT, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2023

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

5. Leases

Lessee

The Town reports ongoing lease agreements related to the use of health care facilities. The Town recognizes lease liabilities and intangible right-to-use lease assets in the Health Services Fund and government-wide financial statements. The Town recognizes lease liabilities with a present value of \$100,000 or more.

The Town reports ongoing software subscriptions related to software and other IT arrangements. The Town recognizes subscription liabilities and intangible right-to-use subscription assets in the Capital Asset Fund and the government-wide financial statements. The Town recognizes subscription liabilities with a present value of \$100,000 or more.

At the commencement of a lease, the Town initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life.

Key estimates and judgments related to leases include how the Town determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments:

- The Town uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the Town generally uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option prices that the Town is reasonably certain to exercise.

The Town monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

Lease assets are reported with other capital assets and lease liabilities are reported with long-term debt on the statement of net position.

Lessor

The Town is a lessor for noncancellable lease of the Town Dock and Facilities. The Town recognizes a lease receivable and deferred inflows of resources for deferred lease income in the government-wide financial statements. The Town recognizes lease receivables with a present value of \$100,000 or more.

At the commencement of a lease, the Town initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

TOWN OF MOUNT PLEASANT, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2023

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

5. *Leases (continued)*

Key estimates and judgments related to leases include how the Town determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments:

- The Town uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the Town generally uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option prices that the Town is reasonably certain to exercise.

The Town monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

Lease assets are reported with other capital assets and lease liabilities are reported with long-term debt on the statement of net position.

6. *Compensated Absences*

It is the Town's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. Accumulated unused vacation, up to a maximum of eighteen (18) days, accumulated compensatory time, and holiday time (Police and Fire departments only, limited to a maximum of ten times daily hours), is payable upon termination if the employee leaves the Town in good standing. There is no liability for unpaid accumulated sick leave since the Town does not have a policy to pay any amounts when employees separate from service with the Town.

The Town 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 on the government-wide financial statements. Governmental funds will only recognize a liability for compensated absences if they are significant and have matured, for example, as a result of employee resignations or retirements.

7. *Accrued Liabilities and Long-Term Obligations*

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method for bonds issued before July 1, 2022. The 2023 GO Bonds are being amortized using the effective interest rate. Debt is reported net of applicable bond premiums and discounts. Issuance costs are expensed in the period incurred.

In general, payables and accrued liabilities that will be paid from governmental funds are reported on the governmental fund financial statements regardless of whether they will be liquidated with current financial resources. However, claims and judgments, debt and leases, compensated absences, contractually required pension contributions, special termination benefits and other similar long-term liabilities that will eventually be paid from governmental funds are not reported as a liability in the fund financial statements until due and payable.

In the governmental fund financial statements, bond premiums, discounts and bond issuance costs are recognized immediately. The face amount of debt or leases issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts are reported as other financing uses. Issuance costs are reported as debt service expenditures.

TOWN OF MOUNT PLEASANT, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2023

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

8. *Fund Balance*

In accordance with GASB Statement No. 54 “*Fund Balance Reporting and Governmental Fund Type Definitions*” (“GASB #54”), the Town classifies its governmental fund balances as follows:

Nonspendable – includes amounts that inherently cannot be spent either because they are 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 (Town 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 Town consist of amounts passed and approved by resolution by Town Council (“Council”).

Assigned – includes amounts that are intended to be used for specific purposes that are neither considered restricted nor committed and that such assignments are made before the report issuance date. The Town reserves the right to assign fund balance by a simple majority vote of Council.

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.

The Town 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 Town generally would first use committed, then assigned, and lastly unassigned amounts of unrestricted fund balance when expenditures are made.

Town Council approved by resolution on May 11, 2011 (revised November 2012) a fund balance policy whereby the unassigned fund balance for the General Fund should be no less than 25% of total operating expenditures (includes transfers out) based on historical data. This targeted amount should provide the Town sufficient reserves to maintain the cash flow needs of the Town until revenues are received from the County, the State, and any other outside grantor agency.

TOWN OF MOUNT PLEASANT, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2023

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

9. *Net Position*

Net position represents the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources in the Statement of Net Position. 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 its use either through enabling legislation or through external restrictions imposed by creditors, grantors, contributors, or laws or regulations of other governments.

10. *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 General Fund during the year to control expenditures. Encumbrances do not constitute expenditures or liabilities. For budget purposes encumbrances do not lapse but are brought forward to the new fiscal year and added to the budget adopted by Town Council for that year.

11. *Deferred Outflows and Inflows of Resources*

In addition to assets, the Statement of Net Position and the Balance Sheet report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net assets that applies to future periods and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Town currently has two types of deferred outflows of resources: (1) The Town reports *deferred pension charges* in its Statements of Net Position in connection with its participation in the South Carolina Retirement System and the South Carolina Police Officers Retirement System. (2) The Town reports *deferred OPEB charges* in its Statements of Net Position in connection with its OPEB Plan. The *deferred pension and OPEB charges* are either (a) recognized in the subsequent period as a reduction of the net pension/OPEB liability (which includes contributions made after the measurement date) or (b) amortized in a systematic and rational method as pension/OPEB expense in future periods in accordance with GAAP.

In addition to liabilities, the Statement of Net Position and the Balance Sheet report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net assets that applies to future periods and so will not be recognized as an inflow of resources (revenue) until that time. The Town currently has four types of deferred inflows of resources: (1) The Town reports *unavailable revenue* for property taxes only in the governmental funds Balance Sheet; it is recognized as an inflow of resources (revenues) in the period the amounts become available. (2) The Town reports *deferred revenue* on both the governmental funds Balance Sheet and the government-wide Statement of Net Position; it is recognized as an inflow of resources (revenues) in the period for which it was intended to finance. (3) The Town also reports *deferred pension credits* in its Statements of Net Position in connection with its participation in the South Carolina Retirement System and South Carolina Police Officers Retirement System. (4) The Town reports *deferred OPEB credits* in its Statements of Net Position in connection with the OPEB Plan. The *deferred pension and OPEB credits* are amortized in a systematic and rational method and recognized as a reduction of pension/OPEB expense in future periods in accordance with GAAP.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

12. Pensions and Other Postemployment Benefits

In government-wide financial statements, pensions and other postemployment benefits are required to be recognized and disclosed using the accrual basis of accounting (see Note IV.B and Note IV.F and the required supplementary information immediately following the notes to the financial statements for more information), regardless of the amounts recognized as pension and OPEB expenditures on the modified accrual basis of accounting. The Town recognizes net pension and net OPEB liabilities for each plan for which it participates, which represents the excess of the total pension and OPEB liabilities over the fiduciary net position of the qualified plan, or the Town's proportionate share thereof in the case of a cost-sharing multiple-employer plan, measured as of the Town's fiscal year-end. Changes in the net pension and OPEB liabilities during the period are recorded as pension and OPEB expenses, or as deferred outflows or inflows of resources depending on the nature of the change, in the period incurred. Those changes in net pension and OPEB liabilities 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 plan and recorded as a component of pension and OPEB expense beginning with the period in which they are incurred. Any projected earnings on qualified pension and OPEB plan investments are recognized as a component of pension and OPEB expense. Differences between projected and actual investment earnings are reported as deferred outflows or inflows of resources and amortized as a component of pension and OPEB expense on a closed basis over a multi-year period beginning with the period in which the difference occurred.

13. 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 and deferred outflows of resources and 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.

14. Fair Value

The fair value measurement and disclosure framework provides for a three-tier fair value hierarchy that gives highest priority to quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described below:

Level 1 – Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Town can access at the measurement date.

- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

Level 2 – Inputs to the valuation methodology, other than quoted prices included in Level 1, that are observable for an asset or liability either directly or indirectly and include:

- Quoted prices for similar assets and liabilities in active markets.
- Quoted prices for identical or similar assets or liabilities in inactive markets.
- Inputs other than quoted market prices that are observable for the asset or liability.

TOWN OF MOUNT PLEASANT, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2023

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

14. Fair Value (Continued)

Level 3 – Inputs to the valuation methodology that are unobservable for an asset or liability and include:

- Fair value is often based on developed models in which there are few, if any, observable inputs.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used should maximize the use of observable inputs and minimize the use of unobservable inputs.

The valuation methodologies described above may produce a fair value calculation that may not be indicative of future net realizable values or reflective of future fair values. The Town believes that the valuation methods used are appropriate and consistent with GAAP. The use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date. There have been no significant changes from the prior year in the methodologies used to measure fair value.

15. 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.

II. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Budgetary Information

The Town has elected to present its budgetary comparison information for the General Fund as a separate schedule and not as a financial statement. See the Notes to the Budgetary Comparison Schedule (following the notes to the financial statements) for details regarding the Town's budgetary information and process.

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 Town's deposits might not be recovered. The Town does not have a formal 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 Town's bank balances of approximately \$21,834,000 (with a carrying value of approximately \$18,381,000) were exposed to custodial credit risk.

TOWN OF MOUNT PLEASANT, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2023

III. DETAILED NOTES ON ALL FUNDS AND ACTIVITIES (CONTINUED)

A. Deposits and Investments (Continued)

Investments

As of June 30, 2023, the Town had the following investments and maturities:

Investment Type	Fair Value Level (1)	Fair Value	Credit Rating	Weighted AvgMaturity
SC Local Government Investment Pool	N/A	\$ 255,029,505	Unrated	^

(1) See Note I.C.13 for the details of the Town's fair value hierarchy

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

Interest Rate Risk: Interest rate risk is the risk that changes in the market interest rates will adversely affect the fair value of an investment. The Town does not have a formal policy limiting investment maturities that would help manage its exposure to fair value losses from increasing interest rates.

Custodial Credit Risk for Investments: Custodial credit risk for investments is the risk that, in the event of a bank failure, the government will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party.

Credit Risk for Investments: Credit risk for investments is the risk that an issuer or other counterparty to an investment will not fulfill its obligations.

Concentration of Credit Risk for Investments: The Town places no limit on the amount the Town may invest in any one issuer. Investments issued by or explicitly guaranteed by the U.S. Government and investments in mutual funds, external investment pools and other pooled investments are exempt from concentration of credit risk disclosures.

Certain cash, cash equivalents and investments of the Town are legally restricted for specified purposes. The major types of restrictions at June 30, 2023 were (a) those imposed by the revenue source (i.e. hospitality tax, accommodation taxes, impact assessment fees, etc.) and (b) unspent debt proceeds.

TOWN OF MOUNT PLEASANT, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2023

III. DETAILED NOTES ON ALL FUNDS AND ACTIVITIES (CONTINUED)

A. Deposits and Investments (Continued)

Reconciliation to the Financial Statements

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:

	Financial Statements	
<u>Statement of Net Position</u>		
Cash and Cash Equivalents	\$	80,979,254
Cash and Cash Equivalents - Restricted		192,430,959
Total	\$	<u>273,410,213</u>
<u>Notes</u>		
Deposits and Cash on Hand	\$	18,380,708
Investments		255,029,505
Total	\$	<u>273,410,213</u>

B. Receivables and Unavailable, Deferred, and Unearned Revenues

Property Taxes

The Town's fiscal year 2023 real and business personal property taxes (which were for tax year 2021) were levied on September 30, 2022 and were due beginning on this date based on the assessed valuation as of January 1, 2022. Property taxes were considered late on January 16, 2023. Motor vehicle property tax is levied and collected on a portion of taxable vehicles monthly. Assessed values are established by the Charleston County Tax Assessor and the South Carolina Tax Commission. The Town's current operating and debt service millage rates were 34.7 mills and 4.6 mills, respectively. Town property taxes are billed and collected by Charleston County under a joint billing and collection agreement.

The Town's governmental activities net receivables at June 30, 2023 consisted of the following:

	Property Taxes	Inter-governmental Receivables	Storm Water	Internal Service Funds	Other Miscellaneous	Total
Gross Receivables	\$ 2,189,147	8,329,784	80,330	328,386	1,062,265	\$ 11,989,912
Allowance for Collectability	(277,813)	-	(80,330)	-	-	(358,143)
Net Receivables	<u>\$ 1,911,334</u>	<u>8,329,784</u>	<u>-</u>	<u>328,386</u>	<u>1,062,265</u>	<u>\$ 11,631,769</u>

TOWN OF MOUNT PLEASANT, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2023

III. DETAILED NOTES ON ALL FUNDS AND ACTIVITIES (CONTINUED)

B. Receivables and Unavailable, Deferred, and Unearned Revenues (Continued)

Unavailable, Deferred, and Unearned Revenues

Governmental funds report as a component of deferred inflows of resources (a) revenues that are not considered to be available to liquidate liabilities (unavailable revenue) and (b) revenues that have been received but are intended to finance future periods (deferred revenue). Governmental funds also defer revenue recognition and report liabilities in connection with resources that have been received but not yet earned (unearned revenue).

At June 30, 2023, the various components of unavailable, deferred, and unearned revenues were as follows:

	Fund	Deferred Inflows of Resources		Liabilities	Total
		Unavailable	Deferred	Unearned	
Property Taxes Receivable	General	\$ 1,322,755	-	-	\$ 1,322,755
Property Taxes Receivable	Debt Service	144,476	-	-	144,476
Advance - Business Licenses Fees	General	-	11,125,040	-	11,125,040
Advance - Recreation Fees	General	-	-	714,919	714,919
Advance - Grants	Capital Asset	-	2,490,388	-	2,490,388
Advance - Grants	General	-	503	-	503
Lease Receivable	General	-	500,091	-	500,091
Lease Receivable	Capital Asset	-	75,573	-	75,573
Total		<u>\$ 1,467,231</u>	<u>14,191,595</u>	<u>714,919</u>	<u>\$ 16,373,745</u>

Lease Receivable

The Town leases shrimp docks and facilities for commercial use with a term of 4 years and an interest rate of 0.8140%. In January 2023, the Town entered into a 299 month lease as lessor for the use of a communications tower with a term of 25 years and an interest rate of 0.6480%. The Town recognized approximately \$58,000 of revenue in the year ended June 30, 2022, including lease revenue of approximately \$56,000 and interest revenue of \$2,000. Future minimum lease payments are as follows:

Year Ended June 30,	Summary of Future Lease Payments	
	Principal	Interest
2024	\$ 63,055	\$ 3,664
2025	43,649	3,195
2026	14,277	3,023
2027	14,370	2,930
2028	15,546	2,836
2029-2033	85,977	12,552
2034-2038	101,320	9,525
2039-2043	118,732	5,969
2044-2048	122,869	1,833
Totals	<u>\$ 579,794</u>	<u>\$ 45,528</u>

TOWN OF MOUNT PLEASANT, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2023

III. DETAILED NOTES ON ALL FUNDS AND ACTIVITIES (CONTINUED)

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
<u>Major Funds:</u>		
General Fund	\$ 1,695,719	\$ 3,499,722
Capital Asset Fund	26,197,702	14,882
GO Bond Capital Projects Fund	-	15,741,300
TIF Bond Capital Projects Fund	-	13,199
<u>Other Non-Major Governmental Funds:</u>		
Accommodations Tax Fund	29,737	577,778
Local Accommodations Tax Fund	268,472	1,603,189
County Accommodations Tax Fund	225,129	-
Hospitality Tax Fund	1,182,572	1,520,964
Partnership Programs Fund	6,930	77
Special Permit Fund	-	198,093
Stormwater Utility Fund	8,048	998,800
Firefighters' 1% Fund	-	2,627
Impact Assessment Fund	157,922	5,394,409
Debt Service Fund	117,159	-
<u>Proprietary Funds:</u>		
Health Services Fund	147,209	569,538
Insurance Management Fund	1,183,757	1,085,778
Totals	<u>\$ 31,220,356</u>	<u>\$ 31,220,356</u>

Interfund receivables and payables are primarily a result of the General Fund financing salaries and other operating expenditures for Special Revenue Funds, Capital Project Funds, Debt Service and Internal Service Funds. All balances are expected to be paid within one year.

TOWN OF MOUNT PLEASANT, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2023

III. DETAILED NOTES ON ALL FUNDS AND ACTIVITIES (CONTINUED)

C. Interfund Receivables, Payables, and Transfers

Interfund Transfers

Interfund transfers for the year ended June 30, 2023, consisted of the following:

Fund	Transfers In	Transfers Out
<u>Major Funds:</u>		
General Fund	\$ 6,500,958	\$ 26,520,508
Capital Asset Fund	49,356,877	-
GO Bond Capital Projects Fund	-	15,741,300
<u>Other Non-Major Governmental Funds:</u>		
Accommodations Tax Fund	-	1,132,844
Local Accommodations Tax Fund	-	1,786,852
County Accommodations Tax Fund	-	500,000
Hospitality Tax Fund	-	6,101,658
Partnership Programs Fund	6,930	235
Special Permit Fund	-	288,088
Stormwater Utility Fund	-	3,038,351
Impact Assessment Fund	-	6,194,409
Debt Service Fund	5,439,480	-
Totals	\$ 61,304,245	\$ 61,304,245

During the course of normal operations and in order to support the numerous functions of the Town, transactions between funds may occur. The Town uses transfers to move unrestricted receipts so that they may be used for various programs in other funds.

Transfers into the General Fund were primarily for approved use of restricted revenue sources for operating expenditures of the Town. Transfers out of the General Fund consisted primarily of funds needed to meet the funding requirements of ongoing and future capital projects of the Town and to meet grant matching obligations as appropriated by Town Council during the fiscal year. The transfers in and out of the Other Governmental Funds were processed primarily to meet funding requirements related to various capital projects as appropriated by Town Council during the fiscal year and were provided to meet capital and debt service obligations of the Town.

TOWN OF MOUNT PLEASANT, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2023

III. DETAILED NOTES ON ALL FUNDS AND ACTIVITIES (CONTINUED)

D. Capital Assets

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

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Capital Assets, Non-Depreciable:					
Land	\$ 339,284,422	4,667,260	600,000	-	\$ 343,351,682
Construction In Progress	9,757,537	25,483,780	-	-	35,241,317
Total Capital Assets, Non-Depreciable	<u>349,041,959</u>	<u>30,151,040</u>	<u>600,000</u>	<u>-</u>	<u>378,592,999</u>
Capital Assets, Depreciable:					
Buildings and Building Improvements	89,449,079	-	1,017,727	-	88,431,352
Improvements Other than Buildings	20,585,026	-	-	-	20,585,026
Infrastructure	352,019,190	6,285,765	-	-	358,304,955
Machinery and Equipment	40,444,715	3,339,298	2,998,453	-	40,785,560
Right-to-Use Lease Asset	563,274	1,154,692	-	-	1,717,966
Right-to-Use Subscription Asset	-	1,019,207	-	-	1,019,207
Total Capital Assets, Depreciable	<u>503,061,284</u>	<u>11,798,962</u>	<u>4,016,180</u>	<u>-</u>	<u>510,844,066</u>
Less: Accumulated Depreciation for:					
Buildings and Building Improvements	33,422,456	3,540,679	726,940	-	36,236,195
Improvements Other than Buildings	13,604,279	929,283	-	-	14,533,562
Infrastructure	194,636,940	9,821,697	-	-	204,458,637
Machinery and Equipment	24,592,198	3,533,419	2,503,191	-	25,622,426
Right-to-Use Lease Asset	25,035	78,918	-	-	103,953
Right-to-Use Subscription Asset	-	377,293	-	-	377,293
Total Accumulated Depreciation	<u>266,280,908</u>	<u>18,281,289</u>	<u>3,230,131</u>	<u>-</u>	<u>281,332,066</u>
Total Capital Assets, Depreciable, Net	<u>236,780,376</u>	<u>(6,482,327)</u>	<u>786,049</u>	<u>-</u>	<u>229,512,000</u>
Total Capital Assets, Net	<u>\$ 585,822,335</u>	<u>23,668,713</u>	<u>1,386,049</u>	<u>-</u>	<u>\$ 608,104,999</u>

Capital asset depreciation and amortization expense for governmental activities were charged to functions/programs as follows:

Functions/Programs	Depreciation
General Government	\$ 3,262,916
Public Safety	2,447,284
Public Service	1,764,477
Engineering and Development Services	3,136,644
Planning, Land Use, and Neighborhoods	6,247,347
Culture and Recreation	1,422,621
Total	<u>\$ 18,281,289</u>

TOWN OF MOUNT PLEASANT, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2023

III. DETAILED NOTES ON ALL FUNDS AND ACTIVITIES (CONTINUED)

D. Capital Assets (Continued)

From time to time, the Town receives donated land and infrastructure for new subdivisions/projects that are given to the Town from various developers. During fiscal year 2023, the Town received approximately \$7,001,000 in donated infrastructure, land (including right of ways), and other capital assets primarily related to several new subdivisions. The Town’s engineers inspect and approve (verifying that the donated infrastructure meets federal, state and local building codes) donated infrastructure before the Town takes over ownership. The Town’s engineer certifies the construction costs related to the infrastructure and the donation is recorded in the Town’s capital asset system.

Improvements by the Town to roads owned by the federal or state government are not capitalized but are expensed as incurred.

E. Subscription-Based Information Technology Arrangements

The Town implemented Governmental Accounting Standards Board Statement No. 96, *Subscription-Based Information Technology Arrangements*, in the year ended June 30, 2023. The Town has several software arrangements that require recognition under GASBS # 96.

The Town recognizes a subscription-based information technology arrangements (“SBITA”) liability and an intangible right-to-use asset for these software arrangements, which totaled approximately \$651,000 and \$642,000, respectively, as of June 30, 2023. The liability is reduced as the Town makes required payments to the software providers, while the intangible right-to-use asset is amortized on a straight-line basis over the various agreement terms. There are no residual value guarantees in the arrangement provisions.

For the year ended June 30, 2023, the Town recognized amortization expense of the intangible right-to-use asset of approximately \$368,000 and interest expense related to the SBITA liability of approximately \$14,000, which are included on the Statement of Activities. Additional information on the Town’s right-to-use software asset and liability balances can be seen at Note III. D and Note III.F, respectively.

F. Long-Term Obligations

The Town issues bonds to provide funds for the acquisition and construction of major capital facilities. General Obligation Bonds (“GOB”) are direct obligations and pledge the full faith and credit of the Town. Financed Purchase (“FP”) obligations are special obligations of the Town payable from the general revenues of the Town. The full faith, credit and taxing powers of the Town are not pledged for the payment of financed purchase agreement obligations nor the interest thereon.

Details on the Town’s outstanding debt issues, financed purchase agreements and leases, including those issued through direct placement, as of June 30, 2023 are as follows:

<i>General Obligation Bonds (Direct Placement)</i>	<u>Balance at June 30, 2023</u>
\$25,000,000 general obligation bond issued in April 2014 (“GOB-4/14”), due in annual installments of \$1,110,000 to \$2,180,000 beginning June 1, 2015 through June 1, 2029, plus interest at 2.59%, due semi-annually. The proceeds from this issue were primarily used to defray the cost of designing, acquiring, constructing, and expanding various capital improvements within the Town, including but not limited to, (a) construction of a new municipal complex, (b) various transportation, recreation and stormwater projects, and (c) other municipal improvements. A premium on the issuance of these bonds was received of \$2,649,000. Unamortized premiums as of June 30, 2023 totaled approximately \$1,036,000.	\$ 12,035,000

TOWN OF MOUNT PLEASANT, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2023

III. DETAILED NOTES ON ALL FUNDS AND ACTIVITIES (CONTINUED)

F. Long-Term Obligations (Continued)

\$35,000,000 general obligation bond issued in January 2019 ("GOB-1/19"), due in annual installments of \$1,750,000 beginning June 1, 2020 through June 1, 2039, plus interest at 2.00% – 5.00%, due semi-annually. The proceeds from this issue were primarily used to defray the cost of designing, acquiring, constructing, and expanding various capital improvements within the Town, including but not limited to, (a) construction of a new public services operations center and (b) Fire Station 4. A premium on the issuance of these bonds was received of \$2,701,000. Unamortized premiums as of June 30, 2023 totaled approximately \$2,149,000. \$28,000,000

\$8,141,000 general obligation bond issued in May 2020 ("GOB-5/20"), due in annual installments of \$1,552,000 to \$1,704,000 beginning June 1, 2021 through December 1, 2024, plus interest at 2.89%, due semi-annually. The proceeds from this issue were primarily used to refund the entire outstanding balance of the 2010 Series GO Bonds \$8,110,000. The refunding will reduce total debt service payments by approximately \$300,000 and resulted in an economic gain of approximately \$291,000. A premium on the issuance of these bonds was received of \$12,000, and has been fully amortized. 3,371,000

\$10,050,000 general obligation bond issued in March 2021 ("GOB-3/21"), due in annual installments of approximately \$1,065,000 beginning June 1, 2021 through June 1, 2030, plus interest at 1.260%, due semi-annually. The proceeds from this issue were primarily used to finance stormwater and drainage projects. 7,097,000

\$50,000,000 general obligation bond issued in March 2023 ("GOB-3/23"), due in annual installments ranging from approximately \$2,140,000 to \$8,135,000 beginning March 1, 2024 through March 1, 2038, plus interest ranging from 4.00% to 5.00%, due semi-annually. The proceeds from this issue were primarily used to finance parks and recreation projects throughout the Town. These bonds were issued under a referendum. A premium on the issuance of these bonds was received of \$6,494,000. Unamortized premiums as of June 30, 2023 totaled approximately \$6,494,000. 50,000,000

Total Outstanding General Obligation Bonds (Direct Placement) \$ 100,503,000

State Revolving Fund Loan

\$9,647,868 South Carolina Water Pollution Control Revolving Fund Loan agreement was entered into in July 2018 ("SRF Loan"), with quarterly installments (including interest) of \$138,479 beginning October 1, 2020 through July 1, 2040 which includes interest at 1.40%. The proceeds from this loan agreement were used for the Snee Farm Stormwater Rehabilitation project. \$ 8,353,901

Financed Purchase Agreements (Direct Borrowings)

\$1,026,655 financed purchase was entered into in August 2019 ("FP-8/19B"), with semi-annual installments (including interest) of \$107,487 beginning August 29, 2019 through February 29, 2024 which includes interest at 2.070%. The proceeds from this lease purchase obligation were used to purchase two fully automated garbage trucks, one bucket truck, one small garbage truck and other heavy equipment. 211,683

\$1,870,400 financed purchase was entered into in January 2021 ("FP-1/21A"), with semi-annual installments (including interest) of \$190,630 beginning January 29, 2021 through July 29, 2025 which includes interest at 0.850%. The proceeds from this lease purchase obligation were used to purchase three fully automated garbage trucks, one hot patch truck, one semi truck, three scow trucks and two fire vehicles. \$ 941,116

TOWN OF MOUNT PLEASANT, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2023

III. DETAILED NOTES ON ALL FUNDS AND ACTIVITIES (CONTINUED)

F. Long-Term Obligations (Continued)

\$3,609,000 financed purchase was entered into in February 2022 ("FP-2/22A"), with semi-annual installments (including interest) of \$268,949 beginning March 1, 2022 through September 1, 2028 which includes interest at 1.315%. The proceeds from this lease purchase obligation were used to purchase public services and public safety equipment. \$ 2,844,978

\$1,825,000 financed purchase was entered into in October 2022 ("FP-10/22A"), with semi-annual installments (including interest) of \$196,694 beginning October 28, 2022 through April 28, 2027 which includes interest at 3.410%. The proceeds from this lease purchase obligation were used to purchase various vehicles and equipment. 1,459,374

\$1,550,000 financed purchase was entered into in October 2022 ("FP-10/22B"), with semi-annual installments (including interest) of \$123,363 beginning October 28, 2023 through April 28, 2029 which includes interest at 3.430%. The proceeds from this lease purchase obligation were used to purchase a fire truck and various vehicles. 1,327,740

Total Outstanding Financed Purchase Agreements (Direct Borrowings) \$ 6,784,891

Leases

In January 2023, the Town entered into a 123 month lease as Lessee for the use of a Health Care Facility on Bowman Road. The Town is required to make monthly fixed payments of \$4,206, which includes interest at a rate of 1.5630%. \$ 707,216

In February 2023, the Town entered into a 180 month lease as Lessee for the use of a Health Care Facility on West Montegut Avenue. The Town is required to make monthly fixed payments of \$6,729, which includes interest at a rate of 3.4300%. 925,563

Total Lease Liability \$ 1,632,779

Subscription Liabilities

In July 2022, the Town entered into a 27 month subscription for the use Ceridian Dayforce Contract. The Town is required to make monthly fixed payments of \$14,580, which includes interest at a rate of 1.8940%. \$ 230,180

In July 2022, the Town entered into a 29 month subscription for the use of Oracle Fusion – Test Environment. The Town is required to make monthly fixed payments of \$14,580, which includes interest at a rate of 1.8940%. 27,665

In July 2022, the Town entered into a 29 month subscription for the use Oracle Fusion – Production Original Agreement. The Town is required to make quarterly fixed payments of \$26,052, which includes interest at a rate of 1.8940%. 153,754

In July 2022, the Town entered into a 29 month subscription for the use of Oracle Fusion – Production Change 1 contract. The Town is required to make quarterly fixed payments of \$8,220, which includes interest at a rate of 1.8940%. 48,513

TOWN OF MOUNT PLEASANT, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2023

III. DETAILED NOTES ON ALL FUNDS AND ACTIVITIES (CONTINUED)

F. Long-Term Obligations (Continued)

In July 2022, the Town entered into a 20 month subscription for the use of Oracle Fusion – Production Change 2 contract. The Town is required to make quarterly fixed payments of \$9,377, which includes interest at a rate of 2.4700%.	\$ 55,065
In July 2022, the Town entered into a 46 month subscription for the use of RMS Software – Police Department contract. The Town is required to make annual fixed payments of \$48,279, which includes interest at a rate of 2.0380%.	100,803
In April 2023, the Town entered into a 20 month subscription for the use of Oracle Fusion – Production Change 3 contract. The Town is required to make quarterly fixed payments of \$33,147, which includes interest at a rate of 2.4700%.	35,461
Total Subscription Liabilities	<u>\$ 651,441</u>

The Town from time to time enters into development agreements in accordance with Chapter 157 of the Town’s code of ordinances. In certain development agreements, the Town may allow developers to donate eligible infrastructure projects in lieu of a paid transportation impact assessment fee. As of June 30, 2023, the Town had reported and ending balance of approximately \$4,828,000 for future years.

Article Eight, Section Seven of the South Carolina Constitution of 1895, as amended, provides that no City or Town 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 Town 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 Town had \$50,503,000 of bonded debt subject to the 8% limit of approximately \$94,722,000 resulting in an unused legal debt margin of approximately \$44,219,000.

Interest paid on the debt issued by the Town is exempt from federal income tax. The Town sometimes temporarily reinvests the proceeds of such tax-exempt debt in higher-yielding taxable securities, 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. At June 30, 2023, the Town reported an arbitrage rebate liability of approximately \$584,000.

TOWN OF MOUNT PLEASANT, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2023

III. DETAILED NOTES ON ALL FUNDS AND ACTIVITIES (CONTINUED)

F. Long-Term Obligations (Continued)

Presented below is a summary of changes in long-term obligations for the Town's governmental activities for the year ended June 30, 2023:

Long-Term Obligations	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Debt:					
General Obligation Bonds: (Direct Placement)					
GOB-4/14	\$ 13,755,000	-	1,720,000	12,035,000	\$ 1,810,000
GOB-1/19	29,750,000	-	1,750,000	28,000,000	1,750,000
GOB-5/20	5,000,000	-	1,629,000	3,371,000	1,667,000
GOB-3/21	8,061,000	-	964,000	7,097,000	976,000
GOB-3/23	-	50,000,000	-	50,000,000	8,135,000
Total General Obligation Bonds	56,566,000	50,000,000	6,063,000	100,503,000	14,338,000
Loans					
SRF Loan-6/18	8,779,174	-	425,273	8,353,901	431,259
Total Loans	8,779,174	-	425,273	8,353,901	431,259
Premium on Issuance of GOB-4/14	1,211,185	-	175,110	1,036,075	-
Premium on Issuance of GOB-1/19	2,284,244	-	135,029	2,149,215	-
Premium on Issuance of GOB-5/20	2,227	-	2,227	-	-
Premium on Issuance of GOB-5/23	-	6,494,113	-	6,494,113	-
Total Debt	68,842,830	56,494,113	6,800,639	118,536,304	14,769,259
Financed Purchase Agreements: (Direct Borrowings)					
FP-8/18B	553,400	-	553,400	-	-
FP-8/19A	419,051	-	207,368	211,683	211,683
FP-1/21A	1,312,010	-	370,894	941,116	374,053
FP-2/22A	3,340,571	-	495,593	2,844,978	502,132
FP-10/22A	-	1,825,000	365,626	1,459,374	346,553
FP-10/22B	-	1,550,000	222,260	1,327,740	202,910
Total Financed Purchase Agreements	5,625,032	3,375,000	2,215,141	6,784,891	1,637,331
Leases:					
Lease Liability - Health Care Facility (Bowman Rd.)	554,314	206,183	53,281	707,216	59,276
Lease Liability - Health Care Facility (Montague Ave.)	-	948,509	22,946	925,563	49,778
Total Leases	554,314	1,154,692	76,227	1,632,779	109,054
Subscription-Based IT Arrangements:					
Oracle Fusion	-	472,943	152,485	320,458	212,542
Ceridian Dayforce Contract	-	399,673	169,493	230,180	172,089
RMS Software - Police Department	-	146,591	45,788	100,803	48,638
Total Subscription-Based IT Arrangements	-	1,019,207	367,766	651,441	433,269
Total Debt, Leases, and Financed Purchase Agreements	75,022,176	62,043,012	9,459,773	127,605,415	16,948,913
Infrastructure Credits	4,827,934	-	-	4,827,934	-
Compensated Absences	2,482,562	3,229,315	3,045,693	2,666,184	2,666,184
Total Long-Term Obligations	\$ 82,332,672	65,272,327	12,505,466	135,099,533	\$ 19,615,097

TOWN OF MOUNT PLEASANT, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2023

III. DETAILED NOTES ON ALL FUNDS AND ACTIVITIES (CONTINUED)

F. Long-Term Obligations (Continued)

Resources from the General Fund, Hospitality Tax Fund, Impact Assessment Fund, Stormwater Utility Fund, and Debt Service Fund will be used to liquidate the governmental activities debt and financed purchase agreement obligations. Resources from the Health Services Fund will be used to liquidate the lease liability. Resources from the General Fund have been used to liquidate the compensated absences liability.

Presented below is a summary of debt service requirements to maturity by year for the Town's governmental activities as of June 30, 2023:

Year Ended June 30,	Debt - Direct Placement		Financed Purchase Agreements - Direct Borrowings		Total
	Principal	Interest	Principal	Interest	
2024	\$ 14,769,259	4,126,003	1,637,331	136,916	\$ 20,669,509
2025	8,920,328	3,553,643	1,454,397	104,875	14,033,243
2026	7,419,483	3,253,536	1,293,283	75,360	12,041,661
2027	7,628,724	2,955,682	1,130,526	47,486	11,762,419
2028	7,827,054	2,669,426	761,639	22,985	11,281,105
2039-2033	29,789,369	9,321,287	507,714	7,962	39,626,331
2034-2038	29,545,508	3,723,483	-	-	33,268,991
2039-2043	2,957,177	384,872	-	-	3,342,048
Totals	<u>\$ 108,856,901</u>	<u>29,987,932</u>	<u>6,784,891</u>	<u>395,585</u>	<u>\$ 146,025,308</u>

Year Ended June 30,	Leases		Total
	Principal	Interest	
2024	\$ 109,054	45,777	\$ 154,831
2025	113,559	42,754	156,313
2026	118,221	39,603	157,824
2027	123,045	36,321	159,366
2028	128,037	32,901	160,938
2029-2033	698,848	108,086	806,934
2034-2038	342,016	28,076	370,091
Totals	<u>\$ 1,632,779</u>	<u>333,518</u>	<u>\$ 1,966,297</u>

Year Ended June 30,	Subscription-Based IT Arrangements		Total
	Principal	Interest	
2024	\$ 433,269	9,884	\$ 443,153
2025	218,172	2,126	220,298
Totals	<u>\$ 651,441</u>	<u>12,010</u>	<u>\$ 663,451</u>

G. Conduit Debt

As of June 30, 2023, Mount Pleasant Waterworks had approximately \$173,491,000 of outstanding bonds and loans (net of premiums) in the name of the Town of Mount Pleasant. The bonds and loans are secured by a pledge of, and lien upon, all revenues derived from the operations of Mount Pleasant Waterworks, and all funds and accounts derived from such revenues. The Town is not obligated to pay any of these bonds or loans, or any interest thereon.

TOWN OF MOUNT PLEASANT, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2023

IV. OTHER INFORMATION

A. Risk Management

Participation in Public Entity Risk Pools for Property and Casualty Insurance

The Town is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets, errors and omissions, and natural disasters. The Town has joined together with other municipalities in the state to form the South Carolina Municipal Insurance and Risk Financing Fund ("SCMIRF"), which is a public entity risk pool currently operating as a common risk management and insurance program. The Town obtains its general risk insurance through SCMIRF. It pays an annual premium for this coverage. For the year ended June 30, 2023, the Town made premium payments totaling approximately \$1,463,000. SCMIRF is self-sustaining through member premiums and reinsures through commercial companies. SCMIRF's net assets from its most recently issued audited financial statements at December 31, 2022, totaled approximately \$6,715,000. There were no significant reductions in coverage in the past fiscal year and there were no settlements exceeding insurance coverage in the past three fiscal years.

The Town 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 worker's compensation. The Town pays an annual premium to SCMIT. In the year ended June 30, 2023, the Town made premium payments totaling approximately \$988,000. The Trust uses reinsurance agreements to reduce its exposure to large workers' compensation losses. SCMIT's net assets from its most recently issued audited financial statements at December 31, 2022, totaled approximately \$44,198,000. There were no significant reductions in coverage in the past fiscal year and there were no settlements exceeding insurance coverage in the past three fiscal years.

Self-Insurance Health Plan

The Town maintains a partial self-insurance program (minimum premium plan) for medical and life insurance coverage for Town employees. The Town has contracted with a plan administrator that directly handles the settlement of all claims. The Town's health insurance plan has an individual self-insurance captive stop loss insurance amount of approximately \$185,000 (the Town does not carry aggregate stop loss insurance coverage). In December 2015, the Town entered into an agreement with a healthcare contractor to provide corporate primary care services for the Town's employees, retirees, and dependents; wellness support functions; the establishment and maintenance of an on-site pharmacy; and for chronic disease and risk management. This agreement was for three years and may be renewed for consecutive one-year periods upon mutual written agreement.

The liability of \$672,000 reported in the Health Services Fund at June 30, 2023 is based on the requirements of GASB Statement No. 10, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. These claims are expected to be paid with current financial resources within three months.

Changes in the reported health liabilities for the past few years are as follows:

Fiscal Year	Beginning of Fiscal Year Liability	Claims, Administrative Costs, and Changes in Estimates	Claims/ Administrative Payments	End of Fiscal Year Liability
2020 - 2021	\$ 732,000	8,234,890	(8,076,890)	\$ 890,000
2021 - 2022	890,000	7,943,291	(7,864,291)	969,000
2022 - 2023	\$ 969,000	8,257,181	(8,554,181)	\$ 672,000

The Town has not significantly reduced insurance coverages from the previous year; and settled claims in excess of insurance coverage for the last three years were immaterial.

TOWN OF MOUNT PLEASANT, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2023

IV. OTHER INFORMATION (CONTINUED)

B. Retirement Plans

The Town participates in the State of South Carolina's 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' ("Systems") five defined benefit pension plans. PEBA has an 11-member Board of Directors ("PEBA Board"), 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 consists 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 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.

The 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 the 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. The PEBA is considered 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 of the state.

Plan Description

The South Carolina Retirement System ("SCRS"), a cost-sharing multiple-employer defined benefit pension plan, was established effective 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 effective 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.

Plan 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 and 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.

TOWN OF MOUNT PLEASANT, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2023

IV. OTHER INFORMATION (CONTINUED)

B. Retirement Plans (Continued)

- 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 the PORS. Magistrates are required to participate in the 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.

Plan 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/current annual salary. 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 requirement 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.

- 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.

TOWN OF MOUNT PLEASANT, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2023

IV. OTHER INFORMATION (CONTINUED)

B. Retirement Plans (Continued)

Plan 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 ("Plans") 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 contribution 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 1 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 PEBA Board shall increase the employer contribution rates as necessary to meet the amortization period set in statute.

Pension reform legislation modified the 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 Plans. 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.

As noted earlier, both employees and the Town are required to contribute to the Plans at rates established and as amended by the PEBA. The Town's contributions are actuarially determined but are communicated to and paid by the Town as a percentage of the employees' annual eligible compensation. Required employer and employee contribution rates for the past year are as follows:

	SCRS Rates	PORS Rates
	2023	2023
Employer Contribution Rate: ^		
Retirement	17.41%	19.84%
Incidental Death Benefit	0.15%	0.20%
Accidental Death Contributions	0.00%	0.20%
	17.56%	20.24%
Employee Contribution Rate ^	9.00%	9.75%

^ Calculated on earnable compensation as defined in Title 9 of the South Carolina Code of Laws.

The actual and required contributions to the SCRS and PORS were approximately \$3,523,000 and \$3,917,000, respectively, for the year ended June 30, 2023 and include the nonemployer contributions noted below.

TOWN OF MOUNT PLEASANT, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2023

IV. OTHER INFORMATION (CONTINUED)

B. Retirement Plans (Continued)

Nonemployer Contributions

In an effort to help offset a portion of the burden of the increased contribution requirement for employers, the State General Assembly (“State”) funded 1 percent of the SCRS and PORS contribution increases for the year ended June 30, 2023. The State’s budget appropriated these funds directly to the PEBA for the South Carolina Retirement System Trust Fund and the Police Officers Retirement System Trust Fund. The amount of funds appropriated by the State (nonemployer contributing entity) for the year ended June 30, 2023 were approximately \$133,000 and \$132,000 for the SCRS and PORS, respectively. These contributions (on-behalf benefits) from the State were recognized as intergovernmental revenues and pension expenditures in the Town’s governmental fund financial statements.

Actuarial Assumptions and Methods

Actuarial valuations of the 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”), net pension liability (“NPL”), and sensitivity information shown in this report were determined by the consulting actuary, Gabriel, Roeder, Smith and Company, and are based on an actuarial valuation performed as of July 1, 2021. The TPL was rolled-forward from the valuation date to the Plans’ fiscal year end, June 30, 2022, using generally accepted actuarial principles. There was no legislation enacted during the 2022 legislative session that had a material change in the benefit provisions for any of the systems.

The following table provides a summary of the actuarial assumptions and methods used to calculate the TPL as of June 30, 2023 (measurement date) for the SCRS and PORS.

	SCRS	PORS
Actuarial Cost Method	Entry Age Normal	Entry Age Normal
Actuarial Assumptions:		
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”), were 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.

TOWN OF MOUNT PLEASANT, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2023

IV. OTHER INFORMATION (CONTINUED)

B. Retirement Plans (Continued)

Actuarial Assumptions and Methods (Continued)

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%

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 rate of returns 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.

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 following table. 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.

Allocation/Exposure	Policy Target	Expected Arithmetic Real Rate of Return	Long-Term Expected Portfolio Real Rate of Return
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%
Infrastructure	3.0%	5.88%	0.18%
Total Expected Real Rate of Return	100.0%		4.79%
Inflation for Actuarial Purposes			2.25%
Total Expected Nominal Return			7.04%

TOWN OF MOUNT PLEASANT, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2023

IV. OTHER INFORMATION (CONTINUED)

B. Retirement Plans (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows/Inflows of Resources Related to Pensions

The NPL is calculated separately for each System and represents that particular System's TPL determined in accordance with GASB No. 67 less that System's fiduciary net position. NPL totals, as of the June 30, 2022 measurement date, for the SCRS and PORS, are presented in the following table:

System	Total Pension Liability	Plan Fiduciary Net Position	Employers' Net Pension Liability (Asset)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
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%

The TPL is calculated by the Systems' actuary, and each Plans' fiduciary net position is reported in the Systems' financial statements. The NPL is disclosed in accordance with the requirements of GASB No. 67 in the Systems' notes to the financial statements and required supplementary information. Liability calculations performed by the Systems' actuary for the purpose of satisfying the requirements of GASB Nos. 67 and 68 are not applicable for other purposes, such as determining the Plans' funding requirements.

At June 30, 2023, the Town reported liabilities of approximately \$36,127,000 and \$32,182,000 for its proportionate share of the NPL for the SCRS and PORS, respectively. The NPL were measured as of June 30, 2022, and the TPL for the Plans used to calculate the NPL were determined based on the most recent actuarial valuation report of July 1, 2021 that was projected forward to the measurement date. The Town's proportion of the NPL were based on a projection of the Town'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 the June 30, 2022 measurement date, the Town's SCRS proportion was 0.149026 percent, which was an increase of 0.005405 percent from its proportion measured as of June 30, 2021. At the June 30, 2022 measurement date, the Town's PORS proportion was 1.07311 percent, which was an increase of 0.03223 percent from its proportion measured as of June 30, 2021.

TOWN OF MOUNT PLEASANT, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2023

IV. OTHER INFORMATION (CONTINUED)

B. Retirement Plans (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows/Inflows of Resources Related to Pensions (Continued)

For the year ended June 30, 2023, the Town recognized pension expense of approximately \$3,466,000 and \$3,286,000 for the SCRS and PORS, respectively. At June 30, 2023, the Town reported deferred outflows of resources (deferred pension charges) and deferred inflows of resources (deferred pension credits) related to pensions from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
SCRS		
Differences Between Expected and Actual Experience	\$ 313,878	\$ 157,441
Change in Assumptions	1,158,684	-
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	55,715	-
Changes in Proportion and Differences Between the Employer's Contributions and Proportionate Share of Contributions	933,474	617,638
Employer Contributions Subsequent to the Measurement Date	3,390,116	-
Total SCRS	<u>5,851,867</u>	<u>775,079</u>
PORS		
Differences Between Expected and Actual Experience	539,957	636,193
Change in Assumptions	1,340,128	-
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	97,183	-
Changes in Proportion and Differences Between the Employer's Contributions and Proportionate Share of Contributions	685,760	104,931
Employer Contributions Subsequent to the Measurement Date	3,785,262	-
Total PORS	<u>6,448,290</u>	<u>741,124</u>
Total SCRS and PORS	<u>\$ 12,300,157</u>	<u>\$ 1,516,203</u>

TOWN OF MOUNT PLEASANT, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2023

IV. OTHER INFORMATION (CONTINUED)

B. Retirement Plans (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows/Inflows of Resources Related to Pensions (Continued)

Approximately \$3,390,000 and \$3,785,000 that were reported as deferred outflows of resources related to the Town'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 (deferred pension charges) and deferred inflows of resources (deferred pension credits) related to the SCRS and PORS will increase (decrease) pension expense as follows:

Year Ended June 30,	SCRS	PORS	Total
2024	\$ 817,857	898,331	\$ 1,716,188
2025	525,162	696,179	1,221,341
2026	(598,520)	(923,531)	(1,522,051)
2027	942,173	1,250,925	2,193,098
Total	<u>\$ 1,686,672</u>	<u>1,921,904</u>	<u>\$ 3,608,576</u>

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 the SCRS and PORS will be made based on the actuarially determined rates based on provisions in the South Carolina Code of Laws. Based on those assumptions, each 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 Town's proportionate share of the NPL of the Plans 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% point lower (6.00 percent) or 1% point higher (8.00 percent) than the current rate:

System	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Town's proportionate share of the net pension liability of the SCRS	\$ 46,319,527	36,127,199	\$ 27,653,602
Town's proportionate share of the net pension liability of the PORS	44,876,475	32,182,440	21,791,178
Total	<u>\$ 91,196,002</u>	<u>68,309,639</u>	<u>\$ 49,444,780</u>

Plans Fiduciary Net Position

Detailed information regarding the fiduciary net position of the Plans administered by the PEBA is available in the separately issued ACFR containing financial statements and required supplementary information for the SCRS and PORS. The ACFR is publicly available through the 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.

TOWN OF MOUNT PLEASANT, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2023

IV. OTHER INFORMATION (CONTINUED)

B. Retirement Plans (Continued)

Payable to Plans

The Town reported a payable of approximately \$1,236,000 to the PEBA as of June 30, 2023, representing required employer and employee contributions for the month of June 2023 for the SCRS and PORS. This amount is included in Accrued Payroll and Fringe Liability on the financial statements and was paid in July 2023.

C. Related Party Transactions

The Town has agreed to waive inspection fees, building permit fees, fees in lieu of taxes, and impact fees where Mount Pleasant Waterworks is the owner of the property. In consideration, Mount Pleasant Waterworks makes an annual payment to the Town equal to one percent of Mount Pleasant Waterworks' gross operating revenues derived from water and wastewater sales and facility charges only, of the prior fiscal year. During the fiscal year ended June 30, 2023, the payment equaled approximately \$516,000. Mount Pleasant Waterworks provides water and sewer services to the Town at reasonable rates. During the fiscal year ended June 30, 2023, the Town paid approximately \$890,000, including approximately \$510,000 for project costs and \$380,000 for water and sewer services. Mount Pleasant Waterworks will not charge the Town impact fees for projects that are owned and operated by the Town.

D. Contingencies and Litigation

Grants

Amounts received or receivable from grant agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures that may be disallowed by the grantor cannot be determined at this time, although the Town expects such amounts, if any, to be immaterial.

Litigation

The Town is contingently liable with respect to lawsuits and other claims incidental to the ordinary course of their operations. In the opinion of management, based on the advice of legal counsel with respect to litigation, the ultimate disposition of these lawsuits and claims will not materially affect the Town's financial position.

E. Deferred Compensation Plan

The Town offers its employees the option to participate in the South Carolina 401 (k), Roth 401 (k), and 457 Deferred Compensation plans (collectively the "Deferred Compensation Plans"). The Deferred Compensation Plans are administered by the PEBA. All amounts of compensation contributed under the Deferred Compensation Plans, all income, and rights attributed to such amounts remain the sole property of the participating employee.

Current year payroll covered under the Deferred Compensation Plans was approximately \$14,008,000 of the Town's total payroll (for all Town employees) of approximately \$40,196,000. Employees can contribute a minimum of \$10 of gross salary per paycheck, up to a maximum of \$18,000, with an additional \$6,000 if participants are over age 50 or will turn 50 during the year.

Contributions are not available to employees until termination of employment, retirement, death, or foreseeable emergency, with the exceptions of education and purchase or improvement of a primary residence. There is no eligibility or vesting requirements. The Town has no obligation to contribute to the Deferred Compensation Plans, and has made no contributions during the year. Employee contributions were approximately \$269,000 for the year ended June 30, 2023. There were no significant changes in plan provisions during the current year.

TOWN OF MOUNT PLEASANT, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2023

IV. OTHER INFORMATION (CONTINUED)

F. Postemployment Benefits Other than Pensions

Plan Description

The Town sponsors a defined benefit postemployment healthcare plan (the “OPEB Plan”) that provides medical and dental insurance for retirees. Eligibility and benefit provisions are different for each of the following groups:

- Group A: Employees who retired prior to November 1, 2013. Employees must have a minimum of five years of service with the Town and be eligible to retire in the state retirement system to be eligible to receive medical benefits from the Town upon retirement. Employees must have a minimum of 5 years of service for the Town to pay a portion of the premium on behalf of the retiree. Retirees are provided lifetime coverage with the Town’s health plan being secondary to Medicare.
- Group B: Employees hired prior to November 1, 2008. Employees who retire on or after January 1, 2013 must have a minimum of 20 aggregate years of service with the Town. In addition, SCRS employees must have attained age 55 and PORS employees must have attained age 55 at the time of retirement. SCRS and PORS employees who retire due to disability on or after January 1, 2013 must meet the state retirement system or Social Security requirements; however, the Town service and age retirements are waived. Employees must have a minimum of 20 years of service for the Town to pay a portion of the premium on behalf of the retiree. Health insurance benefits are provided through the Town’s plan until the retiree reaches Medicare-eligibility age, at which point the Town will provide a Medicare supplemental plan.
- Group C: Employees hired on or after November 1, 2008. Employees must have a minimum of 20 aggregate years of service with the Town. In addition, SCRS employees must have attained age 55 and PORS employees must have attained age 55 at the time of retirement. SCRS and PORS employees who retire due to disability on or after January 1, 2013 must meet the state retirement system or Social Security requirements; however, the Town service and age retirements are waived. Employees must have a minimum of 20 years of service for the Town to pay a portion of the premium on behalf of the retiree. Health insurance benefits are provided through the Town’s plan until the retiree reaches Medicare-eligibility age, at which point benefits cease.

Information regarding SCRS and PORS eligibility may be found above in Note IV.B. The OPEB Plan is approved each year by the Town’s Council; the benefit and contribution requirements of the Town and plan members are established and amended by the Town’s Council. These contributions are neither guaranteed nor mandatory. The Town has retained the right to unilaterally modify its payments toward retiree health care benefits at any time.

The OPEB Plan is affiliated with the South Carolina Other Retirement Benefits Employer Trust (“SC ORBET”), an agent multiple-employer investment plan administered by the Municipal Association of South Carolina (“MASC”). SC ORBET issues a publicly available financial report that includes audited financial statements and required supplementary information for the OPEB Plan. A copy of the report may be obtained by writing to: Chief Financial Officer for Risk Management Services, Municipal Association of South Carolina, P.O. Box 12109, Columbia, South Carolina 29211.

TOWN OF MOUNT PLEASANT, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2023

IV. OTHER INFORMATION (CONTINUED)

F. Other Post-Employment Benefits (OPEB) (Continued)

Plan Membership

As of December 31, 2020, the last actuarial valuation, the following employees were covered by the OPEB Plan’s benefit terms:

Inactive Members or Beneficiaries Currently Receiving Benefit Payments	106
Active Members	<u>576</u>
Total Membership	<u><u>682</u></u>

Plan Contributions

Section 2-198 of the Code of Ordinances of the Town grants the authority to establish and amend the contribution requirements of the post-employment healthcare to the Mayor and Town Council. For the year ended December 31, 2022 (“measurement period”), the Town made contributions of approximately \$1,624,000, or an average of 5.58% of covered-employee payroll. Employees are not required to contribute to the OPEB Plan.

Actuarial Assumptions and Method

Actuarial valuations of the OPEB 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, inflation, healthcare cost trend rates, and future salary changes. Amounts determined regarding the net OPEB liability are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

Projections of benefits for financial reporting purposes are based on the substantive OPEB Plan (the plan as understood by the employer and its members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

TOWN OF MOUNT PLEASANT, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2023

IV. OTHER INFORMATION (CONTINUED)

F. Other Post-Employment Benefits (OPEB) (Continued)

The following table provides a summary of the actuarial assumptions and methods used in the latest actuarial valuation for the OPEB Plan.

Actuarial Valuation Date	December 31, 2020
Actuarial Cost Method	Entry Age Normal
Asset Valuation Method	Market Value
Actuarial Assumptions:	
Inflation	2.25%
Investment Rate of Return	4.75% which includes inflation
Discount Rate	4.75%
Healthcare Cost Trend Rate	7.00% for 2021 decreasing to an ultimate rate of 4.50 by 2031
Payroll Growth	SCRS - 3.00% - 9.50%; PORS - 3.50% - 10.50%
Coverage Elections	40% of eligible retirees will elect coverage and 30% of those will elect to cover the spouse
Active Participation/Marriage	100% of all active employees are assumed to be married with female spouses assumed to be 3 years younger
Mortality Table	PUB-2010 Mortality Tables for Employees with a 135% multiplier
Election Percentage	It is assumed that 75% of eligible retirees and 35% of spouses will elect to receive coverage upon retirement

The actuarial assumptions used above were based on the results of an actuarial experience study most recently issued as of December 31, 2020.

Long-Term Expected Rate of Return

The long-term expected rate of return on OPEB Plan Investments is based upon 35 year capital market assumptions, as well as current consensus expectations and market based inputs. The long-term expected rate of returns represent assumptions developed using an arithmetic building block approach and are presented net of investment fees. There are no municipal bond rate assumptions used in deriving the discount rate, and the discount rate forecast period extends for 50 years. The expected returns, along with the expected inflation rate, form the basis for the target asset allocation for the beginning of the 2023 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 following table.

Asset Class	Target Allocation	Expected Arithmetic Real Rate of Return	Long-Term Expected Portfolio Real Rate of Return
US Government Fixed Income			
US Government Agency	57.5%	2.25%	1.29%
US Government MBS/CMO/CMBS	40.0%	3.00%	1.20%
Cash and Short Duration	2.5%	0.25%	0.01%
Total Expected Real Rate of Return	100.0%		2.50%
Inflation for Actuarial Purposes			2.25%
Total Expected Nominal Return			4.75%

TOWN OF MOUNT PLEASANT, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2023

IV. OTHER INFORMATION (CONTINUED)

F. Other Post-Employment Benefits (OPEB) (Continued)

OPEB Liabilities, OPEB Expense, and Deferred Outflows/Inflows of Resources Related to OPEB

The Town's net OPEB liability was measured as of December 31, 2022 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2020 that was rolled forward to the measurement date.

	Total OPEB Liability (a)	OPEB Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balances as of December 31, 2020	\$ 21,997,148	9,480,228	\$ 12,516,920
Changes for the year:			
Service Cost	443,464	-	443,464
Interest	1,018,922	-	1,018,922
Changes in Benefit Terms	2,271,745	-	2,271,745
Difference Between Expected/Actual Experience	359,501	-	359,501
Change in assumptions or other inputs	-	-	-
Contributions - Employer	-	2,205,156	(2,205,156)
Net Investment Income	-	(1,365,920)	1,365,920
Benefit Payments	(1,105,156)	(1,105,156)	-
Administrative Expense	-	(8,951)	8,951
Net Changes	2,988,476	(274,871)	3,263,347
Balances as of December 31, 2021	\$ 24,985,624	9,205,357	\$ 15,780,267

For the year ended June 30, 2023, the Town recognized OPEB expense of approximately \$2,102,000. At June 30, 2023, the Town reported deferred outflows of resources (deferred OPEB charges) and deferred inflows of resources (deferred OPEB credits) related to OPEB from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ 408,855	\$ 7,584,394
Net Difference Between Projected/Actual Earnings on OPEB Plan Investments	1,826,954	-
Changes of Assumptions	1,134,703	2,656,252
Employer Contributions Subsequent to the Measurement Date	524,155	-
Total	\$ 3,894,667	\$ 10,240,646

Approximately \$524,000 that was reported as deferred outflows of resources related to the Town's contributions subsequent to the measurement date to the OPEB Plan, respectively, will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2024. Other amounts reported as deferred outflows of resources (deferred OPEB charges) and deferred inflows of resources (deferred OPEB credits) related to the OPEB Plan will increase (decrease) OPEB expense as follows:

TOWN OF MOUNT PLEASANT, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2023

IV. OTHER INFORMATION (CONTINUED)

F. Other Post-Employment Benefits (OPEB) (Continued)

OPEB Liabilities, OPEB Expense, and Deferred Outflows/Inflows of Resources Related to OPEB (Continued)

Year Ended June 30,	Total
2024	\$ (1,202,172)
2025	(1,197,832)
2026	(1,186,771)
2027	(1,354,129)
2028	(1,240,173)
Thereafter	(689,057)
Total	<u>\$ (6,870,134)</u>

Discount Rate

The discount rate used to measure the total OPEB liability was 4.75%. The projection of cash flows used to determine the discount rate assumed that the Town's contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected OPEB payments for current active and inactive employees. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the OPEB liability.

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate

The following table presents the sensitivity of the Town's net OPEB liability to changes in the discount rate, calculated using the discount rate of 4.75%, as well as what it would be if it were calculated using a discount rate that is 1% point lower (3.75%) or 1% point higher (5.75%) than the current rate:

	1% Decrease (3.75%)	Current Discount Rate (4.75%)	1% Increase (5.75%)
Net OPEB Liability	\$ 19,494,026	15,780,267	\$ 12,723,161

Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rate

The following table presents the sensitivity of the Town's net OPEB liability to changes in the healthcare cost trend rate, calculated using the healthcare cost trend rate of 9.50% decreasing to 5.50%, as well as what it would be if it were calculated using a healthcare cost trend rate that is 1% point lower (8.50% decreasing to 4.50%) or 1% point higher (10.50% decreasing to 6.50%) than the current rate:

	1% Decrease (8.50% decreasing to 4.50%)	Current Healthcare Cost Trend Rate (9.50% decreasing to 5.50%)	1% Increase (10.50% decreasing to 6.50%)
Net OPEB Liability	\$ 12,044,722	15,780,267	\$ 20,428,043

TOWN OF MOUNT PLEASANT, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2023

IV. OTHER INFORMATION (CONTINUED)

G. Commitments

The Town has construction commitments outstanding at June 30, 2023 of approximately \$46,123,000 related to various building improvements/renovations, transportation projects, and other construction projects including approximately \$23,500,000 for the new Public Services Operation Center.

The Town carried forward encumbrances totaling approximately \$717,000 to the budget for the year ended June 30, 2024. The Town also carried forward non-encumbered balances for grants, projects, and Town Council approved programs totaling approximately \$1,883,000.

H. Tax Abatements

The Town is subject to tax abatements entered into by Charleston County, who enters into property tax abatement agreements with local businesses through various abatement programs. For the fiscal year ended June 30, 2023, the Town's property taxes abated by agreements entered into by Charleston County totaled approximately \$128,000. The Town has not entered into any of its own tax abatement agreements.



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Required Supplementary Information

TOWN OF MOUNT PLEASANT, SOUTH CAROLINA

REQUIRED SUPPLEMENTARY INFORMATION - BUDGETARY COMPARISON SCHEDULE

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGETS AND ACTUAL - GENERAL FUND

YEAR ENDED JUNE 30, 2023

	BUDGETED AMOUNTS		ACTUAL	
	ORIGINAL	FINAL	AMOUNTS	VARIANCE
REVENUES				
Property, Sales and Other Taxes	\$ 45,504,832	45,504,832	47,836,828	\$ 2,331,996
Licenses and Permits	34,446,387	34,986,887	37,542,105	2,555,218
Intergovernmental	3,656,706	3,860,001	4,842,021	982,020
Fines and Forfeitures	476,976	476,976	491,188	14,212
Charges for Services	5,134,550	5,134,550	5,347,625	213,075
Rents and Royalties	212,339	212,339	402,843	190,504
Investment Earnings	117,905	117,905	1,860,340	1,742,435
Other Revenues	101,526	406,055	564,503	158,448
TOTAL REVENUES	89,651,221	90,699,545	98,887,453	8,187,908
EXPENDITURES				
Current:				
General Government	7,847,030	8,380,243	7,278,620	1,101,623
Justice:				
Municipal Court Department	1,257,892	1,275,503	1,103,155	172,348
Legal Department	1,086,528	1,099,788	1,018,648	81,140
Public Safety:				
Police Department	19,579,457	20,613,478	20,068,203	545,275
Fire Department	15,186,930	15,413,979	15,152,101	261,878
Public Service	15,596,886	15,615,760	15,052,332	563,428
Engineering and Development Services	5,284,533	5,432,254	5,056,314	375,940
Planning, Land Use, and Neighborhoods	2,000,922	2,470,759	1,904,246	566,513
Culture and Recreation	8,179,690	8,404,106	8,396,067	8,039
Nondepartmental	8,624,349	7,903,648	6,828,504	1,075,144
Capital Outlay	-	1,635,030	1,627,206	7,824
TOTAL EXPENDITURES	84,644,217	88,244,548	83,485,396	4,759,152
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	5,007,004	2,454,997	15,402,057	12,947,060
OTHER FINANCING SOURCES (USES)				
Transfers In	6,566,238	6,564,039	6,500,958	(63,081)
Transfers Out	(21,000,424)	(26,513,578)	(26,520,508)	(6,930)
Sale of Capital Assets	200,000	295,000	264,732	(30,268)
TOTAL OTHER FINANCING SOURCES (USES)	(14,234,186)	(19,654,539)	(19,754,818)	(100,279)
NET CHANGE IN FUND BALANCES	(9,227,182)	(17,199,542)	(4,352,761)	12,846,781
FUND BALANCES - Beginning of Year	61,423,073	61,423,073	61,423,073	-
FUND BALANCES - End of Year	\$ 52,195,891	44,223,531	57,070,312	\$ 12,846,781

Notes to Schedule:

The notes to the budgetary comparison schedule are an integral part of this schedule.

The Town's original and final budgets reflected the use of appropriated fund balance of \$9,227,182 and \$17,199,542, respectively.

TOWN OF MOUNT PLEASANT, SOUTH CAROLINA

NOTES TO THE BUDGETARY COMPARISON SCHEDULE

YEAR ENDED JUNE 30, 2023

A. BASIS OF ACCOUNTING

The budgetary comparison schedule has been presented on the modified accrual basis of accounting, which is consistent with accounting principles generally accepted in the United States of America.

B. BUDGETARY INFORMATION

The Town's procedures in establishing the budgetary data reflected in the budgetary comparison schedules are as follows:

1. Prior to May 1, the Town Administrator submits to the Town Council a proposed operating budget previously reviewed by the appropriate standing committees of Council for the fiscal year commencing July 1. The operating budget includes proposed expenditures and the means of financing them.
2. Public hearings, Budget Committee meetings, and Council meetings are conducted by the Budget Committee, which includes all members of Town Council, at the Municipal Complex to inform and obtain taxpayer comments.
3. The budget is legally enacted through passage of an ordinance by July 1. The budget is amended at midyear. Any supplemental budgetary appropriations made at this time are subject to the same procedures as the original budget ordinance.
4. The Town Administrator is authorized to administer the budget and may only transfer appropriated funds between accounts within each fund without Town Council's prior approval provided the transfer does not alter the total appropriations for a fund. Town Council must approve any revisions that alter the total appropriations of a fund. Department managers are responsible for managing their respective budgets. Department managers are not allowed to make transfers of appropriated funds. The legal level of budgetary authority is at the fund level.
5. Legally adopted budgets are employed as a management control device during the year for the General Fund, Capital Asset Fund and one Special Revenue Funds (i.e. Accommodations Tax Fund). Expenditures may not legally exceed appropriations on the fund level.
6. The budgets for the budgeted funds are legally adopted on a basis consistent with GAAP.
7. The budgets at the end of the year for these funds represent the budgets adopted and amended by the Town Council plus encumbrances and funds designated for continuing projects carried over from the preceding year.
8. Encumbrances do not lapse but are brought forward to the new fiscal year and added to the budget adopted by Town Council for that year. It is Town policy to close out all encumbrances possible before year-end.
9. All unencumbered appropriations, except those designated as continuing projects by the Town Administrator, lapse at year-end.
10. Town Council made one supplementary budget adjustment at mid-year to adjust the revenue and expenditure budgets to reflect new estimates for current year activity/results.

TOWN OF MOUNT PLEASANT, SOUTH CAROLINA

REQUIRED SUPPLEMENTARY INFORMATION - PENSION PLAN SCHEDULES

SCHEDULE OF THE TOWN'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
SOUTH CAROLINA RETIREMENT SYSTEM

LAST TEN FISCAL YEARS

	Year Ended June 30,									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Town of Mount Pleasant's Proportion of the Net Pension Liability	0.14903%	0.14362%	0.14889%	0.14911%	0.14110%	0.13900%	0.13419%	0.12957%	0.12776%	0.12776%
Town of Mount Pleasant's Proportionate Share of the Net Pension Liability	\$ 36,127,199	31,081,371	38,043,288	34,047,575	31,615,345	31,291,586	28,661,718	24,574,334	21,995,864	\$ 22,915,407
Town of Mount Pleasant's Covered Payroll	\$ 17,745,474	16,235,286	16,605,983	15,744,907	14,602,067	14,039,176	13,040,609	12,122,793	11,584,520	\$ 11,572,163
Town of Mount Pleasant's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	203.585%	191.443%	229.094%	216.245%	216.513%	222.888%	219.788%	202.712%	189.873%	198.022%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	57.059%	60.746%	50.714%	54.398%	54.105%	53.338%	52.906%	56.992%	59.919%	56.388%

Notes to Schedule:

The amounts presented for each fiscal year were determined as of June 30th of the preceding year.
The discount rate was lowered from 7.25% to 7.00% beginning with the year ended June 30, 2021 measurement date and 7.50% to 7.25% beginning with the year ended June 30, 2017 measurement date.

TOWN OF MOUNT PLEASANT, SOUTH CAROLINA

REQUIRED SUPPLEMENTARY INFORMATION - PENSION PLAN SCHEDULES

SCHEDULE OF CONTRIBUTIONS
SOUTH CAROLINA RETIREMENT SYSTEM

LAST TEN FISCAL YEARS

	Year Ended June 30,									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Contractually Required Contribution	\$ 3,522,661	2,938,650	2,526,541	2,583,891	2,292,458	1,980,040	1,622,929	1,442,291	1,321,385	\$ 1,229,474
Contributions in Relation to the Contractually Required Contribution										
Contributions from the Town	3,390,116	2,806,106	2,393,996	2,451,346	2,159,913	1,847,495	1,622,929	1,442,291	1,321,385	1,229,474
Contributions from the State	132,545	132,544	132,545	132,545	132,545	132,545	-	-	-	-
Contribution Deficiency (Excess)	\$ -	-	-	-	-	-	-	-	-	\$ -
Town of Mount Pleasant's Covered Payroll	\$ 20,060,714	17,745,474	16,235,286	16,605,983	15,744,907	14,602,067	14,039,176	13,040,609	12,122,793	\$ 11,584,520
Contributions as a Percentage of Covered Payroll	17.560%	16.560%	15.562%	15.560%	14.560%	13.560%	11.560%	11.060%	10.900%	10.613%

TOWN OF MOUNT PLEASANT, SOUTH CAROLINA

REQUIRED SUPPLEMENTARY INFORMATION - PENSION PLAN SCHEDULES

SCHEDULE OF THE TOWN'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
SOUTH CAROLINA POLICE OFFICERS RETIREMENT SYSTEM

LAST TEN FISCAL YEARS

		Year Ended June 30,									
		2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Town of Mount Pleasant's Proportion of the Net Pension Liability		1.07311%	1.04088%	1.04491%	1.04947%	1.05433%	1.00687%	1.00687%	0.98470%	0.96142%	0.96142%
Town of Mount Pleasant's Proportionate Share of the Net Pension Liability	\$	32,182,440	26,781,035	34,651,395	30,077,261	29,874,733	28,892,039	25,539,003	21,461,510	18,405,765	\$ 19,930,055
Town of Mount Pleasant's Covered Payroll	\$	16,983,041	15,651,390	15,784,889	15,216,253	14,594,532	14,073,039	12,836,251	12,167,662	11,560,389	\$ 10,913,934
Town of Mount Pleasant's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll		189.498%	171.110%	219.523%	197.665%	204.698%	205.301%	198.960%	176.382%	159.214%	182.611%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability		66.446%	70.374%	58.786%	62.692%	61.729%	60.940%	60.445%	64.569%	67.549%	62.979%

Notes to Schedule:

The amounts presented for each fiscal year were determined as of June 30th of the preceding year.
The discount rate was lowered from 7.25% to 7.00% beginning with the year ended June 30, 2021 measurement date and 7.50% to 7.25% beginning with the year ended June 30, 2017 measurement date.

TOWN OF MOUNT PLEASANT, SOUTH CAROLINA

REQUIRED SUPPLEMENTARY INFORMATION - PENSION PLAN SCHEDULES

SCHEDULE OF CONTRIBUTIONS

SOUTH CAROLINA POLICE OFFICERS RETIREMENT SYSTEM

LAST TEN FISCAL YEARS

	Year Ended June 30,									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Contractually Required Contribution	\$ 3,917,236	3,267,537	2,854,814	2,879,164	2,623,282	2,370,152	2,004,001	1,763,701	1,631,683	\$ 1,484,750
Contributions in Relation to the Contractually Required Contribution										
Contributions from the Town	3,785,262	3,135,563	2,722,840	2,747,190	2,491,308	2,238,178	2,004,001	1,763,701	1,631,683	1,484,750
Contributions from the State	131,974	131,974	131,974	131,974	131,974	131,974	-	-	-	-
Contribution Deficiency (Excess)	\$ -	-	-	-	-	-	-	-	-	\$ -
Town of Mount Pleasant's Covered Payroll	\$ 19,353,930	16,983,041	15,651,390	15,784,889	15,216,253	14,594,532	14,073,039	12,836,251	12,167,662	\$ 11,560,389
Contributions as a Percentage of Covered Payroll	20.240%	19.240%	18.240%	18.240%	17.240%	16.240%	14.240%	13.740%	13.410%	12.843%

TOWN OF MOUNT PLEASANT, SOUTH CAROLINA

REQUIRED SUPPLEMENTARY INFORMATION - OPEB PLAN SCHEDULES

SCHEDULE OF CHANGES IN THE TOWN'S NET OPEB LIABILITY AND RELATED RATIOS

LAST SIX FISCAL YEARS

	Year Ended June 30,				
	2023	2022	2021	2020	2018
Total OPEB Liability					
Service Cost	\$ 443,464	671,640	650,211	952,626	\$ 811,848
Interest	1,018,922	1,296,950	1,250,149	1,438,712	\$ 1,438,227
Changes of Benefit Terms	2,271,745	-	-	-	-
Differences Between Expected and Actual Experience	359,501	(6,082,546)	(17,659)	(5,359,992)	(513,449)
Changes of Assumptions	-	(663,469)	-	(4,133,633)	2,567,408
Benefit Payments, Including Refunds of Member Contributions	(1,105,156)	(1,047,127)	(751,146)	(594,416)	(386,827)
Net Change in Total OPEB Liability	2,988,476	(5,824,552)	1,131,555	(7,696,703)	3,917,207
Total OPEB Liability - Beginning of Year	21,997,148	27,821,700	26,690,145	34,386,848	30,469,641
Total OPEB Liability - End of Year (a)	\$ 24,985,624	21,997,148	27,821,700	26,690,145	\$ 34,386,848
OPEB Plan Fiduciary Net Position					
Contributions - Employer	\$ 2,205,156	2,147,127	1,851,146	1,694,416	\$ 1,386,827
Net Investment Income	(1,365,920)	(203,892)	423,169	316,129	56,495
Benefit Payments, Including Refunds of Member Contributions	(1,105,156)	(1,047,127)	(751,146)	(594,416)	(386,827)
Administrative Expense	(8,951)	(1,250)	(8,784)	-	(7,128)
Net Change in OPEB Plan Fiduciary Net Position	(274,871)	894,858	1,514,385	1,416,129	1,049,367
OPEB Plan Fiduciary Net Position - Beginning of Year	9,480,228	8,585,370	7,070,985	5,654,856	4,605,489
OPEB Plan Fiduciary Net Position - End of Year (b)	\$ 9,205,357	9,480,228	8,585,370	7,070,985	\$ 5,654,856
Town's Net OPEB Liability - End of Year (a) - (b)	\$ 15,780,267	12,516,920	19,236,330	19,619,160	\$ 28,731,992
OPEB Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability					
Covered Payroll	36.84%	43.10%	30.86%	26.49%	16.44%
Town's Net OPEB Liability as a Percentage of the Covered Payroll	\$ 33,192,863	29,095,673	31,886,676	28,838,112	\$ 24,543,194
	47.54%	43.02%	60.33%	68.03%	117.07%
					105.38%

Notes to Schedule:

The amounts presented for each fiscal year were determined as of December 31 of the preceding year (measurement date). The Town implemented GASB #75 during the year ended June 30, 2018. Information is not available for prior years. For years following the valuation date (when no new valuation is performed), covered payroll has been set equal to the covered payroll from the most recent valuation.

TOWN OF MOUNT PLEASANT, SOUTH CAROLINA

REQUIRED SUPPLEMENTARY INFORMATION - OPEB PLAN SCHEDULES

SCHEDULE OF THE TOWN'S CONTRIBUTIONS

LAST SIX FISCAL YEARS

	Year Ended June 30,				
	2023	2022	2021	2020	2018
Actuarially Determined Contribution	\$ 1,144,090	1,369,669	1,587,421	1,780,204	\$ 1,851,559
Contributions in Relation to the Actuarially Determined Contribution	1,624,155	1,880,533	1,851,146	1,694,416	2,134,275
Contribution Deficiency (Excess)	<u>\$ (480,065)</u>	<u>(510,864)</u>	<u>(263,725)</u>	<u>85,788</u>	<u>\$ (282,716)</u>
Covered Payroll	\$ 33,192,863	29,095,673	31,886,676	28,838,112	\$ 24,543,194
Contributions as a Percentage of Covered Payroll	4.89%	6.46%	5.81%	5.88%	8.70%

Notes to Schedule:

The Town implemented GASB #75 during the year ended June 30, 2018. Information is not available for prior years.

Valuation Date:

December 31, 2020 - Actuarially determined contribution rates are calculated as of December 31 of the fiscal year in which contributions are reported (rates presented for the year ended June 30, 2023 were calculated as of December 31, 2022). Actual contributions represent contributions for the year ended June 30.

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial Cost Method	Entry Age Normal
Discount Rate	4.75%
Inflation	2.25%
Salary Increases	SCRS - 3.0% - 9.5%; PORS - 3.5% - 10.5% (including inflation)
Asset Valuation Method	5 Years Smoothed Market
Healthcare Cost Trend Rates	7.00% decreasing to an ultimate rate of 4.5% by 2031
Long Term Rate of Return	4.75%, Net of OPEB Plan Investment Expenses, Including Inflation
Retirement Age	Plan Normal Retirement Date
Mortality	Mortality rates were based on the RP-2014 Mortality Table with a 95% multiplier to better reflect anticipated experience and provide a margin for future improvements.
Election Percentage	It is assumed that 75% of eligible retirees and 50% of spouses will elect to receive coverage upon retirement.
Marriage Percentage	100% of active employees are assumed to be married, with female spouses being 3 years younger than males.



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Supplementary Information



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Non-Major Governmental Funds Special Revenue and Debt Service Funds

Special Revenue Funds

Accommodations Tax Funds - These funds are used to account for state and local funds relating to accommodations tax revenue and for disbursements for tourism related activities as defined by SC Code of Laws Section 6-4-5.

Firefighters' 1% Fund - These funds are used to account for funds relating to the Firemen's Insurance and Inspection Fund as defined by SC Code of Laws Section(s) 23-9-310 to 23-9-470.

Hospitality Tax Fund - This fund is used to account for receipts and disbursements for the Town's 2% hospitality tax applied to food and beverage sales in accordance with SC Code of Laws Section(s) 6-1-700 to 6-1-770.

Partnership Programs Fund - This fund is used to account for funds donated to the Town for a variety of Council-approved fundraising and other initiatives. The funds are held for a specific purpose. The Fund currently consists of restricted donations for the Mount Pleasant Cultural Arts Center, Wayne Magwood Fishermen's Memorial Statute and the Town's E-commerce store which sells merchandise with the Town's logo.

Impact Assessment Fund - This fund is used to account for the funds assessed on residential and non-residential development and used for capital acquisitions or improvements by the general government, fire, transportation, and recreation departments in accordance with SC Code of Laws Title 6, Section 6-1-910 and the Town of Mount Pleasant Code of Ordinances, Title XV, Chapter 154: Municipal Impact Fees.

Special Permit Fund - This fund is used to account for revenue from temporary permits issued by the State for the sale of alcoholic beverages and the expenditure of these fees as dictated by SC Code of Laws Section 12-33-40 and Section 61-6-2010.

Storm Water Utility Fund - This fund is used to account for the annual collection of storm water fees and the disbursement of funds to maintain, repair and improve the Town's drainage system in accordance with SC Code of Laws Sections(s) 48-14-10 to 48-15-150 and Town of Mount Pleasant Code of Ordinances, Title V, Chapter 52.02.

Federal Seized Fund - This fund is used to account for federal assets that were forfeited or seized during a law enforcement action in accordance with 18 U.S. Code Section 981 (Civil forfeiture) and subsequently disbursed to the Town through court order.

State Seized Fund - This fund is used to account for state assets that were forfeited or seized during a law enforcement action in accordance with SC Code of Laws Section 44-53-520 (Forfeitures) and 44-53-530 (Forfeiture procedures; disposition of forfeited items; disposition of proceeds of sales) and subsequently disbursed to the Town through court order.

Debt Service Fund

Debt Service Fund – This fund is used to account for and report financial resources that are restricted, committed, or assigned for principal, interest, or accumulation of resources for debt obligations.

TOWN OF MOUNT PLEASANT, SOUTH CAROLINA

COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS

JUNE 30, 2023

	SPECIAL REVENUE FUNDS					
	ACCOMM- ODATIONS TAX	LOCAL ACCOMM- ODATIONS TAX	COUNTY ACCOMM- ODATIONS TAX	HOSPITALITY TAX	PARTNERSHIP PROGRAMS	SPECIAL PERMIT
ASSETS						
Cash And Cash Equivalents - Restricted	\$ 4,397,880	5,345,613	1,229,826	16,736,453	82,643	592,722
Property Tax Receivable	-	-	-	-	-	-
Intergovernmental Receivable	1,270,794	393,091	216,304	1,702,027	-	30,901
Due From Other Funds	29,737	268,472	225,129	1,182,572	6,930	-
TOTAL ASSETS	5,698,411	6,007,176	1,671,259	19,621,052	89,573	623,623
LIABILITIES						
Accounts Payable	422,737	-	-	-	27	-
Due To Other Funds	577,778	1,603,189	-	1,520,964	77	198,093
TOTAL LIABILITIES	1,000,515	1,603,189	-	1,520,964	104	198,093
DEFERRED INFLOWS OF RESOURCES						
Unavailable Revenue - Property Taxes	-	-	-	-	-	-
TOTAL DEFERRED INFLOWS OF RESOURCES	-	-	-	-	-	-
FUND BALANCES						
Restricted:						
Capital Projects/Debt Service	-	-	-	-	-	-
Tourism Related Costs	4,697,896	4,403,987	1,671,259	18,100,088	-	-
By Donors	-	-	-	-	89,469	-
Special Permits	-	-	-	-	-	425,530
Storm Water	-	-	-	-	-	-
Public Safety	-	-	-	-	-	-
Impact Assessment Infrastructure/Capital Assets	-	-	-	-	-	-
TOTAL FUND BALANCES	4,697,896	4,403,987	1,671,259	18,100,088	89,469	425,530
TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES	\$ 5,698,411	6,007,176	1,671,259	19,621,052	89,573	623,623

SPECIAL REVENUE FUNDS					DEBT SERVICE FUND	TOTAL NONMAJOR GOVERNMENTAL FUNDS
STORM WATER UTILITY	FEDERAL SEIZED FUND	STATE SEIZED FUND	FIREFIGHTERS' 1% FUND	IMPACT ASSESSMENT	DEBT SERVICE	
3,846,885	2,775	115,438	49,267	13,659,857	11,453,301	\$ 57,512,660
-	-	-	-	-	207,197	207,197
13,262	-	-	-	-	-	3,626,379
8,048	-	-	-	157,922	117,159	1,995,969
3,868,195	2,775	115,438	49,267	13,817,779	11,777,657	63,342,205
-	-	44,075	-	-	-	466,839
998,800	-	-	2,627	5,394,409	-	10,295,937
998,800	-	44,075	2,627	5,394,409	-	10,762,776
-	-	-	-	-	144,476	144,476
-	-	-	-	-	144,476	144,476
-	-	-	-	-	11,633,181	11,633,181
-	-	-	-	-	-	28,873,230
-	-	-	-	-	-	89,469
-	-	-	-	-	-	425,530
2,869,395	-	-	-	-	-	2,869,395
-	2,775	71,363	46,640	-	-	120,778
-	-	-	-	8,423,370	-	8,423,370
2,869,395	2,775	71,363	46,640	8,423,370	11,633,181	52,434,953
3,868,195	2,775	115,438	49,267	13,817,779	11,777,657	\$ 63,342,205

TOWN OF MOUNT PLEASANT, SOUTH CAROLINA

COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS

YEAR ENDED JUNE 30, 2023

	SPECIAL REVENUE FUNDS					
	ACCOMM- ODATIONS TAX	LOCAL ACCOMM- ODATIONS TAX	COUNTY ACCOMM- ODATIONS TAX	HOSPITALITY TAX	PARTNERSHIP PROGRAMS	SPECIAL PERMIT
REVENUES						
Property, Sales and Other Taxes	\$ -	1,636,128	-	9,477,394	-	-
Intergovernmental	3,005,641	-	606,911	-	-	208,605
Special Assessments	-	-	-	-	-	-
Charges for Services	-	-	-	-	93	-
Investment Earnings	158,615	185,398	48,645	569,322	-	22,809
Other Revenues	-	-	-	-	32,560	-
TOTAL REVENUES	3,164,256	1,821,526	655,556	10,046,716	32,653	231,414
EXPENDITURES						
Current:						
General Government	1,262,705	-	-	-	-	-
Public Safety	-	-	-	-	-	-
Culture and Recreation	124,684	-	-	-	-	-
Non Departmental	-	8,180	-	94,774	1,630	-
Capital Outlay	-	-	-	-	-	-
Debt Service:						
Principal	-	-	-	-	-	-
Interest and Fiscal Charges	-	-	-	-	-	-
TOTAL EXPENDITURES	1,387,389	8,180	-	94,774	1,630	-
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	1,776,867	1,813,346	655,556	9,951,942	31,023	231,414
OTHER FINANCING SOURCES (USES)						
Transfers In	-	-	-	-	6,930	-
Transfers Out	(1,132,844)	(1,786,852)	(500,000)	(6,101,658)	(235)	(288,088)
Sale of Capital Assets	-	-	-	-	-	-
Bond Proceeds	-	-	-	-	-	-
Premium on Bonds Issued	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	(1,132,844)	(1,786,852)	(500,000)	(6,101,658)	6,695	(288,088)
NET CHANGE IN FUND BALANCES	644,023	26,494	155,556	3,850,284	37,718	(56,674)
FUND BALANCE - Beginning of Year, as Previously Reported	4,053,873	5,893,196	-	14,249,804	51,751	482,204
Reclassification of Fund Balance	-	(1,515,703)	1,515,703	-	-	-
FUND BALANCES - Beginning of Year, Reclassified	4,053,873	4,377,493	1,515,703	14,249,804	51,751	482,204
FUND BALANCE - End of Year	\$ 4,697,896	4,403,987	1,671,259	18,100,088	89,469	425,530

SPECIAL REVENUE FUNDS					DEBT SERVICE FUND	TOTAL NONMAJOR GOVERNMENTAL FUNDS
STORM WATER UTILITY	FEDERAL SEIZED FUND	STATE SEIZED FUND	FIREFIGHTERS' 1% FUND	IMPACT ASSESSMENT	DEBT SERVICE	
-	-	-	-	-	5,475,059	\$ 16,588,581
-	-	-	907,833	-	-	4,728,990
-	-	-	-	1,518,441	-	1,518,441
3,113,944	-	-	-	-	-	3,114,037
112,244	-	24	1,824	519,795	251,588	1,870,264
-	-	-	-	-	-	32,560
3,226,188	-	24	909,657	2,038,236	5,726,647	27,852,873
-	-	-	-	-	324,410	1,587,115
-	90,798	88,395	911,751	-	-	1,090,944
-	-	-	-	-	-	124,684
67,129	-	-	-	-	-	171,713
-	-	27,156	-	-	-	27,156
-	-	-	-	-	8,703,414	8,703,414
-	-	-	-	-	2,077,467	2,077,467
67,129	90,798	115,551	911,751	-	11,105,291	13,782,493
3,159,059	(90,798)	(115,527)	(2,094)	2,038,236	(5,378,644)	14,070,380
-	-	-	-	-	5,439,480	5,446,410
(3,038,351)	-	-	-	(6,194,409)	-	(19,042,437)
-	-	10,500	-	-	-	10,500
-	-	-	-	-	225,000	225,000
-	-	-	-	-	6,494,113	6,494,113
(3,038,351)	-	10,500	-	(6,194,409)	12,158,593	(6,866,414)
120,708	(90,798)	(105,027)	(2,094)	(4,156,173)	6,779,949	7,203,966
2,748,687	93,573	176,390	48,734	12,579,543	4,853,232	45,230,987
-	-	-	-	-	-	-
2,748,687	93,573	176,390	48,734	12,579,543	4,853,232	45,230,987
2,869,395	2,775	71,363	46,640	8,423,370	11,633,181	\$ 52,434,953

TOWN OF MOUNT PLEASANT, SOUTH CAROLINA

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
CAPITAL ASSET FUND**

YEAR ENDED JUNE 30, 2023

	BUDGETED AMOUNTS			
	ORIGINAL	FINAL	ACTUAL	VARIANCE
REVENUES				
Intergovernmental	\$ 9,043,970	38,649,560	3,900,616	\$ (34,748,944)
Rents and Royalties	-	47,730	47,730	-
Investment Earnings	-	850	1,962,720	1,961,870
Other Revenues	910,000	646,101	374,812	(271,289)
TOTAL REVENUES	9,953,970	39,344,241	6,285,878	(33,058,363)
EXPENDITURES				
Current:				
General Government	-	14,301	-	14,301
Justice Department	300,000	395,000	88,636	306,364
Public Safety	-	50,000	44,417	5,583
Public Service	4,580,437	6,679,630	4,454,454	2,225,176
Engineering and Development Services	2,420,000	5,043,406	605,606	4,437,800
Planning, Land Use, and Neighborhoods	55,000	71,161	33,922	37,239
Culture and Recreation	145,500	460,682	235,658	225,024
Non Departmental	4,559,318	5,706,302	4,460,677	1,245,625
Capital Outlay	78,813,991	216,436,892	36,120,241	180,316,651
Debt Service:				
Principal	-	-	367,766	(367,766)
Interest	-	-	13,775	(13,775)
TOTAL EXPENDITURES	90,874,246	234,857,374	46,425,152	188,432,222
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(80,920,276)	(195,513,133)	(40,139,274)	155,373,859
OTHER FINANCING SOURCES (USES)				
Transfers In	29,689,051	97,312,752	49,356,877	(47,955,875)
Subscription-Based IT Arrangements	-	-	1,019,207	1,019,207
Capital Lease Issued	3,375,000	3,375,000	3,375,000	-
Bonds Issued	45,545,312	49,775,000	-	(49,775,000)
TOTAL OTHER FINANCING SOURCES (USES)	78,609,363	150,462,752	53,751,084	(96,711,668)
NET CHANGE IN FUND BALANCES	(2,310,913)	(45,050,381)	13,611,810	58,662,191
FUND BALANCES - Beginning of Year	47,277,516	47,277,516	47,277,516	-
FUND BALANCES - End of Year	\$ 44,966,603	2,227,135	60,889,326	\$ 58,662,191

Note: The Town's original and final budgets reflected the use of appropriated fund balance of \$2,310,913 and \$45,050,381, respectively.

TOWN OF MOUNT PLEASANT, SOUTH CAROLINA

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
ACCOMMODATIONS TAX SPECIAL REVENUE FUND**

YEAR ENDED JUNE 30, 2023

	BUDGETED AMOUNTS		ACTUAL	VARIANCE
	ORIGINAL	FINAL		
REVENUES				
Intergovernmental	\$ 2,039,673	2,034,835	3,005,641	\$ 970,806
Investment Earnings	-	-	158,615	158,615
TOTAL REVENUES	2,039,673	2,034,835	3,164,256	1,129,421
EXPENDITURES				
Current:				
General Government	943,402	938,564	1,262,705	(324,141)
Culture and Recreation	146,000	146,000	124,684	21,316
TOTAL EXPENDITURES	1,089,402	1,084,564	1,387,389	(302,825)
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	950,271	950,271	1,776,867	826,596
OTHER FINANCING SOURCES (USES)				
Transfers Out	(2,058,010)	(4,129,758)	(1,132,844)	2,996,914
TOTAL OTHER FINANCING SOURCES (USES)	(2,058,010)	(4,129,758)	(1,132,844)	2,996,914
NET CHANGE IN FUND BALANCES	(1,107,739)	(3,179,487)	644,023	3,823,510
FUND BALANCE - Beginning of Year	4,053,873	4,053,873	4,053,873	-
FUND BALANCE - End of Year	\$ 2,946,134	874,386	4,697,896	\$ 3,823,510

Note: The Town's original and final budgets reflected the use of appropriated fund balance of \$1,107,739 and \$3,179,487, respectively.

TOWN OF MOUNT PLEASANT, SOUTH CAROLINA

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
DEBT SERVICE FUND**

YEAR ENDED JUNE 30, 2023

	BUDGETED AMOUNTS			
	ORIGINAL	FINAL	ACTUAL	VARIANCE
REVENUES				
Property, Sales and Other Taxes	\$ 5,048,690	5,048,690	5,475,059	\$ 426,369
Investment Earnings	-	-	251,588	251,588
TOTAL REVENUES	5,048,690	5,048,690	5,726,647	677,957
EXPENDITURES				
Current:				
General Government	15,309	15,309	324,410	(309,101)
Debt Service:				
Principal	8,696,561	8,696,561	8,703,414	(6,853)
Interest and Fiscal Charges	2,061,805	2,061,805	2,077,467	(15,662)
TOTAL EXPENDITURES	10,773,675	10,773,675	11,105,291	(331,616)
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(5,724,985)	(5,724,985)	(5,378,644)	346,341
OTHER FINANCING SOURCES (USES)				
Transfers In	5,439,481	5,439,481	5,439,480	(1)
Bonds Issued	-	-	225,000	225,000
Premium on Bonds Issued	-	-	6,494,113	6,494,113
TOTAL OTHER FINANCING SOURCES (USES)	5,439,481	5,439,481	12,158,593	6,719,112
NET CHANGE IN FUND BALANCES	(285,504)	(285,504)	6,779,949	7,065,453
FUND BALANCE - Beginning of Year	4,853,232	4,853,232	4,853,232	-
FUND BALANCE - End of Year	\$ 4,567,728	4,567,728	11,633,181	\$ 7,065,453

Note: The Town's original and final budgets reflected the use of appropriated fund balance of \$285,504.

TOWN OF MOUNT PLEASANT, SOUTH CAROLINA

COMBINING STATEMENT OF NET POSITION - INTERNAL SERVICE FUNDS

JUNE 30, 2023

	HEALTH SERVICES FUND	INSURANCE MANAGEMENT FUND	TOTAL INTERNAL SERVICE FUNDS
ASSETS			
Cash and Cash Equivalents	\$ 5,567,453	1,905,960	\$ 7,473,413
Accounts Receivable	328,386	-	328,386
Due from other funds	147,209	1,183,757	1,330,966
Other Assets	21,544	-	21,544
Total Current Assets	6,064,592	3,089,717	9,154,309
Non-Current Assets:			
Right-to-Use Lease Asset	1,614,013	-	1,614,013
Total Non-Current Assets	1,614,013	-	1,614,013
TOTAL ASSETS	7,678,605	3,089,717	10,768,322
LIABILITIES			
Accounts Payable	571,405	94,337	665,742
Accrued Liabilities	730,611	-	730,611
Due to Other Funds	569,538	1,085,778	1,655,316
Lease Liability - Current	109,054	-	109,054
Total Current Liabilities	1,980,608	1,180,115	3,160,723
Non-Current Liabilities:			
Lease Liability - Noncurrent	1,523,725	-	1,523,725
Total Non-Current Liabilities	1,523,725	-	1,523,725
TOTAL LIABILITIES	3,504,333	1,180,115	4,684,448
NET POSITION			
Net Investment in Capital Assets	(18,766)	-	(18,766)
Unrestricted	4,193,038	1,909,602	6,102,640
TOTAL NET POSITION	\$ 4,174,272	1,909,602	\$ 6,083,874

TOWN OF MOUNT PLEASANT, SOUTH CAROLINA

**COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION -
INTERNAL SERVICE FUNDS**

YEAR ENDED JUNE 30, 2023

	HEALTH SERVICES FUND	INSURANCE MANAGEMENT FUND	TOTAL INTERNAL SERVICE FUNDS
OPERATING REVENUES			
Contributions	\$ 10,816,167	3,422,751	\$ 14,238,918
Premiums	1,442,764	-	1,442,764
Other Revenues	1,028,801	728,686	1,757,487
TOTAL OPERATING REVENUES	13,287,732	4,151,437	17,439,169
OPERATING EXPENSES			
Claims	8,135,332	-	8,135,332
Other Operating Expenses	4,114,050	3,829,912	7,943,962
TOTAL OPERATING EXPENSES	12,249,382	3,829,912	16,079,294
CHANGE IN NET POSITION	1,038,350	321,525	1,359,875
NET POSITION, Beginning of Year	3,135,922	1,588,077	4,723,999
NET POSITION, End of Year	\$ 4,174,272	1,909,602	\$ 6,083,874

TOWN OF MOUNT PLEASANT, SOUTH CAROLINA

COMBINING STATEMENT OF CASH FLOWS - INTERNAL SERVICE FUNDS

YEAR ENDED JUNE 30, 2023

	HEALTH SERVICES FUND	INSURANCE MANAGEMENT FUND	TOTAL INTERNAL SERVICE FUNDS
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from Charges for Fees and Services	\$ 13,136,714	3,250,100	\$ 16,386,814
Payments for Claims/Premiums	(12,954,004)	(3,116,692)	(16,070,696)
NET CASH PROVIDED BY OPERATING ACTIVITIES	182,710	133,408	316,118
NET INCREASE IN CASH AND CASH EQUIVALENTS	182,710	133,408	316,118
CASH AND CASH EQUIVALENTS, Beginning of Year	5,384,743	1,772,552	7,157,295
CASH AND CASH EQUIVALENTS, End of Year	\$ 5,567,453	1,905,960	\$ 7,473,413
Reconciliation of Operating Income to Net Cash From Operating Activities:			
Operating Income	\$ 1,038,350	321,525	\$ 1,359,875
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:			
(Increase) Decrease in Assets:			
Accounts Receivable	(221,360)	158,849	(62,511)
Right-to-Use Lease Asset	(1,075,774)	-	(1,075,774)
Prepaid Expenditures	(9,172)	-	(9,172)
Due from Other Funds	76,823	(1,060,186)	(983,363)
Increase (Decrease) in Liabilities:			
Accounts Payable	(526,598)	(96,738)	(623,336)
Accrued Liabilities	(266,941)	-	(266,941)
Accrued Interest	(698)	-	(698)
Due to Other Funds	89,615	809,958	899,573
Lease Liability	1,078,465	-	1,078,465
Net Cash Provided By Operating Activities	\$ 182,710	133,408	\$ 316,118

TOWN OF MOUNT PLEASANT, SOUTH CAROLINA**SCHEDULE OF DEBT SERVICE COVERAGE - STORMWATER****YEAR ENDED JUNE 30, 2023**

	<u>ACTUAL</u>
Gross Revenues	
Charges for Services	\$ 3,113,944
Interest Earned	112,244
Total Revenues	<u>3,226,188</u>
Operating Expenditures	
Repairs and Maintenance	937,893
Contractual Services	4,850
Collection Fees	62,279
Transfers Out - Operations (Salary)	1,493,594
Total Operating Expenditures	<u>2,498,616</u>
Net Revenues	727,572
Non-Operating Expenditures	
Capital Outlay	60,908
Transfers Out - Debt Service	545,956
Total Non-Operating Expenditures	<u>606,864</u>
Net Income	<u><u>\$ 120,708</u></u>
Debt Service Coverage Ratio:	
Principal Requirements - Year Ended June 30, 2023	\$ 425,273
Interest Requirements - Year Ended June 30, 2023	120,682
Total Debt Service Requirements - Year Ended June 30, 2023	<u><u>\$ 545,955</u></u>
Net Revenues as a Percentage of Debt Service Requirements	133%

TOWN OF MOUNT PLEASANT, SOUTH CAROLINA

UNIFORM SCHEDULE OF FINES, ASSESSMENTS, AND SURCHARGES (PER ACT 96)

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			\$ 1,191,646	\$ 1,191,646
Court fines and assessments remitted to State Treasurer			700,458	700,458
Total Court Fines and Assessments retained			491,188	491,188
Surcharges and Assessments retained for victim services:				
Surcharges collected and retained			9,281	9,281
Assessments retained			48,687	48,687
Total Surcharges and Assessments retained for victim services			\$ 57,968	\$ 57,968

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	\$ -	-	\$ -
Victim Service Revenue:			
Victim Service Fines Retained by City/County Treasurer			
Victim Service Assessments Retained by City/County Treasurer	48,687		48,687
Victim Service Surcharges Retained by City/County Treasurer	9,281		9,281
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)	\$ 57,968		\$ 57,968
Expenditures for Victim Service Program:	<u>Municipal</u>	<u>County</u>	<u>Total</u>
Salaries and Benefits	\$ (114,927)		\$ (114,927)
Operating Expenditures	-		-
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			
Total Expenditures from Victim Service Fund/Program (B)	\$ (114,927)		\$ (114,927)
Total Victim Service Funds Retained by Municipal/County Treasurer (A-B)			
Less: Prior Year Fund Deficit Repayment			
Carryforward Funds – End of Year	\$ (56,959)		\$ (56,959)



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STATISTICAL SECTION

This part of the Town of Mount Pleasant's ("Town") annual comprehensive financial report presents detailed information as a context for understanding what the information in the financial statements, notes, and required supplementary information says about the Town's overall financial health.

Contents	Page
Financial Trends Information <i>These schedules contain trend information to help the reader understand how the Town's financial performance and well-being have changed over time.</i>	112
Revenue Capacity Information <i>These schedules contain information to help the reader assess the Town's most significant local revenue source, the property tax.</i>	117
Debt Capacity Information <i>These schedules present information to help the reader assess the affordability of the Town's current levels of outstanding debt and the Town's ability to issue additional debt in the future.</i>	121
Demographic and Economic Information <i>These schedules offer demographic and economic indicators to help the reader understand the environment within which the Town's financial activities take place.</i>	126
Operating Information <i>These schedules contain service and infrastructure data to help the reader understand how the information in the Town's financial report relates to the services the Town provides and the activities it performs.</i>	128

Sources: Unless otherwise noted, the information in these schedules is derived from the annual comprehensive financial reports for the relevant year.

TOWN OF MOUNT PLEASANT, SOUTH CAROLINA

NET POSITION BY COMPONENT

LAST TEN FISCAL YEARS

(accrual basis of accounting)

UNAUDITED

	Fiscal Year									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Governmental Activities										
Net Investment in Capital Assets	\$ 551,315,895	538,746,867	\$ 527,738,917	516,912,279	498,347,030	495,312,041	480,246,254	463,538,395	446,365,685	\$ 432,653,188
Restricted	54,692,640	54,774,521	52,619,969	45,302,295	49,906,425	57,354,402	59,660,305	43,180,020	41,894,315	34,668,383
Unrestricted	40,246,623	32,936,185	15,753,589	2,603,103	1,398,944	(4,701,318)	11,365,370	6,689,853	(4,889,376)	26,341,939
Total Governmental Activities										
Net Position	\$ 646,255,158	626,457,573	\$ 596,112,475	564,817,677	549,652,399	547,965,125	551,271,929	513,408,268	483,370,624	\$ 493,663,510

Note: The Town implemented GASB #68 and GASB #75 in fiscal years ending June 30, 2015 and June 30, 2018, respectively. The implementation of these standards resulted in significant decreases to unrestricted net position as a result of reporting net pension and OPEB liabilities and related deferred inflows and outflows related to the Town's pension and OPEB plans.

TOWN OF MOUNT PLEASANT, SOUTH CAROLINA

Table 2

CHANGES IN NET POSITION

LAST TEN FISCAL YEARS
(accrual basis of accounting)

UNAUDITED

	Fiscal Year									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Expenses										
Governmental Activities:										
General Government	\$ 24,443,755	31,474,241	20,989,967	20,226,196	25,165,918	19,440,623	20,301,513	23,003,405	19,824,796	\$ 20,024,819
Justice Department	2,176,766	2,033,579	1,912,195	2,156,297	2,326,879	2,326,257	2,343,099	1,543,319	1,264,135	1,188,269
Public Safety	38,306,193	36,307,039	30,420,682	30,433,284	30,353,524	28,090,414	25,555,791	19,298,271	20,443,984	19,950,935
Public Services	26,126,470	19,196,833	21,365,678	18,942,607	19,728,685	17,700,652	14,572,290	9,896,721	9,676,169	9,248,984
Engineering and Development Services	8,679,034	8,806,202	6,155,865	5,553,315	4,121,978	5,230,159	3,543,124	2,550,977	2,146,068	6,920,853
Planning, Land Use, and Neighborhoods	8,084,783	7,871,471	9,694,740	10,770,377	21,879,645	18,452,115	11,099,878	11,177,883	10,035,626	9,326,570
Culture and Recreation	10,122,321	9,519,673	8,980,446	8,566,658	8,580,837	8,122,416	7,871,556	7,871,556	6,923,595	6,819,185
Interest and Other Charges	2,533,013	1,878,486	2,046,001	2,359,081	1,540,836	1,035,513	1,171,120	1,397,145	1,752,883	1,175,871
Total Primary Governmental Expenses	\$ 120,472,335	117,087,524	101,565,574	99,007,815	113,695,502	100,936,039	86,709,234	76,739,277	72,067,256	\$ 74,655,486
Program Revenues										
Governmental Activities:										
Charges for Services	\$ 1,317,408	2,188,448	3,079,343	2,597,368	3,250,586	5,712,497	122,463	58,667	40,999	\$ 58,177
General Government	924,816	1,263,771	920,745	798,454	1,082,320	1,425,889	2,018,735	1,423,802	1,275,289	1,361,767
Public Safety	3,113,944	3,035,522	2,854,473	2,815,768	2,784,613	2,670,791	3,094,862	2,996,355	2,760,302	1,355,500
Public Services	-	-	-	-	-	-	2,595,271	1,159,591	696,711	1,133,411
Engineering and Development Services	2,839,641	3,608,377	4,178,424	3,553,444	3,139,083	3,325,134	4,288,431	3,893,289	3,312,813	3,547,645
Planning, Land Use, and Development	4,699,984	5,241,370	3,902,185	3,273,327	3,936,710	3,733,608	3,544,678	3,189,821	2,804,897	2,842,243
Culture and Recreation	3,980,977	3,972,975	1,762,774	2,519,566	84,063	88,248	375,461	640,554	355,681	793,704
Operating Grants and Contributions	7,149,613	11,638,934	15,365,021	5,874,219	8,992,637	18,050,646	17,596,500	10,361,970	15,173,188	6,434,480
Capital Grants and Contributions	24,026,383	30,949,397	32,062,965	21,432,146	23,270,012	35,006,813	33,636,401	23,723,949	26,419,880	17,526,927
Total Governmental Activities Program Revenues	\$ (96,445,952)	(86,138,127)	(69,502,609)	(77,575,669)	(90,425,490)	(65,929,226)	(53,072,833)	(53,015,328)	(45,647,376)	\$ (57,128,559)
Total Primary Government Net (Expense)										
General Revenues and Other Changes In Net Position										
Governmental Activities										
Taxes:										
Property Taxes	\$ 34,137,350	37,650,902	36,453,529	31,562,131	30,237,047	28,970,391	39,318,907	35,370,896	31,048,755	\$ 27,713,286
Sales Taxes	17,159,944	13,261,511	11,492,230	12,041,104	11,852,467	10,626,724	9,698,178	10,031,684	8,791,003	8,481,990
Accommodation Taxes	5,396,835	5,190,072	3,498,555	2,657,866	3,351,097	3,071,420	2,735,392	2,431,385	2,141,050	1,839,142
Hospitality Taxes	9,477,394	8,719,952	7,249,592	6,241,279	6,887,907	6,538,844	6,061,999	5,896,800	5,646,399	4,979,809
Franchise Taxes	1,154,254	1,244,522	1,299,929	1,380,317	1,385,808	1,360,628	1,390,919	1,389,870	1,298,701	1,160,058
Business Licenses	34,366,193	44,573,937	30,687,660	29,758,894	29,641,271	28,223,311	26,956,852	24,784,733	22,975,708	20,040,822
Other Taxes	208,605	272,295	199,555	231,147	216,155	281,887	200,705	267,080	242,100	254,578
State Shared Revenue	4,988,260	4,004,706	7,961,262	3,176,401	3,410,638	1,844,290	2,743,489	1,485,061	1,485,061	1,472,155
Payments in Lieu of Taxes	520,598	458,219	446,011	448,227	432,522	454,812	269,257	322,210	314,954	293,667
Interest Earned	7,862,209	626,903	406,142	3,077,766	3,625,191	1,736,511	781,731	449,848	726,744	63,149
Miscellaneous Revenue	971,875	363,142	500,129	2,030,558	1,072,661	326,481	779,065	493,839	366,487	1,168,280
Gain on Sale of Capital Assets	-	117,064	602,813	135,257	-	-	-	129,566	448,767	-
Total Primary Government General Revenues	\$ 116,243,537	116,483,225	100,797,407	92,740,947	92,112,764	83,455,299	90,936,494	83,052,972	75,485,729	\$ 67,466,936
Change In Net Position										
Total Primary Government	\$ 19,797,585	30,345,098	31,294,798	15,165,278	1,687,274	17,526,073	37,863,661	30,037,644	29,838,353	\$ 10,338,377

TOWN OF MOUNT PLEASANT, SOUTH CAROLINA

Table 3

FUND BALANCES OF GOVERNMENTAL FUNDS

LAST TEN FISCAL YEARS

(modified accrual basis of accounting)

UNAUDITED

	Fiscal Year									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
General Fund										
Nonspendable	\$ 3,618	10,125	6,082	1,752	7,864	3,582	5,800	8,112	6,078	\$ 4,452
Restricted										
OPOID Settlement	173,496	-	-	-	-	-	-	-	-	-
Victims' Services	-	-	-	19,252	72,009	-	-	-	-	-
Committed										
Disaster Recovery	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000
Charleston County 911 Dispatch	-	-	-	-	-	-	-	-	-	251,670
Assigned	9,499,761	10,720,459	7,261,350	4,300,000	4,411,615	4,610,959	4,731,286	4,634,526	-	-
Unassigned	45,393,437	48,692,489	45,431,427	40,971,610	35,007,644	37,858,251	33,685,589	27,220,914	25,376,905	23,661,938
Total General Fund	\$ 57,070,312	61,423,073	54,698,859	47,292,614	41,499,132	44,472,792	40,422,675	33,863,552	27,382,983	\$ 25,918,060
All Other Governmental Funds										
Restricted	\$ 128,721,736	87,620,413	90,991,864	84,774,962	96,578,107	62,351,106	67,196,936	66,192,195	66,025,636	\$ 66,230,714
Committed	55,736,564	44,727,226	37,465,974	28,736,654	20,934,344	15,056,833	14,122,311	13,856,113	13,755,621	5,645,681
Assigned	4,761,892	1,454,092	1,030,957	-	460,167	2,864,484	699,588	563,178	465,088	-
Total All Other Governmental Funds	\$ 189,220,192	133,801,731	129,488,795	113,511,616	117,972,618	80,272,423	82,018,835	80,611,486	80,246,345	\$ 71,876,395

Note: Certain amounts which were presented in prior year annual comprehensive financial reports have been restated due to prior period adjustments.

TOWN OF MOUNT PLEASANT, SOUTH CAROLINA

Table 4

CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS

LAST TEN FISCAL YEARS

(modified accrual basis of accounting)

UNAUDITED

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Revenues										
Taxes	\$ 64,425,409	61,182,221	56,198,444	50,827,158	49,651,798	46,971,292	55,907,832	52,422,804	46,287,574	\$ 41,726,061
Licenses, Permits, and Franchise Fees	37,542,105	46,237,287	34,104,348	33,053,456	33,049,167	31,992,296	31,152,799	28,468,330	26,126,215	23,165,348
Intergovernmental Revenues	13,471,627	11,797,890	13,358,848	8,177,438	9,037,411	8,451,411	5,670,799	5,706,694	6,741,465	5,441,191
Fines and Forfeitures	491,188	764,976	479,092	409,154	556,592	496,772	604,972	610,662	593,689	606,355
Special Assessments	1,518,441	3,246,097	3,677,476	3,087,027	3,912,182	6,747,109	5,105,599	2,725,491	1,835,979	2,484,250
Charges for Services	8,461,662	8,362,056	7,206,081	6,553,230	7,126,231	7,013,903	7,283,364	7,010,879	6,444,151	5,125,072
Rents and Royalties	450,573	441,486	317,567	293,355	418,844	462,788	337,872	227,394	263,770	209,497
Investment Earnings	7,862,210	626,903	406,198	3,077,766	3,625,191	1,736,511	779,065	449,848	366,487	63,149
Other Revenues	971,875	323,355	428,508	2,086,774	1,030,700	326,481	821,731	678,975	726,744	1,168,280
Total Revenues	135,195,090	132,982,271	116,176,562	107,565,358	108,408,116	104,198,657	107,664,033	98,301,077	89,386,074	79,989,203
Expenditures										
General Government	8,865,735	9,938,630	17,948,920	17,601,215	31,143,058	20,765,203	31,223,951	30,550,039	21,179,234	18,404,291
Justice	2,210,439	2,017,020	1,838,480	2,053,877	2,276,093	2,213,957	2,303,215	1,588,209	1,262,943	1,182,977
Public Safety	36,382,821	33,108,670	29,387,661	28,327,950	30,954,684	29,555,467	25,833,124	21,815,345	20,858,421	21,580,486
Public Service	19,506,786	17,437,726	15,892,101	15,525,515	25,145,410	16,470,265	15,666,290	11,543,888	11,087,555	9,571,629
Engineering and Development Services	5,661,920	6,148,358	3,948,434	2,637,579	2,669,172	5,668,812	2,351,659	6,510,943	5,289,523	2,479,346
Planning, Land Use, and Neighborhoods	1,938,168	1,706,228	2,274,358	3,329,540	14,872,283	9,103,687	3,761,427	4,309,975	3,708,199	3,641,232
Culture and Recreation	8,756,409	7,739,619	6,879,219	7,079,091	7,787,520	7,864,203	8,327,804	7,378,042	5,922,543	5,645,355
Nondepartmental	11,460,894	9,703,257	-	-	-	-	-	-	-	-
Capital Outlay	39,347,348	27,617,881	17,482,627	24,274,430	2,128,343	4,119,735	163,051	176,227	-	-
Debt Service										
Principal	9,071,180	8,408,470	7,784,819	14,527,896	4,651,317	4,316,943	7,272,385	8,021,556	9,854,395	9,234,432
Interest	2,091,242	2,193,379	2,475,581	2,568,361	1,604,492	1,214,920	1,402,120	1,626,687	2,019,135	1,172,132
Intergovernmental	-	-	-	-	638,427	1,400,872	1,432,194	25,000	189,956	4,703,621
Total Expenditures	145,292,942	126,019,238	105,912,200	117,925,454	123,870,799	102,694,064	99,737,220	93,545,911	81,371,904	77,615,501
Excess of Revenues Over (Under) Expenditures	(10,097,852)	6,963,033	10,264,362	(10,360,096)	(15,462,683)	1,504,593	7,926,813	4,755,166	8,014,170	2,373,702
Other Financing Sources (Uses)										
Transfers In	61,304,245	46,586,672	44,213,432	37,991,392	26,810,058	24,112,099	17,627,365	14,086,644	16,940,182	11,269,684
Transfers Out	(61,304,245)	(46,586,672)	(44,148,432)	(37,991,392)	(26,810,058)	(24,112,099)	(17,627,365)	(14,086,644)	(16,940,182)	(11,269,684)
Sale of Capital Assets	275,232	465,117	664,552	225,164	430,658	74,112	39,659	161,070	655,703	54,394
Lease Purchase Proceeds	3,375,000	3,609,000	1,870,400	1,026,655	5,305,400	725,000	-	1,929,474	1,165,000	3,114,000
Subscription-Based IT Arrangements	1,019,207	-	-	-	-	-	-	-	-	-
Proceeds from Debt Issuance	50,000,000	-	10,519,110	10,428,563	41,752,577	-	-	-	-	25,000,000
Premium on Bonds Issued	6,494,113	-	-	12,194	2,700,583	-	-	-	-	2,648,546
Total Other Financing Sources (Uses)	61,163,552	4,074,117	13,119,062	11,692,576	50,189,218	799,112	39,659	2,090,544	1,820,703	30,816,940
Net Change in Fund Balance	\$ 51,065,700	11,037,150	23,383,424	1,332,480	34,726,535	2,303,705	7,966,472	6,845,710	9,834,873	\$ 33,190,642
Capital Expenditures (excluding donated assets)	\$ 33,794,022	18,094,341	14,979,179	24,390,315	24,373,356	15,661,726	23,630,003	19,932,970	11,646,155	\$ 7,442,775
Debt Service as a Percentage Of	10.01%	9.82%	11.28%	18.28%	6.29%	6.36%	11.40%	13.11%	17.03%	14.83%
Noncapital Expenditures										

Note: Certain amounts which were presented in prior year annual comprehensive financial reports have been restated due to prior period adjustments.

GENERAL GOVERNMENTAL TAX REVENUES BY SOURCE

LAST TEN FISCAL YEARS

(modified accrual basis of accounting)

UNAUDITED

Fiscal Year Ended June 30	Property Tax	Sales Tax	Local Accommodation Tax	Hospitality Tax	Total
2023	\$ 36,151,944	17,159,944	1,636,127	9,477,394	\$ 64,425,409
2022	37,653,473	13,261,511	1,547,285	8,719,952	61,182,221
2021	36,443,911	11,492,230	1,012,711	7,249,592	56,198,444
2020	31,755,839	12,041,104	788,936	6,241,279	50,827,158
2019	29,960,289	11,852,467	951,135	6,887,907	49,651,798
2018	28,873,668	10,626,724	912,056	6,558,844	46,971,292
2017	39,315,681	9,698,178	831,974	6,061,999	55,907,832
2016	35,752,581	10,031,684	741,739	5,896,800	52,422,804
2015	31,203,115	8,791,003	647,057	5,646,399	46,287,574
2014	\$ 27,710,574	8,481,989	553,689	4,979,809	\$ 41,726,061

Source: Charleston County Treasurer

TOWN OF MOUNT PLEASANT, SOUTH CAROLINA

Table 6

ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY

LAST TEN FISCAL YEARS

UNAUDITED

Fiscal Year Ended	Real Property		Personal Property		Less: Tax Exempt Real Property	Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Taxable Value	Assessed Value ¹ as a Percentage of Actual Value
	Residential Property	Commercial Property	Motor Vehicles	Other					
June 30	Property	Property	Property	Property	Real Property	Value	Rate	Value	Actual Value
2023	\$ 609,050,570	439,631,264	66,954,716	66,844,098	12,169,880	\$ 1,170,310,768	0.393	\$ 25,482,471,255	4.59%
2022	574,828,020	421,617,108	66,330,889	60,278,188	11,564,900	1,111,489,305	0.393	23,940,993,431	4.64%
2021	546,360,650	422,415,919	57,868,116	58,578,230	11,276,000	1,073,946,915	0.393	22,729,564,833	4.72%
2020	478,713,480	364,378,367	56,293,590	54,255,538	11,111,370	942,529,605	0.410	21,891,101,072	4.31%
2019	453,795,600	345,422,868	54,630,359	51,034,449	9,754,410	895,128,866	0.410	19,317,023,384	4.63%
2018	427,644,060	330,980,748	57,973,150	49,500,580	9,508,400	856,590,138	0.410	18,209,511,423	4.70%
2017	408,348,980	296,076,706	43,612,500	51,946,440	9,025,850	790,958,776	0.410	17,359,535,213	4.56%
2016	379,058,870	295,376,876	47,199,840	46,775,520	8,806,420	759,604,686	0.410	16,136,001,286	4.71%
2015	329,947,820	262,379,090	43,884,110	36,444,300	8,964,260	663,691,060	0.413	14,917,615,118	4.45%
2014	\$ 310,813,430	274,297,440	34,659,380	37,654,820	8,273,670	\$ 649,151,400	0.383	\$ 13,047,242,089	4.98%

Source: Charleston County Auditor

¹Includes tax-exempt property

TOWN OF MOUNT PLEASANT, SOUTH CAROLINA

Table 7

PROPERTY TAX RATES - DIRECT AND OVERLAPPING GOVERNMENTS

LAST TEN FISCAL YEARS

UNAUDITED

Fiscal Year	Town of Mount Pleasant			Overlapping Rates									
	Operating Millage	Debt		Total Town Millage	Charleston County			Charleston County School District					
		Service Millage				Operating Millage	Debt Service Millage	Total County Millage	Operating Millage	Debt Service Millage	Total School Millage		
2023	0.347	0.046		0.393	0.470	0.086	0.556	1.300	0.280	1.580	2.529		
2022	0.347	0.046		0.393	0.470	0.086	0.556	1.237	0.280	1.517	2.466		
2021	0.347	0.046		0.393	0.470	0.086	0.556	1.186	0.280	1.466	2.415		
2020	0.381	0.029		0.410	0.509	0.089	0.598	1.267	0.280	1.547	2.555		
2019	0.381	0.029		0.410	0.509	0.089	0.598	1.232	0.280	1.512	2.520		
2018	0.381	0.029		0.410	0.509	0.089	0.598	1.192	0.260	1.452	2.460		
2017	0.381	0.029		0.410	0.509	0.089	0.598	1.163	0.200	1.363	2.371		
2016	0.381	0.029		0.410	0.509	0.084	0.593	1.007	0.260	1.267	2.270		
2015	0.384	0.029		0.413	0.467	0.084	0.551	1.005	0.260	1.265	2.229		
2014	0.354	0.029		0.383	0.467	0.079	0.546	1.005	0.260	1.265	2.194		

Notes: Millage rates above are per \$100 of assessed value.

PRINCIPAL PROPERTY TAXPAYERS

CURRENT YEAR AND NINE YEARS AGO

UNAUDITED

Taxpayer	2023			2014		
	Taxable Assessed Value	Rank	Taxes Paid	Taxable Assessed Value	Rank	Taxes Paid
DOMINION / SCE & G CO	\$ 19,701,530	1	\$ 774,270	\$ 8,588,400	1	\$ 328,936
MID-AMERICA APARTMENTS LP	10,018,670	2	393,734	-		-
CR MOUNT PLEASANT LLC	8,196,110	3	322,107	-		-
EAST COOPER COMMUNITY HOSPITAL	5,357,357	4	210,544	5,629,353	2	215,604
HAVEN @ HAYMARKET LLC	5,202,600	5	204,462	-		-
GEP X LONG POINT OWNER LLC	4,743,160	6	186,406	-		-
TR BOULVARD CORP	4,520,870	7	177,670	-		-
MMP BRIDGESIDE OWNER LLC	4,293,370	8	168,729	-		-
SWHR CAROLINA PARK LLC	3,513,270	9	138,072	-		-
MOUNT PLEASANT SQUARE	3,423,240	10	134,533	-		-
IMI MOUNT PLEASANT LLC			-	4,552,250	3	174,351
OAKLAND PROPERTIES			-	2,664,490	4	102,050
EDGEWATER PLANTATON ASSOCIATES LLC			-	2,550,000	5	97,665
AUTOMATED TRADING DESK			-	2,150,805	6	82,376
CENTRAL SQUARE HOLDINGS LLC			-	2,302,910	7	88,201
SNH SE SG LLC			-	2,160,000	8	82,728
GR - 105 LONGPOINT			-	1,830,000	9	70,089
DOMINION SENIOR LIVING	-		-	1,694,620	10	64,904
Totals	<u>\$ 68,970,177</u>		<u>\$ 2,710,527</u>	<u>\$ 34,122,828</u>		<u>\$ 1,306,904</u>

Source: Charleston County Treasurer

Note: These figures represent millage solely for the Town of Mount Pleasant.

PROPERTY TAX LEVIES AND COLLECTIONS

LAST TEN FISCAL YEARS

UNAUDITED

Fiscal Year Ended June 30	Total Tax Levy for Fiscal Year	Collected within the Fiscal Year of the Levy		Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2023	\$ 42,599,773	\$ 41,671,139	98%	\$ 617,304	\$ 42,288,443	99%
2022	40,420,749	39,515,575	98%	732,431	40,248,006	100%
2021	39,147,935	38,143,309	97%	924,961	39,068,270	100%
2020	36,445,782	35,442,779	97%	611,315	36,054,094	99%
2019	34,296,174	33,344,026	97%	440,080	33,784,106	99%
2018	32,517,739	31,608,237	97%	434,010	32,042,247	99%
2017	30,617,471	29,159,125	95%	543,904	29,703,029	97%
2016	28,985,752	28,159,510	97%	325,820	28,485,330	98%
2015	25,635,679	24,841,120	97%	534,102	25,375,222	99%
2014	\$ 22,789,970	\$ 22,071,162	97%	\$ 553,576	\$ 22,624,738	99%

Sources: Charleston County Treasurer

Charleston County Auditor

RATIOS OF OUTSTANDING DEBT BY TYPE

LAST TEN FISCAL YEARS

UNAUDITED

Fiscal Year	Governmental Activities				Total Primary Government	Percentage of Personal Income ¹	Per Capita ¹
	General Obligation Bonds	TIF Bonds	Financed Purchase Agreements	Notes Payable			
2023	\$ 110,182,403	-	6,784,891	8,353,901	\$ 125,321,195	2.23%	1,326
2022	60,063,656	-	5,625,032	8,779,174	74,467,862	1.38%	806
2021	66,309,486	-	4,074,130	9,198,545	79,582,161	1.57%	876
2020	62,473,315	-	3,778,844	9,040,140	75,292,299	1.51%	821
2019	67,420,846	-	4,490,085	6,752,577	78,663,508	1.76%	881
2018	32,751,625	-	991,002	-	33,742,627	0.84%	389
2017	35,646,735	-	1,862,945	-	37,509,680	1.01%	446
2016	40,316,594	1,070,000	3,578,998	-	44,965,592	1.30%	553
2015	44,820,011	2,610,000	3,827,412	-	51,257,423	1.61%	659
2014	\$ 50,742,439	5,025,900	4,380,907	-	\$ 60,149,246	1.99%	803

¹ See the Schedule of Demographic and Economic Statistics for personal income and population data.

RATIOS OF GENERAL BONDED DEBT OUTSTANDING

LAST TEN FISCAL YEARS

UNAUDITED

Fiscal Year	General Obligation Bonds	Less: Amounts Available in Debt Service Fund	Total	Percentage of Estimated Actual Taxable Value¹ of Property	Per Capita²
2023	\$ 110,182,403	11,453,301	\$ 98,729,102	0.39%	1,044
2022	60,063,656	4,743,810	55,319,846	0.23%	599
2021	66,309,486	4,832,341	61,477,145	0.27%	677
2020	62,473,315	4,812,659	57,660,656	0.26%	629
2019	67,420,846	5,257,237	62,163,609	0.32%	696
2018	32,751,625	779,217	31,972,408	0.18%	369
2017	35,646,735	156,947	35,489,788	0.20%	422
2016	40,316,594	-	40,316,594	0.25%	496
2015	44,820,011	293,776	44,526,235	0.30%	572
2014	\$ 50,742,439	-	\$ 50,742,439	0.39%	678

¹ See the Schedule of Assessed Value and Estimated Actual Value of Taxable Property for property value data.

² Population data can be found in the Schedule of Demographic and Economic Statistics.

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT

OUTSTANDING AT YEAR END

UNAUDITED

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable¹	Estimated Share of Overlapping Debt
Debt Repaid with Property Taxes:			
Charleston County General	\$ 764,110,000	22.63%	\$ 172,918,093
Public School Districts	50,405,000	22.63%	11,406,652
Parks and Recreation Commission	43,615,000	22.63%	9,870,075
Subtotal, Overlapping Debt	858,130,000	22.63%	194,194,820
Town of Mount Pleasant Direct Debt	127,575,415	100.00%	127,575,415
Total Direct and Overlapping Debt	<u>\$ 985,705,415</u>		<u>\$ 321,770,235</u>

Sources: Charleston County Treasurer
Charleston County Parks and Recreation Commission.

Notes: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the Town. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the Town of Mount Pleasant. This process recognizes that, when considering the government's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping government.

¹ The percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by determining the portion of the county's taxable assessed value that is within the government's boundaries and dividing it by the county's total taxable assessed value.

Portion of county's taxable assessed value within Mt. Pleasant Boundaries	\$ 1,170,310,768
County's total taxable assessed value	\$ 5,170,999,961

TOWN OF MOUNT PLEASANT, SOUTH CAROLINA

Table 13

LEGAL DEBT MARGIN INFORMATION

LAST TEN FISCAL YEARS

UNAUDITED

	Fiscal Year									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Debt Limit	\$ 94,721,694	89,969,815	86,955,441	76,418,237	72,528,735	69,444,907	64,753,036	61,582,966	53,902,489	\$ 52,747,538
Total Net Debt Applicable to Limit	50,503,000	56,566,000	62,497,000	58,346,000	62,995,000	30,840,000	33,560,000	37,425,884	41,111,764	41,111,764
Legal Debt Margin	\$ 44,218,694	33,403,815	24,458,441	18,072,237	9,533,735	38,604,907	31,193,036	24,157,082	12,790,725	\$ 11,635,774
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	53.32%	62.87%	71.87%	76.35%	86.86%	44.41%	51.83%	60.77%	76.27%	77.94%

Note: Article Eight (8) Section Seven (7) of the South Carolina Constitution of 1895, as amended, provides that no City or Town shall incur any bonded debt which shall exceed eight per centum (8%) of the assessed value of the property therein and no such debt shall be created without the electors of such City or Town voting in favor of such further bonded debt. Prior to Home Rule Act of July 1, 1976, the bonded debt exempt was thirty five per centum (35%). In 1976, the General Assembly reduced the general obligation debt limit without voter approval to eight per centum (8%) of assessed valuation; whereas, with a referendum any amount can be floated.

Legal Debt Margin Calculation for Fiscal Year 2023

Assessed Value	\$ 1,170,310,768
Add Back: Exempt Real Property	12,169,880
Add Back: FILOT Property	1,540,533
Total Assessed Value	\$ 1,184,021,181
Debt Limit (8% of Total Assessed Value)	\$ 94,721,694
Debt Applicable to Limit:	
General Obligation Bonds (Excluding Premiums)	100,503,000
Less: Amounts Issued Under Referendum	(50,000,000)
Total Net Debt Applicable to Limit	50,503,000
Legal Debt Margin	\$ 44,218,694

PLEDGED-REVENUE COVERAGE

LAST TEN FISCAL YEARS

UNAUDITED

Fiscal Year	Tax Increment Financing (TIF) Bonds				
	TIF Property Tax Collections	TIF Debt Service		Coverage	
		Principal	Interest		
2023	\$ -	-	\$ -	-	-
2022	-	-	-	-	-
2021	-	-	-	-	-
2020	-	-	-	-	-
2019	-	-	-	-	-
2018	-	-	-	-	-
2017	14,167,422	1,070,000	21,061	12.98	
2016	12,707,932	1,540,000	72,989	7.88	
2015	10,562,645	2,415,900	153,840	4.11	
2014	\$ 9,803,658	2,476,500	\$ 254,542	3.59	

DEMOGRAPHIC AND ECONOMIC STATISTICS

LAST TEN FISCAL YEARS

UNAUDITED

Fiscal Year	Population¹	Personal Income (amounts expressed in thousands)	Per Capita Personal Income²	Median Age³	School Enrollment⁴	Unemployment Rate⁵
2023	94,545	\$ 5,625,900	\$ 59,505	43.0	16,079	2.4%
2022	92,398	5,396,875	58,409	40.8	13,878	2.4%
2021	90,801	5,069,329	55,829	43.3	14,253	2.7%
2020	91,684	4,977,066	54,285	41.2	14,146	6.5%
2019	89,338	4,459,932	49,922	40.0	13,531	1.9%
2018	86,668	4,040,635	46,622	39.3	14,151	2.5%
2017	84,170	3,709,456	44,071	40.4	13,567	2.8%
2016	81,317	3,454,753	42,485	39.6	13,391	3.7%
2015	77,796	3,179,523	40,870	39.0	12,752	4.3%
2014	74,885	\$ 3,017,416	\$ 40,294	38.0	11,996	3.4%

Source:

^{1, 2, 3} Figures obtained from the US Census Bureau⁴ Figures obtained from the National Center for Educational Statistics.
Reporting Public and Private school enrollment beginning 2023⁵ Figures obtained from the Bureau of Labor Statistics

PRINCIPAL EMPLOYERS

CURRENT YEAR AND NINE YEARS AGO

UNAUDITED

Employer	2023			2012*		
	Employees	Rank	Percentage of Total Town Employment	Employees	Rank	Percentage of Total Town Employment
Charleston County School District	1,462	1	2.33%	1,228	1	3.11%
State Ports Authority	700	2	1.11%			
Town of Mount Pleasant	672	3	1.07%	550	3	1.39%
Roper St. Francis Mount Pleasant Hospital	669	4	1.06%	450	4	1.14%
East Cooper Regional Medical Center	562	5	0.89%	748	2	1.89%
Publix	517	6	0.82%	356	6	0.90%
Harris Teeter	480	7	0.76%			
Walmart	460	8	0.73%	402	5	1.02%
Mediterranean Shipping Company	289	9	0.46%	290	8	0.73%
Frankie at Seaside	173	10	0.28%			
Sandpiper Retirement				300	7	0.76%
Carolina One Reality				268	9	0.68%
Motley Rice				240	10	0.61%
Total	5,984		9.51%	4,832		12.23%

Source:

Charleston Metro Chamber of Commerce, Town of Mount Pleasant and Survey by Mount Pleasant Waterworks.

These numbers are estimates based on the best information provided at the time. They are subject to change.

2023 Percentage based on 66.5% of population employed and a population of 94,454 from the U.S. Census Bureau.

* 2014 Figures currently not available. Using 2012 as comparable year

TOWN OF MOUNT PLEASANT, SOUTH CAROLINA
FULL-TIME EQUIVALENT TOWN GOVERNMENT EMPLOYEES BY FUNCTION
LAST TEN CALENDAR YEARS

UNAUDITED

Function	Full - Time Equivalent Employees as of June 30,									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
General Government	52	49	51	51	50	56	54	50	51	51
Justice	14	15	14	14	14	21	20	20	19	19
Public Safety										
Police										
Sworn	152	144	144	144	155	148	146	139	144	139
Non-Sworn	26	23	23	23	21	23	21	27	23	24
Fire	121	127	125	125	126	121	120	122	119	117
Public Services	133	122	118	118	139	136	125	153	123	116.5
Planning	14	15	14	14	36	37	32	32	32	33
Transportation*	43	42	41	41	10	8	8	8	8	7
Recreation	45	43	41	41	45	43	39	43	39	38
Total	600	580	571	571	596	593	565	594	558	544.5

Source: Town of Mount Pleasant Finance Division-Human Resources Division

*Due to restructuring, Function row titles for Planning and Transportation have been updated as of 2021
Prior to fiscal year 2020, amounts are as of December 31

TOWN OF MOUNT PLEASANT, SOUTH CAROLINA

OPERATING INDICATORS BY FUNCTION

LAST TEN FISCAL YEARS

UNAUDITED

Function	Fiscal Year										
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
General Government											
Stormwater Utility Billings	38,163	37,498	36,536	36,538	36,536	35,780	34,580	33,162	32,610	27,980	27,539
Justice											
Cases Filed	14,479	11,092	11,764	13,398	15,796	13,255	14,498	14,457	14,883	15,274	13,063
Police											
Part I Offenses ¹	1,581	1,396	1,465	1,471	1,116	1,601	1,548	1,703	1,645	1,682	1,638
Fire											
Emergency Calls	11,622	10,195	9,020	8,890	9,306	9,215	8,923	8,535	7,967	7,205	6,179
Inspections	2,811	2,029	3,191	2,839	4,860	5,382	4,940	4,064	3,646	3,558	2,871
Public Services											
Tons of Garbage Collected	26,219	25,540	26,842	26,736	24,971	25,141	23,251	21,315	20,867	20,579	20,846
Tons of Trash Collected	23,679	20,840	23,063	21,589	20,846	21,923	23,179	22,584	20,859	21,642	18,538
Planning											
Building Permits	3,905	3,516	3,780	3,114	3,269	3,418	3,811	3,634	3,222	3,527	2,776
Dwelling Units	42,637	42,010	41,199	40,642	39,872	38,672	37,325	35,942	34,987	33,666	32,541
Culture and Recreation											
Youth Athletic Enrollment	10,187	10,436	9,090	6,208	9,955	8,727	8,380	8,520	7,136	7,455	7,637

Sources: Various town departments.

¹ Part I offenses are murder, rape, robbery, aggravated assault, burglary, larceny, motor vehicle theft, and arson.

TOWN OF MOUNT PLEASANT, SOUTH CAROLINA

CAPITAL ASSET STATISTICS BY FUNCTION

LAST TEN FISCAL YEARS

UNAUDITED

Function	Fiscal Year									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Public Safety										
Police Stations	6	6	6	6	6	6	6	4	4	4
Fire Stations	7	7	7	7	7	7	7	7	7	7
Public Services - Sanitation										
Collection Trucks	29	29	29	29	28	28	28	24	21	19
Culture and Recreation										
Recreation Acreage	509.27	509.27	509.27	509.27	509.27	504.46	504.46	524.46	437.88	437.88
Recreation Facilities	28	28	28	28	28	28	28	29	22	22
Planning										
Total Acres Annexed	28	27.77	15.40	20.46	12.85	25.12	39.76	25.11	67.67	22.48

Sources: Various town departments and asset database.

Compliance Section

TOWN OF MOUNT PLEASANT, SOUTH CAROLINA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED JUNE 30, 2023

Federal Grantor/ Pass-Through Grantor/Program Title	Assistance Listing Number	Pass-Through Entity Identifying Number or Grant/Contract Number	Federal Expenditures
Department of Agriculture:			
Direct Programs:			
Urban Forest Master Plan	10.644	21-DG-1108345-001	\$ 41,442
Total Department of Agriculture			<u>41,442</u>
Department of Health and Human Services:			
Direct Programs:			
Alcohol Enforcement Team	93.959	N/A	4,189
Total Department of Health and Human Services			<u>4,189</u>
Department of Justice:			
Direct Programs:			
2022 Bulletproof Vest Program	16.607	N/A	1,399
2021 Bulletproof Vest Program	16.607	N/A	9,790
2020 Bulletproof Vest Program	16.607	N/A	1,399
Total Bulletproof Vest Program			<u>12,588</u>
Department of Justice Equitable Sharing Funds	16.922	N/A	90,798
Total Department of Justice			<u>103,386</u>
Department of Homeland Security:			
Direct Programs:			
Disaster Grants - Public Assistance (Presidentially Declared Disasters)			
FEMA-All Hazards HVA-Town Wide Plan	97.039	4464-0003-R	1,344
FEMA-Hurricane Dorian-Hobcaw Phase I	97.039	HMGp-4464-21	80,127
FEMA-Hurricane Florence-Town Wide Flood Study	97.036	FEMA-4394-DR-SC-Project 0046	634
FEMA-Hurricane Ian	97.036	FEMA-4677-DR-SC	453,754
Total Disaster Grants - Public Assistance (Presidentially Declared Disasters)			<u>535,859</u>
FEMA - Staffing for Adequate Fire and Emergency Response	97.083	EMW - 2018 - FH - 00147	48,887
Total Department of Homeland Security			<u>584,746</u>
Department of Housing and Urban Development			
Pass-Through Program- South Carolina Office of Resilience:			
CDBG Mitigation - Hobcaw	14.228	MP-22-1013-01	133,659
Total Department of Housing and Urban Development			<u>\$ 133,659</u>

(Continued)

TOWN OF MOUNT PLEASANT, SOUTH CAROLINA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED JUNE 30, 2023

Federal Grantor/ Pass-Through Grantor/Program Title	Assistance Listing Number	Pass-Through Entity Identifying Number or Grant/Contract Number	Federal Expenditures
Department of Transportation:			
Pass-Through Program- South Carolina Department of Public Safety:			
State and Community Highway Safety - 2022	20.600	2JC22009	\$ 3,790
State and Community Highway Safety - 2023	20.600	2JC23009	5,755
Highway Safety Grant - Traffic Enforcement & Education	20.600	PT-2022-HS-20-22	18,409
Highway Safety Grant - Traffic Enforcement & Education	20.600	PT-2023-HS-15-23	59,582
Total Pass-Through Program- South Carolina Department of Public Safety			<u>87,536</u>
Total Department of Transportation			<u>87,536</u>
Department of the Treasury:			
Direct Programs:			
COVID-19: State and Local Fiscal Recovery Fund	21.027	SLT-2360	131,947
Total Department of the Treasury			<u>131,947</u>
Department of the Labor:			
Pass-Through Program- South Carolina Department of Administration:			
COVID-19 SC Unemployment Insurance Credits	17.225	N/A	1,164
Total Department of Labor			<u>1,164</u>
Total Expenditures of Federal Awards			<u>\$ 1,088,069</u>

See accompanying notes to the schedule of expenditures of federal awards.

TOWN OF MOUNT PLEASANT, SOUTH CAROLINA

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED JUNE 30, 2023

A. GENERAL

The accompanying Schedule of Expenditures of Federal Awards (the "Schedule") presents the activity of all federal award programs of the Town of Mount Pleasant, South Carolina (the "Town") for the year ended June 30, 2023. All federal awards received directly from the federal agencies, as well as those passed through other government agencies, are included on the Schedule.

B. BASIS OF ACCOUNTING

The accompanying Schedule is presented using the modified accrual basis of accounting.

C. RELATIONSHIP TO FINANCIAL STATEMENTS

Federal award expenditures are reported in the Town's financial statements as expenditures primarily in the General Fund and Capital Asset Fund.

D. MATCHING COSTS

Matching costs, i.e., the non-federal share of certain program costs, are not included in the accompanying Schedule.

E. SUB-RECIPIENTS

The Town did not provide any federal awards to sub-recipients during fiscal year 2023.

F. INDIRECT COST RATE

The amount expended does not include any amounts claimed as an indirect cost recovery, as the Town elected not to use the 10% *de minimis* cost rate.



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 Town Council
Town of Mount Pleasant
Mount Pleasant, South Carolina

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Mount Pleasant, South Carolina (the "Town") as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements, and have issued our report thereon dated November 14, 2023.

Report on Internal Control over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the Town'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 Town's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Mauldin & Jenkins, LLC

Savannah, Georgia
November 14, 2023



INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

The Honorable Mayor and Members
of Town Council
Town of Mount Pleasant
Mount Pleasant, South Carolina

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the Town of Mount Pleasant, South Carolina's (the "Town") compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the Town's major federal programs for the year ended June 30, 2023. The Town's major federal program is identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs.

In our opinion, the Town complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on the Town's major federal program for the year ended June 30, 2023.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Town and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Town's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the Town's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Town's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and, therefore, is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Town's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 Town's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Town's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit, we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Mauldin & Jenkins, LLC

Savannah, Georgia
November 14, 2023

TOWN OF MOUNT PLEASANT, SOUTH CAROLINA
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
YEAR ENDED JUNE 30, 2023

There were no findings reported in the prior year.

TOWN OF MOUNT PLEASANT, 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(es) identified?	<u> </u> Yes	<u> X </u> No
Significant deficiency(ies) identified that are not considered to be material weaknesses?	<u> </u> Yes	<u> X </u> None Reported
Noncompliance material to financial statements noted?	<u> </u> Yes	<u> X </u> No

Federal Awards

Internal control over major programs:

Material weakness(es) identified?	<u> </u> Yes	<u> X </u> No
Significant deficiency(ies) identified that are not considered to be material weaknesses?	<u> </u> Yes	<u> X </u> None Reported

Type of auditor's report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516 (Uniform Guidance)?	<u> </u> Yes	<u> X </u> No
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Identification of major programs

<u>Assistance Listing Number(s)</u>	<u>Name of Federal Program or Cluster</u>
97.036	Disaster Grants - Public Assistance

Dollar threshold used to distinguish between type A and type B programs:	<u> \$ </u> 750,000
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Auditee qualified as low-risk auditee?	<u> X </u> Yes	<u> </u> No
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Section II - Findings - Current Year Financial Statements Audit

No matters to report.

Section III - Findings and Questioned Costs - Major Federal Awards Programs Audit

No matters to report.