



City Council

6:00 p.m., Tuesday, October 26, 2021
Council Chambers
1207 Palm Boulevard, Isle of Palms, South
Carolina

Public Comment:

All citizens who wish to speak during the meeting must email their first and last name, address, and topic to Nicole DeNeane at nicoled@iop.net no later than **3:00 p.m. the business day before the meeting**. Citizens may also provide public comment here: <https://www.iop.net/public-comment-form>

Agenda

1. **Introduction of meeting** and acknowledgement that the press and public were duly notified of the meeting in accordance with the Freedom of Information Act.
 - a. Invocation
 - b. Pledge of Allegiance
 - c. Roll Call
2. **Citizens' Comments** - All comments will have a time limit of three (3) minutes.
 - a. FY21 Audit Presentation – Chris Kerr, Veris (formerly McKay Kiddy and Associates)
3. **Consent Agenda**
Approval of Previous Meetings' Minutes – 6:00 p.m., September 28, 2021
4. **Reports from Standing Committees**
 - a. **Ways and Means Committee**
 - b. **Public Safety Committee**
Consideration of drafting a resolution to formally request SCDOT to lower the speed limit to 25 mph on all roads within the City, except Palm Boulevard which is posted at 30 mph.
 - c. **Public Works Committee**
 - d. **Recreation Committee**
 - e. **Personnel Committee**
 - f. **Real Property Committee**
 - i. Discussion of elevator in the marina restaurant
 - ii. Consideration of noise control agreement with Marker 116, LLC
5. **Reports from City Officers, Boards and Commissions**
 - a. **Board of Zoning Appeals** – minutes attached
 - b. **Planning Commission** – minutes attached

- c. **Accommodations Tax Advisory Committee** – Next meeting: October 27, 2021
- d. **Environmental Advisory Committee** – minutes attached

6. Reports from Special or Joint Committees – None

7. Petitions Received, Referred or Disposed of – None

8. Bills Already in Possession of Council – None

9. Introduction of New Bills, Resolutions and Proclamations

- a. Ordinance 2021-13 – An ordinance to allow year-round surfing instruction on the beach with certain conditions
- b. Ordinance 2021 – 14 – An ordinance to provide for the standardization of the business license process
- c. Resolution authorizing the consumption of beer and wine only, amplified music and street closure at the Lowvelo Bike Ride on Saturday, November 6, 2021
- d. Resolution authorizing the discharge of weapons using blank ammunition, and amplified noise at the Blessing of the Veteran and First Responders on Saturday, November 6, 2021

10. Miscellaneous Business

Next meeting: Regular Meeting: 6:00 p. m., Wednesday, November 17, 2021

11. Executive Session

In accordance with S.C. Code Section 30-4-70 (a) (2) to receive legal update and advice in regard to Tidal Wave Watersports eviction proceedings.

Upon returning to open session, the Council may take action on matters discussed in Executive Session.

12. Adjournment



CITY COUNCIL MEETING
6:00pm, Tuesday, September 28, 2021
1207 Palm Boulevard, Isle of Palms, SC and
broadcasted live on YouTube: <https://www.youtube.com/user/cityofisleofpalms>

MINUTES

1. Call to order

Present: Council members Popson, Streetman, Moye, Ward, Bell, Pounds, Smith, Buckhannon, and Mayor Carroll

Staff Present: Administrator Fragoso, City Attorney Halverson, various department heads

2. Citizens' Comments

Mrs. Julie Nestler, 17 22nd Avenue, spoke with concern about the dangers of the Fire Department being understaffed and under-equipped. She requested City Council to look more closely at the needs of the Fire Department.

Mr. Gary Nestler, 17 22nd Avenue, told council to listen to their constituents and to "stop the senseless practices of demoralizing citizens." He believes City Council should empower the Interim Fire Chief and the employees.

3. Consent Agenda

MOTION: Council Member Streetman made a motion to the Consent Agenda. Council Member Moye seconded the motion. The motion passed unanimously.

A. Approval of Previous Meetings' Minutes

- i. Regular Meeting – 6:00pm, July 27, 2021
- ii. Special Meeting – 5:30pm, September 21, 2021

B. Approval of FY22 millage rate at 0.0233 (no property tax increase.

C. Approval of an amount not to exceed \$10,000 for the purchase of beach wheelchairs to be available to residents and visitors at no cost on a first-come, first served basis

D. Approval of marine unit agreement with Charleston County Sheriff's Office

E. Approval of purchase of two patrol SUVs for the Police Department [FY22 Budget, Police Department, Capital Projects and State ATAX - \$123,000]

F. Approval of transition from .40 caliber pistols to 9mm caliber pistols [FY22 Budget, Police Department, General Fund, Non-capital tools & equipment - \$6,000 after trade-in]

4. **Reports from Standing Committees**

A. **Ways and Means Committee**

Council Member Pounds reviewed the minutes of the September 21, 2021 meeting. He reviewed the financial data through 8/31/2021, stating that revenues and expenses are inline with this time in the fiscal year except for rental license income due to the State's Business Standardization Act. He said the County Assessor's data shows an increased value of 2% of island properties.

MOTION: Council Member Pounds made a motion to approve an amount not to exceed \$25,000 to engage an executive recruitment firm to assist in the Fire Chief Hiring process. Council Member Bell seconded the motion.

Council Member Pounds said this expense is to support Administrator Fragoso in the due diligence required of hiring a new Fire Chief for the City. He said this is an unbudgeted expense but there are monies available in the General Fund to cover the expense. Both Mayor Carroll and Council Member Popson said they felt this was an unnecessary expense and would like to give the Interim Fire Chief the opportunity to provide his feedback on the Fire Department before moving forward.

VOTE: A vote was taken as follows:

Ayes: Pounds, Smith, Bell, Buckhannon, Moyer, Streetman

Nays: Ward, Popson, Carroll

The motion passed 6-3.

Continuing with a review of the minutes of the Ways & Means Committee meeting, Council Member Pounds said more time is needed to complete the forecast of the long-term effects of the Wage & Compensation implementation on future budgets. Administrator Fragoso added that preliminary analysis of the forecast data had been completed just prior to the meeting and would be sent to Council members for review. She said, "Just like Council Member Pounds stated, the FY22 budget included \$300,000 for adjustments City-wide. Therefore, we have some money that has been forecasted out to sustain these adjustments. Based on our preliminary assessment, it looks like the City will be able to implement the recommendation that you, in last week's packet called Hybrid 2, which is the option that assumed a current penetration of all employees capped at midpoint and the step placement based on tenure for police and fire, which is what they have requested. In FY22, it is something that we will be able to implement without any impact to the budget. Forecasting it out, we are looking at approximately \$150,000 more than we are forecasting."

Administrator Fragoso also shared they will be meeting with Evergreen tomorrow, "and one of the things that I am looking at is ensuring the impact to our entry-level positions, particularly in Police and Fire, which is where we have the most turnover issues and recruitment issues. We may be in a position to do a little bit even more than just staying at market. If we can exceed that and redistribute some funds to be able to do that, I think that that would be consistent to the

philosophy that you all have discussed in the past of making sure that we take care of some of those positions first.”

Council members spoke in favor of maximizing the efforts of the wage and compensation study and to give the Police and Fire departments the tools they need to recruit and retain staff.

Council Member Pounds reminded Council members of the presentation given by Ray Burns, Chair of the ATAX Committee, at last week’s Committee meeting. Council members spoke in favor of Mr. Burns’ recommendation of dual DMOs and focusing advertising efforts on off-season rentals and activities.

Council Member Pounds shared that the charter docks at the Marina have been removed and the pump-out is now operational.

Administrator Fragoso reported that the General Assembly needs to reconvene before the funds from the American Rescue Plan can be distributed.

B. Public Safety Committee

Council Member Bell reviewed the minutes of the September 1, 2021 meeting. He said he would like to see additional speed data from the intersection on 41st Avenue with the new stop sign.

Regarding further study of the impact of the changes to the IOP Connector, Administrator Fragoso reported, “We have had follow-up conversations with SCDOT staff to try to articulate what the scope of work will be and provide the City an opportunity to verify that and ensure that when we answer what does success look like at the end of this study that it covers the topics and issues that are important for this community. Obviously, the main point will be studying and doing a comparative analysis of the existing conditions, the existing and new modifications, the previous ones, and any proposed new solutions.” She shared some ideas for modifications to the Connector being discussed at the staff level.

C. Public Works Committee

Council Member Ward reviewed the minutes of the September 1, 2021 meeting.

MOTION: Council Member Ward made a motion to appoint Council Member Smith as the City Council liaison of the Environmental Advisory Committee. Council Member Streetman seconded the motion. The motion passed unanimously.

Director Kerr explained the request for final approval of the drainage easement revision at 2305 Waterway Boulevard, “This is a relocation of a drainage easement that had historically run through the middle of the property. This owner took it upon themselves to relocate the pipe and the drainage easement on the edge of the property to make the middle of the property more usable. It has been through a fairly lengthy process of getting preliminary approval, then a technical review, and an engineering approval. They have now constructed it. That construction has been reviewed and inspected by Charleston County for technical compliance, and they are now at the finish line. We have basically everything we need with the exception of the

maintenance bond and a final plat that will be signed off on, and that will be the instrument that move the easement.”

MOTION: Council Member Ward made a motion to approve the final drainage easement revision at 2305 Waterway Boulevard. Council Member Moye seconded the motion. The motion passed unanimously.

D. Recreation Committee

Council Member Smith reviewed the minutes of the September 13, 2021 meeting. Further analysis of the recently sunset ordinance permitting surfing lessons on the beach will be discussed at the October meeting. Council Member Moye said that further action is needed by City Council for this program to continue. Council Member Bell said he would like to see such action taken by this Council.

E. Personnel Committee

Council Member Moye reviewed the minutes of the September 17, 2021 meeting. He reported that a unanimous decision of the Personnel and Ways & Means committees awarded the Leola Hanbury Award to all full-time employees for their continued service throughout the pandemic. The financial awards were distributed at the recent annual employee appreciation event.

Council Member Moye reported on the Committee’s support of Administrator Fragoso’s proposal to have Director Kerr act as Deputy Administrator and Building Director for the City. Administrator Fragoso added, “The dual role would allow us the opportunity to hire a Zoning Administrator who would be in charge of some more of the day-to-day duties that Douglas currently handles in between everything else. So I will be making a formal proposal with the Zoning Administrator job description to the Personnel Committee for approval and would appreciate everyone’s support.”

F. Real Property Committee

Council Member Streetman reviewed the minutes of the September 13, 2021 meeting. He reported that he, Administrator Fragoso, and Director Kerr met with Marker 116 to discuss the issue surrounding the elevator at the restaurant. He said they were able to see how the elevator would have compromised the ADA compliance of the men’s restroom. He would like to set up an on-site meeting of City Council, either as a group or individually, so everyone could better understand the concerns involved. He encouraged Council members to read the recent email from the contractor regarding elevator placement.

Council Member Bell spoke with concern about the shared parking at the Marina and the inability of residents to park there for free. He would like the Marina Manager to attend the next City Council meeting to publicly address this concern.

5. Reports from City Officers, Boards, and Commissions

- A. **Accommodations Tax Advisory Committee** – minutes attached
- B. **Board of Zoning Appeals** – minutes attached
- C. **Planning Commission** – minutes of August 23, 2021 meeting attached

6. Reports from Special or Joint Committees – none

7. Petitions Received, Referred or Disposed of – none

8. Bills already in Possession of Council

- A. **Ordinance 2021-12 – An ordinance to allow remote special meetings in the event of an emergency**

MOTION: Council Member Ward made a motion to approve and waive the reading, and Council Member Streetman seconded the motion.

Council Member Streetman noted this allowance is for exigent circumstances only.

VOTE: The motion passed unanimously.

9. Introduction of New Bills, Resolutions, and Proclamations

- A. **Proclamation to reaffirm the City’s commitment to work toward full ADA compliance and its goal to exceed the standard to go above and beyond to ensure that people with disabilities feel welcomed in our community**

MOTION: Council Member Ward made a motion to approve and waive the reading, and Council Member Moye seconded the motion. The motion passed unanimously.

- B. **Resolution designating an authorized representative and contact person for purposes of the American Rescue Plan act of 2021**

MOTION: Council Member Ward made a motion to approve Administrator Fragoso as the authorized representative and contact person for the American Rescue Plan act of 2021 and to waive the reading of the resolution. Council Member Streetman seconded the motion. The motion passed unanimously.

- C. **Resolution authorizing the consumption of beer and wine only and amplified music at the IOP Connector Run and Walk for the Child on October 2, 2021**

MOTION: Council Member Buckhannon made a motion to approve and waive the reading, and Council Member Smith seconded the motion. The motion passed unanimously.

10. Miscellaneous Business

A. Discussion of establishing the Spirit of the Island Award to recognize a remarkable single achievement or action by a citizen of the island (a companion award to the Signal 30 Award)

Council Member Ward said, “I would like for City Council to consider establishing a way to recognize special individuals or groups by creating a new service award separate from the Signal 30 Award. This will be different and on another level. This award will be called the Spirit of the Island. It would be specifically established to recognize remarkable single achievement or actions by an individual or group’s community service or volunteerism on the island, similar to the State of South Carolina’s Silver Crescent Award. South Carolina’s highest civilian award is the Order of the Palmetto. The second highest award is the Silver Crescent. What I am proposing will reflect and assimilate in a similar way what the State is doing. The Signal 30 Award will remain the Isle of Palms highest award, while the Spirit of the Island will reflect the Silver Crescent.”

He later added, “I suggest the following for your consideration. Any citizen of the island will be able to nominate anyone to receive the Spirit of the Island Award by use of a portal on the City’s website. Winners should be infrequent and rare, thereby preserving the uniqueness and value of the award to be awarded. I propose the selection of the winners be decided by an independent panel. In other words, the selection committee consisting of three members. Most any island resident with a few exceptions can apply to be appointed to this committee. The members will be appointed by an affirmative vote of the majority of City Council members and will serve a term of four years. Members cannot be current Council members, the Mayor, or any members of current City boards and commissions. Winners will be recognized at a City Council meeting with an award presentation hosted by the mayor and a representative of from the selection committee.”

MOTION: Council Member Ward made a motion to establish the Spirit of the Island Award and have it referred to the Personnel Committee for implementation. Council Member Popson seconded the motion.

After further discussion, the motion and second were rescinded. The matter will be deferred to the Personnel Committee to detail the implementation of this award.

B. Discussion and confirmation of the City’s mission and vision per the Strategic Plan

Administrator Fragoso distributed the mission and vision statements as presented to City Council back in November 2020 at the start of the Strategic Planning process to give the opportunity to affirm these statements reflect the desires of the Council. Council Member Smith encouraged wording reflecting the City’s ongoing and leading commitment to the protection of the coastal environment.

C. The next meeting of the City Council will be Tuesday, October 6, 2021 at 6pm.

11. Executive Session

MOTION: Council Member Bell made a motion to move to Executive Session in accordance with SC Code §30-4-70(a)(2) to receive legal advice and legal update regarding the eviction proceedings against Tidal Wave Watersports. Council Member Streetman seconded the motion. The motion passed unanimously.

City Council entered into Executive Session at 7:52pm.

City Council returned from Executive Session at 8:46pm. Mayor Carroll reported that no decisions were made.

MOTION: Council Member Moye made a motion to reject the proposal from Tidal Wave Water Sports and authorize counsel to proceed with negotiations. Council Member Smith seconded the motion. The motion passed unanimously.

12. Adjournment

Council Member Buckhannon made a motion to adjourn, and Council Member Pounds seconded the motion. The meeting was adjourned at 8:47pm.

Respectfully submitted,

Nicole DeNeane
City Clerk

City of Isle of Palms, South Carolina

Report on Financial Statements

Year Ended June 30, 2021

DRAFT





City of Isle of Palms, South Carolina
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City of Isle of Palms, South Carolina

List of Elected and Appointed Officials

For the Year Ended June 30, 2021

MAYOR

Jimmy Carroll

CITY COUNCIL MEMBERS

Randy Bell

Ryan Buckhannon

Kevin Popson

John Moyer

Phillip Pounds

Rusty Streetman

Susan Hill Smith

Jimmy Ward

APPOINTED OFFICIALS

City Administrator

City Treasurer

City Clerk

Clerk of Court

Building Official

Director of Building, Planning, and Zoning

Fire Chief

Chief of Police

Public Works Director

Recreation Director

Desirée Fragoso

Debbie Schimsa Suggs

Nicole DeNeane

Amy Wilkerson

William Seabrook

Douglas Kerr

Ann Graham

Kevin Cornett

Donnie Pitts

Norma Jean Page



Independent Auditor's Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Isle of Palms (the City), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City, as of June 30, 2021, 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.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and pension schedules, on pages 3 – 13, 58 – 62, and 63 – 66, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The accompanying supplementary information, such as the combining and individual non-major fund financial statements and schedule of expenditures of federal awards, schedule of budget to actual detailed revenues and expenditures, schedule of expenditures by type, and schedule of fines, assessments, and surcharges, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated **October XX, 2021** on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.



Mount Pleasant, South Carolina

October XX, 2021

Required Supplementary Information (Unaudited)

City of Isle of Palms, South Carolina
Required Supplementary Information (Unaudited)
Management's Discussion and Analysis
Year Ended June 30, 2021

The management of the City of Isle of Palms (City) offers readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2021 (FY 2021 or 2021) compared to fiscal year ended June 30, 2020 (FY 2020 or 2020). The intent of this discussion and analysis is to look at the City's financial performance as a whole. Readers are encouraged to not only consider the information presented here but also the information provided in the financial statements and notes to the financial statements to enhance their understanding of the City's overall financial performance.

FINANCIAL HIGHLIGHTS

- The assets of the City exceeded its liabilities at the close of the fiscal year by approximately \$37,766,000 (*net position*). Of this amount, approximately \$31,112,000 and \$6,654,000 were related to the City's governmental and business-type activities, respectively. In addition, the City's unrestricted net position (which may be used to meet the City's ongoing obligations to citizens and creditors) was approximately \$4,980,000 for its governmental activities and approximately \$2,369,000 for its business-type activities.
- The City's total revenues of approximately \$19,605,000 exceeded total expenses of approximately \$15,357,000, resulting in an increase from the prior fiscal year of approximately \$4,248,000 in net position.
- At the close of 2021, the City's governmental funds reported combined ending fund balances of approximately \$24,805,000, an increase of approximately \$4,561,000 over the prior year's fund balances. Approximately 14% of the total fund balance, or roughly \$3,375,000, is available for spending at the City's discretion (*unassigned fund balance*).
- The City added capital assets of approximately \$4,504,000 and \$2,413,000 for governmental and business-type activities, respectively, during the current fiscal year. Capital asset additions included a significant renovation of the Public Safety Building, drainage improvements, vehicles, equipment, marina bulkhead recoating, and marina dock replacement. Capital asset additions were offset by depreciation expense of approximately \$1,961,000 and \$135,000 for governmental and business-type activities, respectively. As capital asset additions were more than depreciation expense for the year, total capital assets increased by approximately \$4,820,000 (17%) from FY 2020.
- The City's total debt increased by approximately \$6,367,000 (105%) due primarily to the issuance of two new general obligation bonds – \$3,500,000 for drainage outfall construction and \$4,300,000 for marina dock replacement.
- The City continues to hold an "Aa1" rating from Moody's.

OVERVIEW OF FINANCIAL STATEMENTS

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

Financial Statements

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

City of Isle of Palms, South Carolina
Required Supplementary Information (Unaudited)
Management's Discussion and Analysis
Year Ended June 30, 2021

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

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

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

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

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

City of Isle of Palms, South Carolina
Required Supplementary Information (Unaudited)
Management's Discussion and Analysis
Year Ended June 30, 2021

Proprietary Funds – The City maintains one type of proprietary fund. *Enterprise Funds* are used to account for operations that (a) are financed and operated in a manner similar to private business enterprises — where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes. The City uses an enterprise fund to account for its marina operations. The proprietary fund financial statements can be found as listed in the table of contents.

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

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

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

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

City of Isle of Palms, South Carolina
Required Supplementary Information (Unaudited)
Management's Discussion and Analysis
Year Ended June 30, 2021

Figure A-1
Major Features of the City's Government-Wide and Fund Financial Statements

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

City of Isle of Palms, South Carolina
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GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. The following table provides a summary of the City's net position as of June 30, 2021 compared to June 30, 2020:

	Governmental Activities		Business-Type Activities		Total	
	2021	2020	2021	2020	2021	2020
Assets						
Current and Other Assets	\$ 26,235,647	\$ 21,788,949	\$ 2,919,186	\$ 668,478	\$ 29,154,833	\$ 22,457,427
Capital Assets, Net	25,015,717	22,472,906	8,277,152	5,999,932	33,292,869	28,472,838
Total Assets	51,251,364	44,261,855	11,196,338	6,668,410	62,447,702	50,930,265
Deferred Outflows of Resources:						
Deferred Outflows Related to Pensions	2,363,640	1,687,449	-	-	2,363,640	1,687,449
Liabilities						
Long-Term Obligations	8,771,946	6,407,389	3,992,000	-	12,763,946	6,407,389
Net Pension Liability	11,660,305	10,656,580	-	-	11,660,305	10,656,580
Other Liabilities	1,403,044	1,463,603	550,436	29,037	1,953,480	1,492,640
Total Liabilities	21,835,295	18,527,572	4,542,436	29,037	26,377,731	18,556,609
Deferred Inflows of Resources:						
Deferred Inflows Related to Pensions	667,750	532,195	-	-	667,750	532,195
Unearned Revenue	-	11,371	-	-	-	11,371
Total Deferred Inflows of Resources	667,750	543,566	-	-	667,750	543,566
Net Position						
Net Investment in Capital Assets	16,584,437	16,198,048	4,285,152	5,999,932	20,869,589	22,197,980
Restricted	9,547,798	8,001,286	-	-	9,547,798	8,001,286
Unrestricted	4,979,724	2,678,832	2,368,750	639,441	7,348,474	3,318,273
Total Net Position	\$ 31,111,959	\$ 26,878,166	\$ 6,653,902	\$ 6,639,373	\$ 37,765,861	\$ 33,517,539

The City had total assets of approximately \$62,448,000 as of June 30, 2021, an increase of \$11,517,000 for the year. \$4,820,000 of the increase related to capital assets while the remaining increase related to shorter term assets. The growth in non-capital assets resulted primarily from the City's strong fiscal performance with total revenues exceeding total expenses by \$4,248,000. Total liabilities as of June 30, 2021 increased by approximately \$7,821,000 due primarily to an increase in long-term obligations.

The City's assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by approximately \$37,766,000 as of June 30, 2021. Approximately 55% of total net position (\$20,870,000) reflects the City's investment in capital assets (i.e., land, buildings, furniture and equipment, infrastructure, etc.) less any related outstanding debt used to acquire those assets. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt generally must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Approximately 25% of net position (\$9,548,000) represents resources that are subject to external restrictions on how they may be used. This portion of the net position is restricted primarily for special revenue programs which are restricted by the revenue source. The remaining portion of the City's net position (19% or \$7,348,000) is unrestricted and may be used to meet the City's ongoing obligations to citizens and creditors.

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

The following table shows the changes in the City's net position for 2021 compared to 2020:

	Governmental Activities		Business-Type Activities		Total	
	2021	2020	2021	2020	2021	2020
Revenues:						
Program Revenues:						
Charges for Services	\$ 6,706,653	\$ 5,791,137	\$ 351,845	\$ 289,859	\$ 7,058,498	\$ 6,080,996
Capital Grants and Contributions	139,633	124,884	-	-	139,633	124,884
General Revenues:						
Taxes	12,087,740	9,777,976	-	-	12,087,740	9,777,976
Other	286,512	585,987	32,912	9,262	319,424	595,249
Total Revenues	19,220,538	16,279,984	384,757	299,121	19,605,295	16,579,105
Expenses:						
General Government	2,322,185	2,101,625	-	-	2,322,185	2,101,625
Public Safety	7,752,390	6,993,612	-	-	7,752,390	6,993,612
Building, Planning and Engineering	462,215	455,726	-	-	462,215	455,726
Public Works	2,294,690	2,171,499	-	-	2,294,690	2,171,499
Recreation	1,227,504	1,256,066	-	-	1,227,504	1,256,066
Non-Departmental	473,594	409,387	-	-	473,594	409,387
Interest on Long-Term Obligations	204,397	189,220	-	-	204,397	189,220
Marina	-	-	619,998	343,962	619,998	343,962
Total Expenses	14,736,975	13,577,135	619,998	343,962	15,356,973	13,921,097
Change in Net Position Before Transfers	4,483,563	2,702,849	(235,241)	(44,841)	4,248,322	2,658,008
Transfer In (Out)	(249,770)	(53,454)	249,770	53,454	-	-
Change in Net Position	4,233,793	2,649,395	14,529	8,613	4,248,322	2,658,008
Net Position, Beginning of Year	26,878,166	24,228,771	6,639,373	6,630,760	33,517,539	30,859,531
Net Position, End of Year	\$ 31,111,959	\$ 26,878,166	\$ 6,653,902	\$ 6,639,373	\$ 37,765,861	\$ 33,517,539

Governmental Activities:

Governmental activities had a net increase in net position of approximately \$4,234,000 in 2021.

Compared to the prior year, total governmental activities revenue increased by approximately \$2,941,000 or 18%. Key changes compared to the prior year were as follows:

- Revenues from charges for services increased by approximately \$916,000 or 16%.
- Revenues from tourism, including accommodations and hospitality taxes, increased by approximately \$1,937,000 or 44%.

Expenses related to total governmental activities increased by approximately \$1,160,000, or 9%, from the prior year. Key changes as compared to the prior year included merit-based payroll increases, increased maintenance and service costs and increased tourism promotion expenses.

City of Isle of Palms, South Carolina
Required Supplementary Information (Unaudited)
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Business-Type Activities:

Net position related to business-type activities (i.e., the marina) increased by approximately \$15,000. This increase was primarily due to budgeted transfers in of \$250,000 from other funds, offset by an excess of Marina expenses (primarily interest on debt, depreciation, dock insurance, and professional services) over generated revenue (lease income) equal to approximately \$235,000.

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

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

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

At June 30, 2021, the City's governmental funds reported a combined ending fund balance of approximately \$24,805,000, an increase of approximately \$4,561,000, or 23%, over the prior year's combined fund balance.

Approximately 14% of the total governmental fund balance (\$3,375,000) constitutes unassigned fund balance, which is available for spending at the City's discretion. The remainder of the fund balance is not available for new discretionary spending because it has already been constrained: (1) for tourism-related expenditures or operating expenses incurred to serve tourists (\$4,269,000), (2) for recovery efforts on future disasters (\$2,826,000), (3) for capital projects (\$5,156,000), (4) for debt service (\$353,000), (5) for beach preservation (\$4,756,000), (6) for drainage improvements (\$3,777,000) and (7) for other purposes primarily related to police department initiatives, island beautification, recreation center improvements, victim services, and inventories (\$293,000).

The General Fund is the primary operating fund of the City. At June 30, 2021, the total fund balance was approximately \$6,718,000. As a measure of the General Fund's liquidity, it is useful to compare total unassigned fund balance to total General Fund expenditures. Total unassigned fund balance of the General Fund (\$3,375,000) represents approximately 30% of total General Fund expenditures (\$11,126,000).

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

- Total General Fund revenues were up by approximately \$1,234,000 from the prior year. The most significant changes were:
 - Property tax revenue increased by \$287,000, due to an increase in debt service millage as well as new construction. Calendar year 2020 was a reassessment year for Charleston County, so despite the increase in debt service millage, the City's total millage rate declined from 24.7 in the prior year to 23.3 for FY 2021.
 - Licenses and permits revenues increased by approximately \$486,000 due mainly to the economic recovery from COVID-19.
 - Revenues from parking fees increased by approximately \$138,000 due mainly to the economic recovery from COVID-19.

City of Isle of Palms, South Carolina
Required Supplementary Information (Unaudited)
Management's Discussion and Analysis
Year Ended June 30, 2021

- Revenues from grants and contributions decreased by approximately \$23,000.
- Local option sales tax revenues increased by approximately \$171,000 due mainly to the economic recovery from COVID-19.
- The City supplemented General Fund revenues with tourism-related revenues where appropriate. In FY 2021, \$873,000 of tourism-related revenue including the accommodations and hospitality tax funds were transferred into the General Fund to help pay for public safety and public works efforts required for tourism. This is an increase of \$45,000 over FY 2020.

Total General Fund expenditures of \$11,126,000 increased by \$768,000, or 7%, over FY 2020.

The total fund balance of the remaining governmental funds (Capital Projects, Special Revenue, and Non-major Funds) increased by approximately \$4,300,000 from the prior year. Highlights for these funds were as follows:

- The Capital Projects Fund expended approximately \$2,895,000 during the fiscal year for repairs to the Public Safety Building, drainage improvements and the purchase of vehicles, equipment, and various other capital assets. The General Fund transferred approximately \$2,381,000 into the Capital Projects Fund for future capital expenditures. The ending fund balance in the Capital Projects Fund was approximately \$8,933,000.

Proprietary Fund. The City's proprietary fund provides the same type of information found in the government-wide statements but in more detail. Net position of the Marina Enterprise Fund at the end of FY 2021 amounted to approximately \$6,654,000. Please see "Business-Type Activities" discussion in the previous section for details.

Fiduciary Fund. The Volunteer Fire Department Fund is used by the City to account for the receipt and disbursement of funds received from the State relating to the payment of 1% of the premiums received by fire insurance companies. Agency funds are custodial in nature and do not present results of operations. The Fiduciary Fund had amounts held in custody for others of approximately \$26,000 at June 30, 2021.

General Fund Budgetary Highlights: If budget amendments are made, they generally fall into one of three categories: amendments made to adjust the estimates used to prepare the original budget ordinance once exact information is available; amendments made to recognize new funding amounts from external sources, such as Federal and State grants; and increases in appropriations that become necessary to maintain services. The City did not make any budget amendments during FY 2021.

City of Isle of Palms, South Carolina
Required Supplementary Information (Unaudited)
Management's Discussion and Analysis
Year Ended June 30, 2021

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The City's capital assets as of June 30, 2021 amounted to approximately \$33,293,000. Capital assets primarily include land, construction in progress, buildings, improvements, vehicles, furniture, equipment, and other infrastructure. The City's capital assets (net of depreciation) as of June 30, 2021 and 2020 were as follows:

	Governmental Activities		Business-Type Activities		Total	
	2021	2020	2021	2020	2021	2020
Land	\$ 4,272,896	\$ 4,272,896	\$ 3,035,786	\$ 3,035,786	\$ 7,308,682	\$ 7,308,682
Construction in Progress	896,654	2,620,614	2,503,869	107,257	3,400,523	2,727,871
Land Improvements	3,418,306	3,765,914	2,010,546	2,072,256	5,428,852	5,838,170
Buildings and Improvements	13,220,658	8,926,081	197,812	209,062	13,418,470	9,135,143
Vehicles and Vehicle Equipment	2,397,648	1,958,597	-	-	2,397,648	1,958,597
Equipment	808,452	927,425	53,488	504,254	861,940	1,431,679
Furniture and Fixtures	1,103	1,379	475,651	71,317	476,754	72,696
Total	\$ 25,015,717	\$ 22,472,906	\$ 8,277,152	\$ 5,999,932	\$ 33,292,869	\$ 28,472,838

The total increase in the City's capital assets for FY 2021 was approximately \$4,820,000 or 17%. The increase resulted because capital asset additions for the year were higher than depreciation expense for the year. Major capital asset events during FY 2021 included the following:

- Capital asset additions of approximately \$6,917,000 consisted primarily of:
 - Police, fire and public works vehicles for approximately \$876,000
 - Equipment and software for approximately \$102,000
 - Renovation of the Public Safety building for approximately \$2,476,000
 - Drainage improvements of approximately \$636,000 including the Phase III Drainage project
 - Bulkhead recoating for approximately \$691,000
 - Design and construction costs associated with Marina dock replacement for approximately \$1,700,000
- Depreciation expense of approximately \$1,961,000 for governmental activities and \$135,000 for business-type activities.

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

City of Isle of Palms, South Carolina
Required Supplementary Information (Unaudited)
Management's Discussion and Analysis
Year Ended June 30, 2021

Debt Administration

As of June 30, 2021, the City had total outstanding debt of approximately \$12,423,000. This debt consisted of general obligation bonds (GOB) which are backed by the full faith and credit of the City and a new capital lease in FY 2020 for a fire ladder truck. The City's total debt as of June 30, 2021 and 2020 were as follows:

	Governmental Activities		Business-Type Activities		Total	
	2021	2020	2021	2020	2021	2020
General Obligation Bonds	\$ 7,753,000	\$ 5,300,000	\$ 3,992,000	\$ -	\$ 11,745,000	\$ 5,300,000
Capital lease	678,280	756,352	-	-	678,280	756,352
Total	\$ 8,431,280	\$ 6,056,352	\$ 3,992,000	\$ -	\$ 12,423,280	\$ 6,056,352

The City's overall debt for FY 2021 increased by approximately \$6,367,000 due to proceeds from two new general obligation bonds in FY 2021.

The State of South Carolina limits the amount of general obligation debt that a unit of government can issue to 8% of the total assessed value of taxable property located within that government's boundaries. The City's statutory debt limit at June 30, 2021 was approximately \$19,680,000. The City had \$11,325,000 of bonded debt subject to the 8% limit and, thus, as of June 30, 2021 had an unused legal debt margin of approximately \$8,355,000.

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

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The City's elected officials and staff considered many factors when setting the fiscal year 2021 (FY 2021 or 2021) budget. The state of the economy, the potential impacts of COVID-19 on tourism activity, anticipated building activity, future capital needs and the best interests of the City's residents were all taken into account.

- **Millage and Property Tax Revenues:** 2020 was a reassessment year in Charleston County. As required by law, the City's operating millage rate was decreased to reflect the increase in property values. At the same time, there was an increase in the debt service millage to cover the cost of a new GO Bond to finance drainage improvements. The net effect is a total millage rate for FY 2022 of 23.3 compared to the 24.7 millage rate effective for FY 2021. The City's 2022 budget includes property tax revenue of \$4,806,000.
- **Business Licenses and Building Permits:** The City's 2022 budget for revenues from business licenses and building permits was based on 2021 actual results plus a slight increase due to increased economic trends and the addition of the new Wild Dunes hotel.
- **Tourism-Related Revenues:** Total revenues from State Accommodations Tax, Municipal Accommodations Fee, Hospitality Tax and the Beach Preservation Fee are budgeted based on the most recent collections. The total FY 2022 budget for these revenues is approximately \$5,783,000, which is a 54% increase over the FY 2021 budget.
- **Salaries and Wages:** The 2022 budget includes a 2.5% provision for merit-based salary and wage adjustments as well as provisions for personnel restructuring in the Fire Department and adjustments that may be recommended by a wage and compensation study that is being completed in FY 2022.

City of Isle of Palms, South Carolina
Required Supplementary Information (Unaudited)
Management's Discussion and Analysis
Year Ended June 30, 2021

- **Capital Outlay:** The 2022 budget includes approximately \$2,462,000 for construction of the phase 3 drainage outfall project, \$720,000 for two FEMA flood mitigation projects, \$525,000 for a new fire department engine, \$290,000 for replacement of all SCBA apparatus, \$207,000 for police and fire patrol vehicles, \$100,000 for several smaller drainage projects, \$98,000 for undergrounding of electric lines, \$65,000 for various recreation equipment and improvements, and \$47,000 for various fire department equipment.

REQUESTS FOR CITY INFORMATION

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

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Basic Financial Statements

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Government-wide Financial Statements

City of Isle of Palms, South Carolina
Statement of Net Position
June 30, 2021

	Governmental Activities	Business-Type Activities	Total
Assets			
Cash and Cash Equivalents	\$ 15,361,855	\$ 2,868,546	\$ 18,230,401
Cash and Cash Equivalents - Restricted	7,369,489	-	7,369,489
Taxes Receivable, Net	157,873	-	157,873
Other Receivables, Net	3,094,180	50,640	3,144,820
Due from Other Governments	219,693	-	219,693
Inventory	32,557	-	32,557
Capital Assets:			
Non-Depreciable	5,169,550	5,539,655	10,709,205
Depreciable, Net	19,846,167	2,737,497	22,583,664
Total Capital Assets	25,015,717	8,277,152	33,292,869
Total Assets	51,251,364	11,196,338	62,447,702
Deferred Outflows of Resources			
Deferred Outflows Related to Pensions	2,363,640	-	2,363,640
Liabilities			
Accounts Payable	711,339	523,380	1,234,719
Other Accrued Liabilities	573,304	5,500	578,804
Court Assessments/Victim's Rights Liabilities	44,685	-	44,685
Accrued Interest	73,716	21,556	95,272
Net Pension Liabilities	11,660,305	-	11,660,305
Long-Term Obligations:			
Due Within One Year	1,311,093	247,000	1,558,093
Due In More Than One Year	7,460,853	3,745,000	11,205,853
Total Long-Term Obligations	8,771,946	3,992,000	12,763,946
Total Liabilities	21,835,295	4,542,436	26,377,731
Deferred Inflows of Resources			
Deferred Inflows Related to Pensions	667,750	-	667,750
Net Position			
Net Investment in Capital Assets	16,584,437	4,285,152	20,869,589
Restricted for:			
Tourism Related Expenditures	4,268,564	-	4,268,564
Beach Preservation	4,756,013	-	4,756,013
Debt Service	352,626	-	352,626
Victim Services	38,630	-	38,630
Beautification	131,965	-	131,965
Total Restrictions	9,547,798	-	9,547,798
Unrestricted	4,979,724	2,368,750	7,348,474
Total Net Position	\$ 31,111,959	\$ 6,653,902	\$ 37,765,861

See accompanying notes and independent auditor's report.

City of Isle of Palms, South Carolina
Statement of Activities
Year Ended June 30, 2021

Functions/Programs	Net (Expense) Revenue and Changes In Net Position					
	Expenses	Charges for Services	Program Revenues		Governmental Activities	Business-Type Activities
			Operating	Capital		
			Grants and Contributions			Total Primary Government
Primary Government:						
Governmental Activities:						
General Government	\$ 2,322,185	\$ -	\$ -	\$ 139,633	\$ (2,182,552)	\$ (2,182,552)
Public Safety	7,752,390	426,689	-	-	(7,325,701)	(7,325,701)
Building, Planning, and Engineering	462,215	4,806,229	-	-	4,344,014	4,344,014
Public Works	2,294,690	-	-	-	(2,294,690)	(2,294,690)
Recreation	1,227,504	202,191	-	-	(1,025,313)	(1,025,313)
Non-Departmental	473,594	1,271,544	-	-	797,950	797,950
Interest on Long-Term Obligations	204,397	-	-	-	(204,397)	(204,397)
Total Governmental Activities	14,736,975	6,706,653	-	139,633	(7,890,689)	(7,890,689)
Business-Type Activities:						
Marina	619,998	351,845	-	-	-	(268,153)
Total Primary Government	\$ 15,356,973	\$ 7,058,498	\$ -	\$ 139,633	(7,890,689)	(8,158,842)
General Revenues:						
Taxes:						
Property Taxes Levied for General Purposes					3,754,599	3,754,599
Property Taxes Levied for Debt Service Purposes					1,017,866	1,017,866
Local Option Sales Taxes					970,759	970,759
Hospitality Taxes					730,503	730,503
Accommodations Taxes					5,614,013	5,614,013
Total Taxes					12,087,740	12,087,740
Intergovernmental					127,579	127,579
Interest Income					38,332	41,244
Gain on Disposal of Capital Assets					58,538	58,538
Bad Debt Recovery					-	30,000
Miscellaneous					62,063	62,063
Total Other					286,512	319,424
Transfers (Out) In					(249,770)	-
Total General Revenues and Transfers					12,124,482	12,407,164
Changes In Net Position					4,233,793	4,248,322
Net Position, Beginning of Year					26,878,166	33,517,539
Net Position, End of Year					\$ 31,111,959	\$ 37,765,861

See accompanying notes and independent auditor's report.

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Fund Financial Statements

City of Isle of Palms, South Carolina
Balance Sheet
Governmental Funds
June 30, 2021

	General Fund	Capital Projects Fund	Municipal Accom- modations Fee Fund
Assets			
Cash and Cash Equivalents	\$ 8,621,111	\$ 6,740,744	\$ -
Cash and Cash Equivalents - Restricted	51,702	-	700,280
Taxes Receivable, Net	157,873	-	-
Accounts Receivable	584,331	72,968	937,270
Due From:			
Other Governments	219,693	-	-
Other Funds	42,440	2,196,585	-
Inventory	32,557	-	-
Total Assets	\$ 9,709,707	\$ 9,010,297	\$ 1,637,550
Liabilities			
Accounts Payable	\$ 74,253	\$ 76,926	\$ 22,395
Other Accrued Liabilities	573,304	-	-
Court Assessments/Victim's Rights Liabilities	44,685	-	-
Due To:			
Other Funds	2,198,057	-	20,000
Total Liabilities	2,890,299	76,926	42,395
Deferred Inflows of Resources			
Unavailable Revenue - Property Taxes	100,954	-	-
Total Deferred Inflows of Resources	100,954	-	-
Fund Balances			
Nonspendable:			
Inventory	32,557	-	-
Restricted:			
Victim Services	-	-	-
Debt Service	352,626	-	-
Tourism Related Expenditures	-	-	1,595,155
Beach Preservation	-	-	-
Beautification	131,965	-	-
Committed:			
Recovery Efforts on Future Disasters	2,826,408	-	-
Assigned:			
Drainage Improvements	-	3,777,248	-
Recreation Center	-	-	-
Capital Projects	-	5,156,123	-
Unassigned	3,374,898	-	-
Total Fund Balances	6,718,454	8,933,371	1,595,155
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 9,709,707	\$ 9,010,297	\$ 1,637,550

See accompanying notes and independent auditor's report.

City of Isle of Palms, South Carolina
Balance Sheet
Governmental Funds
June 30, 2021

	State Accom- modations Tax Fund	Hospitality Tax Fund	Beach Preservation Fee Fund
Assets			
Cash and Cash Equivalents	\$ -	\$ -	\$ -
Cash and Cash Equivalents - Restricted	1,216,483	911,866	4,360,543
Taxes Receivable, Net	-	-	-
Accounts Receivable	951,226	138,740	409,645
Due From:			
Other Governments	-	-	-
Other Funds	-	-	-
Inventory	-	-	-
Total Assets	\$ 2,167,709	\$ 1,050,606	\$ 4,770,188
Liabilities			
Accounts Payable	\$ 346,896	\$ 175,570	\$ 14,175
Other Accrued Liabilities	-	-	-
Court Assessments/Victim's Rights Liabilities	-	-	-
Due To:			
Other Funds	22,440	-	-
Total Liabilities	369,336	175,570	14,175
Deferred Inflows of Resources			
Unavailable Revenue - Property Taxes	-	-	-
Total Deferred Inflows of Resources	-	-	-
Fund Balances			
Nonspendable:			
Inventory	-	-	-
Restricted:			
Victim Services	-	-	-
Debt Service	-	-	-
Tourism Related Expenditures	1,798,373	875,036	-
Beach Preservation	-	-	4,756,013
Beautification	-	-	-
Committed:			
Recovery Efforts on Future Disasters	-	-	-
Assigned:			
Drainage Improvements	-	-	-
Recreation Center	-	-	-
Capital Projects	-	-	-
Unassigned	-	-	-
Total Fund Balances	1,798,373	875,036	4,756,013
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 2,167,709	\$ 1,050,606	\$ 4,770,188

City of Isle of Palms, South Carolina
Balance Sheet
Governmental Funds
June 30, 2021

	Total Non-Major Funds	Total Governmental Funds
Assets		
Cash and Cash Equivalents	\$ -	\$ 15,361,855
Cash and Cash Equivalents - Restricted	128,615	7,369,489
Taxes Receivable, Net	-	157,873
Accounts Receivable	-	3,094,180
Due From:		
Other Governments	-	219,693
Other Funds	1,472	2,240,497
Inventory	-	32,557
Total Assets	\$ 130,087	\$ 28,476,144
Liabilities		
Accounts Payable	\$ 1,123	\$ 711,338
Other Accrued Liabilities	-	573,304
Court Assessments/Victim's Rights Liabilities	-	44,685
Due To:		
Other Funds	-	2,240,497
Total Liabilities	1,123	3,569,824
Deferred Inflows of Resources		
Unavailable Revenue - Property Taxes	-	100,954
Total Deferred Inflows of Resources	-	100,954
Fund Balances		
Nonspendable:		
Inventory	-	32,557
Restricted:		
Victim Services	38,630	38,630
Debt Service	-	352,626
Tourism Related Expenditures	-	4,268,564
Beach Preservation	-	4,756,013
Beautification	-	131,965
Committed:		
Recovery Efforts on Future Disasters	-	2,826,408
Assigned:		
Drainage Improvements	-	3,777,248
Recreation Center	90,334	90,334
Capital Projects	-	5,156,123
Unassigned	-	3,374,898
Total Fund Balances	128,964	24,805,366
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 130,087	\$ 28,476,144

See accompanying notes and independent auditor's report.

City of Isle of Palms, South Carolina
Reconciliation of Governmental Fund Balances to
Net Position of Governmental Activities
June 30, 2021

Total Fund Balances - Governmental Funds	\$ 24,805,366
Amounts reported for the governmental activities in the Statement of Net Position are different because of the following:	
Property taxes that will be collected in the future but are not available soon enough to pay for the current period's expenditures are, therefore, deferred in the funds.	100,954
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 \$49,968,862 and the accumulated depreciation was \$17,842,799.	25,015,717
The City's proportionate share of the net pension liability, deferred outflows of resources, and deferred inflows of resources related to its participation in the State pension plans are not recorded in the governmental funds but are recorded in the Statement of Net Position.	(9,964,416)
Accrued interest payable is recognized for governmental activities but was not due and payable in the current period and, therefore, is not reported as a liability in the governmental funds.	(73,716)
Long-term obligations (which includes debt and compensated absences) are not due or payable in the current period and, therefore, are not reported in the governmental funds.	
Debt	(7,753,000)
Capital Lease Payable	(678,280)
Compensated Absences	(340,666)
Total Net Position - Governmental Activities	<u>\$ 31,111,959</u>

City of Isle of Palms, South Carolina
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
Year Ended June 30, 2021

	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>Municipal Accom- modations Fee Fund</u>
Revenues			
Property Taxes	\$ 4,804,448	\$ -	\$ -
Local Option Sales Tax	970,759	-	-
Hospitality Taxes	-	-	-
Intergovernmental	274,816	-	1,826,141
Licenses and Permits	4,806,229	-	-
Fines and Forfeitures	415,747	-	-
Grant Revenue	96,412	43,221	-
Revenue from Use of Property	1,271,544	-	-
Interest	11,007	12,558	2,386
Other	236,707	20,600	-
Total Revenues	<u>12,887,669</u>	<u>76,379</u>	<u>1,828,527</u>
Expenditures			
Current:			
General Government	1,247,081	34,022	57,231
Public Safety	5,992,522	268,223	31,008
Building, Planning, and Engineering	413,376	6,710	-
Public Works	1,441,970	8,414	8,976
Recreation	949,867	3,930	76
Non-Departmental	88,264	-	238,978
Capital Outlay	-	2,895,132	810,791
Debt Service:			
Principal	834,000	-	84,000
Interest	159,029	-	4,234
Total Expenditures	<u>11,126,109</u>	<u>3,216,431</u>	<u>1,235,294</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>1,761,560</u>	<u>(3,140,052)</u>	<u>593,233</u>
Other Financing Sources (Uses)			
Transfers In	873,002	2,380,577	-
Transfers Out	(2,380,577)	-	(281,700)
Bond Proceeds	-	3,500,000	-
Sale of Capital Assets	7,038	51,500	-
Total Other Financing Sources (Uses)	<u>(1,500,537)</u>	<u>5,932,077</u>	<u>(281,700)</u>
Net Changes In Fund Balances	<u>261,023</u>	<u>2,792,025</u>	<u>311,533</u>
Fund Balances, Beginning of Year	\$ 6,457,431	\$ 6,141,346	\$ 1,283,622
Fund Balances, End of Year	<u>\$ 6,718,454</u>	<u>\$ 8,933,371</u>	<u>\$ 1,595,155</u>

City of Isle of Palms, South Carolina
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
Year Ended June 30, 2021

	<u>State Accom-</u> <u>modations Tax Fund</u>	<u>Hospitality Tax Fund</u>	<u>Beach Preservation</u> <u>Fee Fund</u>
Revenues			
Property Taxes	\$ -	\$ -	\$ -
Local Option Sales Tax	-	-	-
Hospitality Taxes	-	730,503	-
Intergovernmental	2,322,494	-	1,318,141
Licenses and Permits	-	-	-
Fines and Forfeitures	-	-	-
Grant Revenue	-	-	-
Revenue from Use of Property	-	-	-
Interest	3,386	1,944	6,892
Other	-	-	-
Total Revenues	<u>2,325,880</u>	<u>732,447</u>	<u>1,325,033</u>
Expenditures			
Current:			
General Government	762,092	-	23,215
Public Safety	3,096	15,184	-
Building, Planning, and Engineering	-	-	-
Public Works	5,643	344,028	-
Recreation	11,695	11,623	-
Non-Departmental	146,352	-	-
Capital Outlay	562,055	235,676	-
Debt Service:			
Principal	78,073	129,000	-
Interest	13,841	16,582	-
Total Expenditures	<u>1,582,847</u>	<u>752,093</u>	<u>23,215</u>
Excess (Deficiency) of			
Revenues Over Expenditures	<u>743,033</u>	<u>(19,646)</u>	<u>1,301,818</u>
Other Financing Sources (Uses)			
Transfers In	-	-	-
Transfers Out	(625,523)	(218,549)	-
Bond Proceeds	-	-	-
Sale of Capital Assets	-	-	-
Total Other Financing Sources (Uses)	<u>(703,596)</u>	<u>(218,549)</u>	<u>-</u>
Net Changes In Fund Balances	<u>39,437</u>	<u>(238,195)</u>	<u>1,301,818</u>
Fund Balances, Beginning of Year	\$ 1,680,863	\$ 1,113,231	\$ 3,454,195
Fund Balances, End of Year	<u>\$ 1,720,300</u>	<u>\$ 875,036</u>	<u>\$ 4,756,013</u>

City of Isle of Palms, South Carolina
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
Year Ended June 30, 2021

	<u>Total Non-Major Funds</u>	<u>Total Governmental Funds</u>
Revenues		
Property Taxes	\$ -	\$ 4,804,448
Local Option Sales Tax	-	970,759
Hospitality Taxes	-	730,503
Intergovernmental	-	5,741,592
Licenses and Permits	-	4,806,229
Fines and Forfeitures	10,942	426,689
Grant Revenue	-	139,633
Revenue from Use of Property	-	1,271,544
Interest	159	38,332
Other	6,947	264,254
Total Revenues	<u>18,048</u>	<u>19,193,983</u>
Expenditures		
Current:		
General Government	-	2,123,641
Public Safety	1,425	6,311,457
Building, Planning, and Engineering	-	420,086
Public Works	-	1,809,031
Recreation	4,015	981,206
Non-Departmental	-	473,594
Capital Outlay	-	4,503,654
Debt Service:		
Principal	-	1,125,073
Interest	-	193,686
Total Expenditures	<u>5,440</u>	<u>17,941,428</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>12,608</u>	<u>1,252,555</u>
Other Financing Sources (Uses)		
Transfers In	3,000	3,256,579
Transfers Out	-	(3,506,349)
Bond Proceeds	-	3,500,000
Sale of Capital Assets	-	58,538
Total Other Financing Sources (Uses)	<u>3,000</u>	<u>3,308,768</u>
Net Changes In Fund Balances	<u>15,608</u>	<u>4,561,323</u>
Fund Balances, Beginning of Year	\$ 113,355	\$ 20,244,043
Fund Balances, End of Year	<u>\$ 128,963</u>	<u>\$ 24,805,366</u>

City of Isle of Palms, South Carolina
Reconciliation of the Statement of Revenues,
Expenditures, and Changes in Fund Balances of the
Governmental Funds to the Statement of Activities
Year Ended June 30, 2021

Total Net Change In Fund Balances - Governmental Funds	\$	4,561,323
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Amounts reported for the governmental activities in the Statement of Activities are different because of the following:

Property taxes that will be collected in the future, but are not available soon enough to pay for the current period's expenditures are, therefore, deferred in the funds.		(31,983)
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Bond principal and capital lease payments are expenditures in the governmental funds, but the repayment reduces long-term obligations in the Statement of Net Position.

Bond principal payments	1,125,073		
Capital lease payments	-		1,125,073

The issuance of long-term debt provides current financial resources to the governmental funds, but issuing debt increases long-term obligations in the Statement of Net Position.		(3,500,000)
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Interest on long-term obligations in the Statement of Activities differs from the amount reported in the governmental funds because interest is recognized as an expenditure in the funds when it is due and payable and thus requires the use of current financial resources. In the Statement of Activities, however, interest expense is recognized as the interest accrues, regardless of when it is due and payable. This adjustment relates to the change in accrued interest from the prior year.		(10,711)
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Governmental funds report the City's pension contributions as expenditures, however in the Statement of Activities, the cost of pension benefits earned net of employee contributions is reported as pension expense. This is the amount by which costs of benefits earned (\$1,376,359) exceed employee contributions (\$913,268).		(463,091)
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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.		10,371
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Governmental funds report capital outlay as expenditures. However, in the Statement of Activities, the cost of those assets that are considered capital asset additions is allocated over their estimated useful lives as depreciation expense.

Capitalized capital outlay in the current period	4,503,654		
Depreciation expense in the current period	(1,960,843)		2,542,811

Total Change In Net Position - Governmental Activities	\$	4,233,793
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City of Isle of Palms, South Carolina
Statement of Net Position
Proprietary Fund
June 30, 2021

	Marina Enterprise Fund
Assets	
Current Assets	
Cash and Cash Equivalents	\$ 2,868,546
Accounts Receivable, Net	50,640
Total Current Assets	2,919,186
Noncurrent Assets	
Capital Assets:	
Land	3,035,786
Construction in Progress	2,503,869
Land Improvements	2,976,922
Building and Improvements	846,998
Docks	674,861
Equipment	841,825
Less: Accumulated Depreciation	(2,603,109)
Total Noncurrent Assets	8,277,152
Total Assets	11,196,338
Liabilities	
Current Liabilities	
Accounts Payable	523,380
Accrued Interest	21,556
Security Deposits	5,500
Bond Payable, Current Portion	247,000
Total Current Liabilities	797,436
Noncurrent Liabilities	
Bond Payable, Net of Current Portion	3,745,000
Total Liabilities	4,542,436
Net Position	
Net Investment in Capital Assets	4,285,152
Unrestricted	2,368,750
Total Net Position	\$ 6,653,902

City of Isle of Palms, South Carolina
Statement of Revenues, Expenditures, and
Changes in Net Position – Proprietary Fund
Year Ended June 30, 2021

	Marina Enterprise Fund
Operating Revenues	
Lease Income	\$ 351,845
Total Operating Revenues	<u>351,845</u>
Operating Expenses	
Depreciation	135,487
Insurance	53,207
Professional Services	332,990
Utilities	4,100
Maintenance and Service Contracts	42,631
Advertising	<u>5,000</u>
Total Operating Expense	<u>573,415</u>
Operating Loss	<u>(221,570)</u>
Non-Operating Revenues (Expenses)	
Bad Debt Recovery	30,000
Interest Income	2,912
Interest Expense	<u>(46,583)</u>
Total Non-Operating Revenues	<u>(13,671)</u>
Loss Before Transfers	(235,241)
Transfers In	<u>249,770</u>
Change In Net Position	<u>14,529</u>
Net Position, Beginning of Year	<u>6,639,373</u>
Net Position, End of Year	<u><u>\$ 6,653,902</u></u>

City of Isle of Palms, South Carolina
Statement of Cash Flows
Proprietary Fund
Year Ended June 30, 2021

	Marina Enterprise Fund
Cash Flows From Operating Activities	
Cash Received from Customers	\$ 440,493
Cash Payments to Suppliers for Goods and Services	61,915
Net Cash Provided By Operating Activities	502,408
Cash Flows From Non-Capital Financing Activities	
Transfer from Other Funds	249,770
Net Cash Provided By Non-Capital Financing Activities	249,770
Cash Flows From Capital and Related Financing Activities	
Proceeds from Bonds	4,300,000
Principal Paid on Bonds	(308,000)
Interest Paid on Bonds	(25,027)
Net Cash Used In Capital and Related Financing Activities	3,966,973
Cash Flows From Investing Activities	
Purchases of Capital Assets	(2,412,707)
Investment Earnings	2,912
Net Cash Used In Investing Activities	(2,409,795)
Net Decrease In Cash and Cash Equivalents	2,309,356
Cash and Cash Equivalents, Beginning of Year	559,190
Cash and Cash Equivalents, End of Year	\$ 2,868,546
Reconciliation of Operating Income to Net Cash from Operating Activities:	
Operating Loss	\$ (221,570)
Adjustments to Reconcile Operating Income to Net Cash from Operating Activities:	
Depreciation Expense	135,487
Bad Debt Recovery	30,000
Change in:	
Deposits	(10,000)
Accounts Receivable, Net	58,648
Accounts Payable	509,843
Net Cash Provided by Operating Activities	\$ 502,408

City of Isle of Palms, South Carolina
Statement of Assets and Liabilities
Fiduciary Fund – Agency Fund
June 30, 2021

	<u>Volunteer Fire Department</u>
Assets	
Cash and Cash Equivalents	\$ 26,295
Total Assets	<u><u>\$ 26,295</u></u>
Liabilities	
Due to Volunteer Fire Department	\$ 26,295
Total Liabilities	<u><u>\$ 26,295</u></u>

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City of Isle of Palms, South Carolina

Notes to the Financial Statements

The City of Isle of Palms, South Carolina (the City) encompasses an area of approximately 4.5 square miles. Incorporated in 1953, the City has grown into a recreational center for the coastal area of South Carolina. It serves over 4,100 full-time City residents and approximately 300,000 to 500,000 tourists annually. The City operates under a Council form of government. The mayor and eight members of council (the Council) establish policy for the City. Administrative functions are directed by the City Administrator.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. The Reporting Entity

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

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

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

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

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

Major Operations

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

City of Isle of Palms, South Carolina

Notes to the Financial Statements

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

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

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

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

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

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

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

City of Isle of Palms, South Carolina

Notes to the Financial Statements

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

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

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

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

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

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

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

City of Isle of Palms, South Carolina

Notes to the Financial Statements

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

Victim Assistance

Recreation Building

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

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

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

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

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

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

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

1. Cash, Cash Equivalents, and Investments

Cash and Cash Equivalents

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

Investments

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

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

City of Isle of Palms, South Carolina

Notes to the Financial Statements

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

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

2. Receivables and Payables

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

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

3. Inventories and Prepaids

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

4. Capital Assets

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

City of Isle of Palms, South Carolina

Notes to the Financial Statements

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

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

5. *Compensated Absences*

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

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

6. *Accrued Liabilities and Long-Term Obligations*

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

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

City of Isle of Palms, South Carolina

Notes to the Financial Statements

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

7. Deferred Outflows and Inflows of Resources

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

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

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

8. Fund Balance

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

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

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

City of Isle of Palms, South Carolina

Notes to the Financial Statements

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

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

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

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

9. Net Position

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

City of Isle of Palms, South Carolina

Notes to the Financial Statements

10. Pensions

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

11. Encumbrances

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

D. Accounting Estimates

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

E. Recent Accounting Pronouncement

In May 2020, the GASB issued GASB Statement 95, Postponement of the Effective Dates of Certain Authoritative Guidance. The objective of Statement 95 was to provide temporary relief to governments and other stakeholders in light of the COVID-19 pandemic. The Statement extended the effective date of various GASB statements by one year. Additionally, Statement 95 extended Statement 87, Leases by 18 months (effective for fiscal years beginning after June 15, 2021).

F. 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.

City of Isle of Palms, South Carolina

Notes to the Financial Statements

G. Subsequent Events

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

Management has evaluated subsequent events through the date the financial statements were available to be issued, and concluded there were no subsequent events to disclose.

The COVID-19 pandemic has caused business disruptions domestically and is anticipated to continue for the foreseeable future. The City expects the ramifications of COVID-19 to have an impact on its results. The extent of the impact of COVID-19 on the City's operational and financial performance will depend on future developments, including the duration and spread of the outbreak and related restrictions and the impact of COVID-19 on overall demand for the City's services, all of which are highly uncertain and cannot be predicted.

II. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Budgetary Information

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

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

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

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

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

City of Isle of Palms, South Carolina

Notes to the Financial Statements

III. DETAILED NOTES ON ALL FUNDS AND ACTIVITIES

A. Deposits and Investments

Deposits

Custodial Credit Risk for Deposits: Custodial credit risk for deposits is the risk that, in the event of a bank failure, the City's deposits might not be recovered. The City does not have a deposit policy for custodial credit risk, but follows the investment policy statutes of the State of South Carolina. As of June 30, 2021 none of the City's bank balances were exposed to custodial credit risk.

Investments

As of June 30, 2021, the City had the following investments:

Investment Type	Fair Value	Credit Rating	Weighted Average Maturity (In Years)
South Carolina Local Government Investment Pool	\$ 24,121,401	Unrated	^

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

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

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

Certain cash, cash equivalents, and investments of the City are legally restricted for specified purposes. The major types of restrictions at June 30, 2021 were those imposed by the revenue source (i.e. hospitality tax, accommodation taxes, grants, etc.).

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

Statement of Net Position	Amount
Cash and Cash Equivalents	\$ 18,230,401
Cash and Cash Equivalents - Restricted	7,369,489
Statement of Assets and Liabilities - Fiduciary Funds - Agency Fund	
Cash and Cash Equivalents	26,295
Total Cash and Investments per Financial Statements	\$ 25,626,185
Notes	Amount
Carrying Value of Deposits	\$ 1,504,784
Investments	24,121,401
Total Deposits and Investments per Notes to the Financial Statements	\$ 25,626,185

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

B. Receivables and Unavailable/Unearned Revenue

Property Taxes and Other Receivables

The City's 2020 property taxes were levied on September 30, 2020 and were due beginning on this date based on the assessed valuation on real and personal property (including vehicles) of approximately \$246,000,000 for tax year 2020. Property taxes were considered late on January 15, 2021. Motor vehicle property tax is levied and collected on a portion of taxable vehicles monthly. Penalties and charges are assessed if taxes are not paid by the following dates:

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

Assessed values are established by the Charleston County Tax Assessor and the South Carolina Tax Commission. The City's total tax rate for the 2020 property tax year was 23.3 mills. City property taxes are billed and collected by Charleston County under a joint billing and collection agreement.

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

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

The City's taxes receivable, other receivables, and due from other governments consist of the following as of June 30, 2021:

Description	General Fund	Capital Projects Fund	Municipal	State	Beach Preservation Fee Fund	Hospitality Tax Fund	Marina Enterprise Fund	Totals
			Accommodations Fee Fund	Accommodations Tax Fund				
Property Taxes	\$ 164,807	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 164,807
Allowance for Uncollectible	(6,934)	-	-	-	-	-	-	(6,934)
Local Option Sales Tax	219,693	-	-	-	-	-	-	219,693
Accommodations Taxes	56,315	-	937,270	951,226	409,645	-	-	2,354,456
Hospitality Taxes	-	-	-	-	-	138,740	-	138,740
Marina Operations	-	-	-	-	-	-	50,640	50,640
Franchise Fees	57,521	-	-	-	-	-	-	57,521
State Aid to Subdivisions	26,375	-	-	-	-	-	-	26,375
Other	444,120	72,968	-	-	-	-	-	517,088
Net Receivables	<u>\$ 961,897</u>	<u>\$ 72,968</u>	<u>\$ 937,270</u>	<u>\$ 951,226</u>	<u>\$ 409,645</u>	<u>\$ 138,740</u>	<u>\$ 50,640</u>	<u>\$ 3,522,386</u>

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

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

Unavailable/Unearned Revenue

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

At June 30, 2021, the components of unavailable revenue (deferred inflows of resources) and unearned revenue (liability) were as follows:

Description	Fund	Unavailable	Unearned	Total
Property Taxes	General	\$ 100,954	\$ -	\$ 100,954
Total Unavailable/Unearned Revenue		<u>\$ 100,954</u>	<u>\$ -</u>	<u>\$ 100,954</u>

C. Interfund Receivables, Payables, and Transfers

Interfund Receivables and Payables

Interfund balances at June 30, 2021, consisted of the following individual fund receivables and payables:

Fund	Receivables	Payables
Governmental Funds:		
General Fund	\$ 42,440	\$ (2,198,057)
Capital Projects Fund	2,196,585	-
Municipal Accommodations Fee Fund	-	(20,000)
State Accommodations Tax Fund	-	(22,440)
Non-major Funds	1,472	-
	<u>\$ 2,240,497</u>	<u>\$ (2,240,497)</u>

The General Fund payable and the Capital Projects fund receivable relate to the year-end transfer from the General Fund for future Capital Projects. The General Fund receivable and the State Accommodations Tax Fund payable relate to a transfer of funds to cover the Front Beach restroom attendant payroll cost. All interfund balances are expected to be paid back within one year.

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

Interfund Transfers

Transfers between funds for the year ended June 30, 2021, consisted of the following:

Fund	Transfer In	Transfer Out
Governmental Funds:		
General Fund	\$ 873,002	\$ (2,380,577)
Capital Projects Fund	2,380,577	-
Municipal Accommodations Fee Fund	-	(281,700)
State Accommodations Tax Fund	-	(625,523)
Hospitality Tax Fund	-	(218,549)
Non-major Funds	3,000	-
Proprietary Fund:		
Marina Enterprise Fund	249,770	-
Totals	<u>\$ 3,506,349</u>	<u>\$ (3,506,349)</u>

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

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

D. Capital Assets

Capital asset activity for the City's governmental activities for the year ended June 30, 2021 was as follows:

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Governmental Activities:					
Capital Assets, Non-Depreciable:					
Land	\$ 4,272,896	\$ -	\$ -	\$ -	\$ 4,272,896
Construction in Progress	2,620,614	635,658	-	(2,359,618)	896,654
Total Capital Assets, Non-Depreciable	6,893,510	635,658	-	(2,359,618)	5,169,550
Capital Assets, Depreciable:					
Land Improvements	6,729,586	36,560	-	-	6,766,146
Buildings and Improvements	16,932,146	2,853,226	-	2,380,368	22,165,740
Vehicles and Vehicle Equipment	5,957,033	875,868	(642,528)	-	6,190,373
Equipment	2,426,611	102,342	(11,621)	(20,750)	2,496,582
Furniture and Fixtures	70,125	-	-	-	70,125
Total Capital Assets, Depreciable	32,115,501	3,867,996	(654,149)	2,359,618	37,688,966
Total Capital Assets	39,009,011	4,503,654	(654,149)	-	42,858,516
Less: Accumulated Depreciation for:					
Land Improvements	(2,963,672)	(384,168)	-	-	(3,347,840)
Buildings and Improvements	(8,006,065)	(939,017)	-	-	(8,945,082)
Vehicles and Vehicle Equipment	(3,998,436)	(436,817)	642,528	-	(3,792,725)
Equipment	(1,499,186)	(200,566)	11,621	-	(1,688,131)
Furniture and Fixtures	(68,746)	(275)	-	-	(69,021)
Total Accumulated Depreciation	(16,536,105)	(1,960,843)	654,149	-	(17,842,799)
Total Capital Assets, Depreciable, Net	15,579,396	1,907,153	-	2,359,618	19,846,167
Governmental Activities Capital Assets, Net	\$ 22,472,906	\$ 2,542,811	\$ -	\$ -	\$ 25,015,717

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

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

Functions/Programs	Capital Asset Additions	Depreciation Expense
Governmental Activities		
General Government	\$ 13,617	\$ 169,886
Public Safety	3,636,807	1,113,804
Building, Planning, and Engineering	-	22,772
Public Works	769,478	438,404
Recreation	83,752	215,977
Total - Governmental Activities	<u>\$ 4,503,654</u>	<u>\$ 1,960,843</u>

Capital asset activity for the City's business-type activities for the year ended June 30, 2021, was as follows:

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Business-Type Activities:					
Capital Assets, Non-Depreciable:					
Land	\$ 3,035,786	\$ -	\$ -	\$ -	\$ 3,035,786
Construction in Progress	107,257	2,396,612	-	-	2,503,869
Total Capital Assets, Non-Depreciable	<u>3,143,043</u>	<u>2,396,612</u>	<u>-</u>	<u>-</u>	<u>5,539,655</u>
Capital Assets, Depreciable:					
Land Improvements	2,960,827	16,096	-	-	2,976,923
Buildings and Improvements	846,998	-	-	-	846,998
Docks	674,861	-	-	-	674,861
Equipment	841,825	-	-	-	841,825
Total Capital Assets, Depreciable	<u>5,324,511</u>	<u>16,096</u>	<u>-</u>	<u>-</u>	<u>5,340,607</u>
Less: Accumulated Depreciation for:					
Land Improvements	(888,571)	(77,805)	-	-	(966,376)
Buildings and Improvements	(637,936)	(11,250)	-	-	(649,186)
Docks	(603,544)	(17,829)	-	-	(621,373)
Equipment	(337,571)	(28,604)	-	-	(366,175)
Total Accumulated Depreciation	<u>(2,467,622)</u>	<u>(135,488)</u>	<u>-</u>	<u>-</u>	<u>(2,603,110)</u>
Total Capital Assets, Depreciable, Net	<u>2,856,889</u>	<u>(119,392)</u>	<u>-</u>	<u>-</u>	<u>2,737,497</u>
Business-Type Activities Capital Assets, Net	<u>\$ 5,999,932</u>	<u>\$ 2,277,220</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,277,152</u>

E. Long-Term Obligations

General Obligation Bonds

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

City of Isle of Palms, South Carolina

Notes to the Financial Statements

Details on the City's debt outstanding as of June 30, 2021 are as follows:

General Obligation Bonds	Principal Outstanding at Year End
\$6,700,000 General Obligation Bonds Series 2008 (Series 2008B) issued in August 2008 to defray the cost of constructing and equipping a new public safety building and renovating certain municipal facilities. Principal is payable annually and interest, at 4.14%, semi-annually. Annual debt service requirements range from approximately \$375,000 to \$450,000 through March 2028 and are being paid 100% by the General Fund.	\$ 2,825,000
\$1,500,000 General Obligation Refunding Bond Series 2015 (Series 2015) issued in February 2015 to refund the remaining balance on the \$2,900,000 General Obligation Bond (Series 2003) issued in July 2003 which originally financed the expansion of the recreation center (which was approved through voter referendum and thus not subject to the 8% debt limit). Principle is payable annually and interest, at 1.68%, semi-annually. Annual debt service requirements of approximately \$215,000 through June 2023 and are being paid 60% by the General Fund and 40% by the Municipal Accommodations Fee Fund.	420,000
\$2,235,000 General Obligation Refunding Bond Series 2016 (Series 2016) issued in April 2016 to refund the remaining balance on the \$3,650,000 General Obligation Bond (Series 2006) issued in August 2006 which originally financed the construction and equipping of Fire Station 2. Principal is payable annually and interest, at 1.88%, semi-annually. Annual debt service requirements range from approximately \$243,000 to \$280,000 through June 2026 and are being paid 60% by the General Fund and 40% by the Municipal Accommodations Fee Fund.	1,255,000
\$4,300,000 General Obligation Bond Series 2020 (Series 2020) issued in November 2020 to defray the cost of the Marina Dock and Bulkhead Project. Principal is payable annually and interest, at 2.16%, semi-annually. Annual debt service requirements is approximately \$333,000 through June 2035 and are being paid by the Marina Enterprise Fund.	3,992,000
\$3,500,000 General Obligation Bond Series 2021 (Series 2021) issued in January 2021 to defray the cost of Phase III of the drainage project. Principal is payable annually and interest, at 1.71%, semi-annually. Annual debt service requirements range from approximately \$236,000 to \$261,000 through June 2035 and are being paid by the General Fund.	3,253,000
Total General Obligation Bonds	\$ 11,745,000

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

Interest paid on the debt currently issued by the City is exempt from federal income tax. The City sometimes temporarily reinvests the proceeds of such tax-exempt debt in higher-yielding taxable securities (via the Pool), especially during construction projects. The federal tax code refers to this practice as arbitrage. Excess earnings (the difference between the interest on the debt and the investment earnings received) resulting from arbitrage must be rebated to the federal government. The City had no arbitrage liability at June 30, 2021.

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

Debt Service Requirements to Maturity

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

Year Ended June 30,	GOB		Totals
	Principal	Interest	
<u>Governmental Activities</u>			
2022	\$ 1,018,000	\$ 203,237	\$ 1,221,237
2023	1,036,000	176,392	1,212,392
2024	840,000	149,219	989,219
2025	858,000	125,316	983,316
2026	922,000	101,083	1,023,083
2027-2035	3,079,000	246,366	3,325,366
Totals	<u>\$ 7,753,000</u>	<u>\$ 1,001,613</u>	<u>\$ 8,754,613</u>
<u>Business-Type Activities</u>			
2022	\$ 247,000	\$ 86,228	\$ 333,228
2023	253,000	80,892	333,892
2024	258,000	75,428	333,428
2025	264,000	69,854	333,854
2026	289,000	64,152	353,152
2027-2035	2,681,000	300,046	2,981,046
Totals	<u>\$ 3,992,000</u>	<u>\$ 676,600</u>	<u>\$ 4,668,600</u>

Capital Lease

At June 30, 2021, the City is obligated under leases that are classified as capital leases.

In March 2020, the City entered into a lease purchase agreement for a fire department vehicle. The lease is for a total of \$848,267 and calls for annual payments of \$91,915. The final payment under this lease is due in March 2029.

Future minimum lease payments under the capital lease describe above are as follows:

Year Ended June 30,	Capital Lease		Totals
	Principal	Interest	
<u>Governmental Activities</u>			
2022	79,502	12,413	91,915
2023	80,957	10,958	91,915
2024	82,439	9,476	91,915
2025	83,948	7,967	91,915
2026	85,483	6,431	91,914
2027-2029	265,951	9,793	275,744
Totals	\$ 678,280	\$ 57,038	\$ 735,318

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

Presented below is a summary of changes in long-term obligations for the year ended June 30, 2021, for the City's governmental activities. There were no business-type activities long-term obligations for the year ended June 30, 2021.

Long-Term Obligations	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities:					
GOB Debt:					
GOB - Series 2008B	\$ 3,200,000	\$ -	\$ 375,000	\$ 2,825,000	\$ 375,000
GOB - Series 2015	630,000	-	210,000	420,000	210,000
GOB - Series 2016	1,470,000	-	215,000	1,255,000	225,000
GOB - Series 2021	-	3,500,000	247,000	3,253,000	208,000
Total GOB Debt	5,300,000	3,500,000	1,047,000	7,753,000	1,018,000
Accrued Compensated Absences	351,037	208,909	219,280	340,666	213,591
Capital Lease Payable	756,352	-	78,072	678,280	79,502
Total Governmental Activities	\$ 6,407,389	\$ 3,708,909	\$ 1,344,352	\$ 8,771,946	\$ 1,311,093
Business-Type Activities:					
GOB Debt:					
GOB - Series 2020	\$ -	\$ 4,300,000	\$ 308,000	\$ 3,992,000	\$ 247,000
Total Business-Type Activities	\$ -	\$ 4,300,000	\$ 308,000	\$ 3,992,000	\$ 247,000

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

Article Eight, Section Seven of the South Carolina Constitution of 1895, as amended, provides that no city shall incur any bonded debt which shall exceed eight percent (8%) of the assessed value of the property therein and no such debt shall be created without the electors of such city or city voting in favor of such further bonded debt. Prior to Home Rule Act of July 1, 1976, the bonded debt exemption was thirty five percent (35%). In 1976, the General Assembly reduced the general obligation debt limit, without voter approval to eight percent (8%) of assessed valuation; whereas, with a referendum any amount can be floated. As of June 30, 2021, the City had \$11,325,000 of bonded debt subject to the 8% limit of approximately \$19,680,000 available, resulting in an unused legal debt margin of approximately \$8,355,000.

The City incurred interest expense of approximately \$194,000 and \$47,000 for its governmental and business-type activities debt, respectively.

F. Marina Revenue

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

- The City dock lease (marine operations) – rent income of approximately \$181,000 for the year ended June 30, 2021. The lease expires on January 31, 2045.

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

- Marina store lease – rent income of approximately \$87,000 for the year ended June 30, 2021. The lease expires on January 31, 2045.
- Water sports dock lease – rent income of approximately \$24,000 for the year ended June 30, 2021. The lease expired on September 30, 2020.
- Marina restaurant lease – In FY 21 the City recognized approximately \$60,000 in lease income from the former restaurant tenant. The City entered into a lease agreement with a new tenant in November 2020 with rent commencing on August 1, 2021. The new lease expires on January 30, 2045.

Estimated future annual lease income for the long-term leases in effect as of June 30, 2021 are as follows:

<u>Year Ended June 30,</u>	<u>Amount</u>
2022	311,980
2023	401,980
2024	361,980
2025	371,980
2026	383,180
2027-2031	1,953,244
2032-2036	2,020,204
2037-2041	2,094,133
2042-2046	1,541,184
Totals	<u>\$ 9,439,865</u>

IV. OTHER INFORMATION

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

The City is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets, errors and omissions, and natural disasters. For all of these risks, the City is a member of the South Carolina Municipal Insurance Reserve Fund (SCMIRF), a public entity risk pool operating as a common risk management and insurance program for local governments for general risk. The City pays an annual premium for this coverage. For the year ended June 30, 2021, the City's premium costs totaled approximately \$323,000. SCMIRF's net position from its most recently issued audited financial statements at December 31, 2020, totaled approximately \$14,492,000.

The City has also joined together with other municipalities in the state to form the South Carolina Municipal Insurance Trust (SCMIT), a public entity risk pool operating as a common risk management and insurance program for workers' compensation. The City pays an annual premium to SCMIT. For the year ended June 30, 2021, the City made premium payments totaling approximately \$223,000. The Trust uses reinsurance agreements to reduce its exposure to large workers' compensation losses. SCMIT's net position from its most recently issued audited financial statements at December 31, 2020, totaled approximately \$60,286,000.

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

City of Isle of Palms, South Carolina

Notes to the Financial Statements

B. Health Insurance

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

C. Retirement Plans

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

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

PEBA issues a Comprehensive Annual Financial Report (CAFR) containing financial statements and required supplementary information for the System's Pension Trust Funds. The CAFR is publicly available through PEBA's website at www.peba.sc.gov, or a copy may be obtained by submitting a request to PEBA, 202 Arbor Lake Drive, Columbia, SC 29223. PEBA is 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 comprehensive annual financial report to the state.

Plan Descriptions

The South Carolina Retirement System (SCRS), a cost-sharing multiple-employer defined benefit pension plan, was established July 1, 1945, pursuant to the provisions of Section 9-1-20 of the South Carolina Code of Laws for the purpose of providing retirement and other benefits for teachers and employees of the state and its political subdivisions. SCRS covers employees of state agencies, public school districts, higher education institutions, other participating local subdivisions of government and individuals newly elected to the South Carolina General Assembly at or after the 2012 general election.

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

City of Isle of Palms, South Carolina

Notes to the Financial Statements

Membership

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

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

Benefits

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

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

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

City of Isle of Palms, South Carolina

Notes to the Financial Statements

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

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

Contributions

Actuarial valuations are performed annually by an external consulting actuary to ensure applicable contribution rates satisfy the funding parameters specified in Title 9 of the South Carolina Code of Laws. Under these provisions, SCRS and PORS contribution requirements must be sufficient to maintain an amortization period for the financing of the unfunded actuarial accrued liability (UAAL) over a period that does not exceed the number of years scheduled in state statute. Legislation in 2017 increased, but also established a ceiling for SCRS and PORS employee contributions rates. Effective July 1, 2017, employee rates were increased to a capped rate of 9.00 percent for SCRS and 9.75 percent for PORS. The legislation also increased employer contribution rates beginning July 1, 2017 for both SCRS and PORS by two percentage points and further scheduled employer contribution rates to increase by a minimum of one percentage point each year in accordance with state statute. However, the General Assembly postponed the one percent increase in the SCRS and contributions are not sufficient to meet the funding periods set in state statute, the board shall increase the employer contribution rates as necessary to meet the funding periods set for the applicable year. The maximum funding period of SCRS and PORS is scheduled to be reduced over a ten-year schedule from 30 years beginning fiscal year 2018 to 20 years by fiscal year 2028.

Additionally, the Board is prohibited from decreasing the SCRS and PORS contribution rates until the funded ratio is at least 85 percent. If the most recent annual actuarial valuation of the Systems for funding purposes shows a ratio of the actuarial value of a system assets to the actuarial accrued liability of the system (the funded ratio) that is equal to or greater than 85 percent, then the board, effective on the following July 1, may decrease the then current contribution rates upon making a finding that the decrease will not result in a funded ratio of less than 85 percent. If contribution rates are decreased pursuant to this provision, and the most recent annual actuarial valuation of the system shows a funded ratio of less than 85 percent, then effective on the following July 1, and annually thereafter as necessary, the board shall increase the then current contribution rates until a subsequent annual actuarial valuation of the system shows a funded ratio that is equal to or greater than 85 percent.

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

Required **employee** contribution rates for fiscal years 2020 and 2021 are as follows:

SCRS

Employee Class Two	9.00%
Employee Class Three	9.00%

PORS

Employee Class Two	9.75%
Employee Class Three	9.75%

Required **employer** contribution rates for fiscal years 2020 and 2021 are as follows:

SCRS

Employee Class Two	15.41%
Employee Class Three	15.41%
Employer Incidental Death Benefit	0.15%

PORS

Employee Class Two	17.84%
Employee Class Three	17.84%
Employer Incidental Death Benefit	0.20%
Employer Accidental Death Program	0.20%

Net Pension Liability

The most recent annual actuarial valuation reports adopted by the PEBA Board and Budget and Control Board are as of July 1, 2019. The net pension liability of each defined benefit pension plan was therefore determined based on the July 1, 2019 actuarial valuations, using membership data as of July 1, 2019, projected forward to the end of the fiscal year, and financial information of the pension trust funds as of June 30, 2020, using generally accepted actuarial procedures. Information included in the following schedules is based on the certification provided by PEBA's consulting actuary, Gabriel, Roeder, Smith and Company.

The net pension liability (NPL) is calculated separately for each system and represents that particular system's total pension liability determined in accordance with GASB No. 67 less that System's fiduciary net position. For the year ended June 30, 2020, NPL amounts and the change in NPL amounts for SCRS and PORS are as follows:

System	Total Pension Liability	Plan Fiduciary Net Position	Employers' Net Pension Liability (Asset)	Plan Fiduciary Net Position as a Percentage of the Total Pension
SCRS	\$51,844,187,763	\$26,292,418,682	\$25,551,769,081	50.7%
PORS	\$8,046,386,629	\$4,730,174,642	\$3,316,211,987	58.8%

City of Isle of Palms, South Carolina

Notes to the 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 for first use in the July 1, 2021 actuarial.

The total pension liability (TPL) is calculated by the Systems' actuary, and each plan's fiduciary net position is reported in the Systems' financial statements. The NPL is disclosed in accordance with the requirements of GASB 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 67 and 68 are not applicable for other purposes, such as determining the plans' funding requirements.

The following table provides a summary of the actuarial cost method and assumptions used to calculate the TPL as of June 30, 2020.

Actuarial assumptions:	SCRS	PORS
Actuarial cost method	Entry age	Entry age
Investment rate of return	7.25%	7.25%
Projected salary increases*	3.0% to 12.5% (varies by service)*	3.5% to 9.5% (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. This assumption includes base rates which are automatically adjusted for future improvement in mortality using published Scale AA projected from the year 2016.

Former Job Class	Males	Females
Educators	2016 PRSC Males multiplied by 92%	2016 PRSC Females multiplied by 98%
General Employees and Members of the General Assembly	2016 PRSC Males multiplied by 100%	2016 PRSC Females multiplied by 111%
Public Safety and Firefighters	2016 PRSC Males multiplied by 125%	2016 PRSC Females multiplied by 111%

City of Isle of Palms, South Carolina

Notes to the Financial Statements

At June 30, 2021, the City reported liabilities of approximately \$4,745,000 and \$6,915,000 for its proportionate share of the NPLs for the SCRS and PORS (Plans), respectively. The NPLs were measured as of June 30, 2020, and the total pension liabilities for the Plans used to calculate the NPLs were determined based on the most recent actuarial valuation report as of July 1, 2017 that was projected forward to the measurement date. The City's proportion of the NPLs were based on a projection of the City's long-term share of contributions to the Plans relative to the projected contributions of all participating South Carolina state and local governmental employers, actuarially determined. At June 30, 2020, the City's SCRS proportion was 0.018572 percent, which increased slightly from the prior year. At June 30, 2020, the City's PORS proportion was 0.208518 percent, which decreased slightly from the prior year.

For the year ended June 30, 2021, the City recognized pension expense of approximately \$502,000 and \$875,000 for the SCRS and PORS, respectively. Components of collective pension expense for the year ended June 30, 2021 are presented below:

	SCRS	PORS
Service cost (annual cost of current service)	\$ 171,104	\$ 363,958
Interest on the total pension liability	622,997	1,004,378
Plan administrative costs	2,494	4,521
Plan member contributions	(161,828)	(278,054)
Expected return on plan assets	(343,205)	(638,954)
Recognition of current year amortization - difference between expected and actual experience and assumption changes	83,255	192,233
Recognition of current year amortization - difference between projected and actual investment earnings	126,425	228,511
Other	270	(1,803)
Total	<u>\$ 501,512</u>	<u>\$ 874,790</u>

City of Isle of Palms, South Carolina
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At June 30, 2021, the City reported deferred outflows of resources (deferred pension charges) and deferred inflows of resources (deferred pension credits) related to pensions from the following sources:

	Deferred outflows of resources	Deferred inflows of resources
<u>SCRS:</u>		
Differences between expected and actual experience	\$ 54,756	\$ 17,944
Changes of assumptions	5,814	-
Net difference between projected and actual earnings on pension plan investments	349,065	-
Changes in proportion and differences between City contributions and proportionate share of contributions	36,425	202,206
City contributions subsequent to the measurement date	324,778	-
Total	<u>\$ 770,838</u>	<u>\$ 220,150</u>
	Deferred outflows of resources	Deferred inflows of resources
<u>PORS:</u>		
Differences between expected and actual experience	\$ 146,956	\$ 30,438
Changes of assumptions	84,384	-
Net difference between projected and actual earnings on pension plan investments	708,069	-
Changes in proportion and differences between City contributions and proportionate share of contributions	64,903	417,162
City contributions subsequent to the measurement date	588,490	-
Total	<u>\$ 1,592,802</u>	<u>\$ 447,600</u>

Approximately \$325,000 and \$588,000 that were reported as deferred outflows of resources related to the City's contributions subsequent to the measurement date to the SCRS and PORS, respectively, will be recognized as a reduction of the NPL in the year ended June 30, 2022.

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

Year ended June 30:	SCRS	PORS	Total
2021	\$ 30,378	\$ 148,308	\$ 178,686
2022	38,766	79,673	118,439
2023	67,691	154,490	222,181
2024	89,075	174,239	263,314
	<u>\$ 225,910</u>	<u>\$ 556,710</u>	<u>\$ 782,620</u>

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

Long-term Expected Rate of Return

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

The expected returns, along with the expected inflation rate, form the basis for the target asset allocation adopted at the beginning of the 2020 fiscal year. The long-term expected rate of return is produced by weighting the expected future real rates of return by the target allocation percentage and adding expected inflation and is summarized in the table below. For actuarial purposes, the 7.25 percent assumed annual investment rate of return used in the calculation of the TPL includes a 5.00 percent real rate of return and a 2.25 percent inflation component.

<u>Allocation / Exposure</u>	<u>Policy Target</u>	<u>Expected Arithmetic Real Rate of Return</u>	<u>Long-Term Expected Portfolio Real Rate of Return</u>
Global Equity	51.0%		
Global Public Equity	35.0%	7.81%	2.73%
Private Equity	9.0%	8.91%	0.80%
Equity Options Strategies	7.0%	5.09%	0.36%
Real Assets	12.0%		
Real Estate (Private)	8.0%	5.55%	0.44%
Real Estate (REITs)	1.0%	7.78%	0.08%
Infrastructure (Private)	2.0%	4.88%	0.10%
Infrastructure (Public)	1.0%	7.05%	0.06%
Opportunistic	8.0%		
Global Tactical Asset Allocation	7.0%	3.56%	0.25%
Other Opportunistic Strategies	1.0%	4.41%	0.04%
Credit	15.0%		
High Yield Bonds / Bank Loans	4.0%	4.21%	0.17%
Emerging Markets Debt	4.0%	3.44%	0.14%
Private Debt	7.0%	5.79%	0.40%
Rate Sensitive	14.0%		
Core Fixed Income	13.0%	1.60%	0.21%
Cash and Short Duration (Net)	1.0%	0.56%	0.01%
Total Expected Real Return	100.0%		5.80%
Inflation for Actuarial Purposes			2.25%
Total Expected Nominal Return			8.05%

Discount Rate

The discount rate used to measure the TPL was 7.25 percent. The projection of cash flows used to determine the discount rate assumed that contributions from participating employers in SCRS and PORS will be made based on the actuarially determined rates based on provisions in the South Carolina State Code of Laws. Based on those assumptions, 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.

City of Isle of Palms, South Carolina

Notes to the Financial Statements

Sensitivity Analysis

The following table presents the sensitivity of the City's proportionate share of the NPL of the Plans as of June 30, 2020 to changes in the discount rate, calculated using the discount rate of 7.25 percent, as well as what it would be if it were calculated using a discount rate that is 1.00% point lower (6.25 percent) or 1% point higher (8.25 percent) than the current rate:

System	1.00% Decrease (6.25%)	Discount Rate (7.25%)	1.00% Increase (8.25%)
SCRS	\$ 5,881,434	\$ 4,745,412	\$ 3,796,935
PORS	\$ 9,154,162	\$ 6,914,893	\$ 5,116,915

Payable to Plans

The City reported payables of \$273,590 to PEBA as of June 30, 2021, representing required employer and employee contributions related to 2021. These amounts are included in Other Accrued Liabilities on the financial statements and have been paid subsequent to year end.

C. Other Postemployment Benefits

Upon retirement from the City, employees who meet certain eligibility requirements have the option to retain health insurance through the Health Plan paying the applicable retiree rate. The Health Plan and the City's Personnel Manual establish the requirements for post-employment healthcare benefits. Presently there are no retired participants who opted to retain health insurance through the Health Plan. For the fiscal year ended June 30, 2021, there were no material liabilities or expenditures to be required with GASB Statement No. 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions".

D. Commitments and Contingencies

The City receives financial assistance from various federal, state, and local governmental agencies in the form of grants. Disbursements of funds received under these programs generally require compliance with the terms and conditions specified in the grant agreements. The disbursements are also subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material effect on any of the financial statements included herein or on the overall financial position of the City at June 30, 2021.

E. Litigation

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



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

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

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

City of Isle of Palms, South Carolina
Required Supplementary Information (Unaudited)
Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budgets and Actual – General Fund
Year Ended June 30, 2021

	Budgeted Amounts		Actual	Variance
	Original	Final		
Revenues				
Property Taxes	\$ 4,757,390	\$ 4,757,390	\$ 4,804,448	\$ 47,058
Local Option Sales Tax	640,742	640,742	970,759	330,017
Intergovernmental	214,785	214,785	371,228	156,443
Licenses and Permits	3,381,654	3,381,654	4,806,229	1,424,575
Fines and Forfeitures	144,000	144,000	415,747	271,747
Revenues From Use of Properties (Marina excluded)	1,211,400	1,211,400	1,271,544	60,144
Interest	103,000	103,000	11,007	(91,993)
Other Revenues	204,900	204,900	236,707	31,807
Total Revenues	10,657,871	10,657,871	12,887,669	2,229,798
Expenditures				
General Government:				
Mayor and Council	145,415	145,415	127,161	18,254
Administration	1,043,287	1,043,287	870,099	173,188
Judicial and Legal	223,855	223,855	249,821	(25,966)
Public Safety:				
Police Department	2,706,950	2,706,950	2,624,490	82,460
Fire Department	3,286,074	3,286,074	3,368,032	(81,958)
Building, Planning, and Engineering	421,438	421,438	413,376	8,062
Public Works	1,390,818	1,390,818	1,441,970	(51,152)
Recreation:				
Recreation Department	941,606	941,606	867,242	74,364
Recreation Programs	96,750	96,750	82,625	14,125
Non-Departmental:				
Parking Meters	102,187	102,187	88,264	13,923
Debt Service:				
Principal	752,990	752,990	834,000	(81,010)
Interest	244,745	244,745	159,029	85,716
Total Expenditures	11,356,115	11,356,115	11,126,109	230,006
Excess of Revenues Over Expenditures	(698,244)	(698,244)	1,761,560	2,459,804
Other Financing Sources (Uses)				
Transfer In	877,236	877,236	873,002	(4,234)
Transfer Out	(183,992)	(183,992)	(2,380,577)	(2,196,585)
Sale of Capital Assets	5,000	5,000	7,038	2,038
Total Other Financing Sources (Uses)	698,244	698,244	(1,500,537)	(2,198,781)
Net Changes In Fund Balances	-	-	261,023	261,023
Fund Balances, Beginning of Year	6,457,431	6,457,431	6,457,431	-
Fund Balances, End of Year	\$ 6,457,431	\$ 6,457,431	\$ 6,718,454	\$ 261,023

City of Isle of Palms, South Carolina
Required Supplementary Information (Unaudited)
Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budgets and Actual – Municipal Accommodations Fee Fund
Year Ended June 30, 2021

	Budgeted Amounts			
	Original	Final	Actual	Variance
Revenues				
Accommodation Fee Revenue	\$ 787,500	\$ 787,500	\$ 1,318,141	\$ 530,641
County Accommodations Fee Revenue	-	-	508,000	508,000
Sale of Assets	5,000	5,000	-	(5,000)
Interest	37,000	37,000	2,386	(34,614)
Total Revenues	829,500	829,500	1,828,527	999,027
Expenditures				
Current:				
General Government	68,460	68,460	57,231	11,229
Public Safety	31,000	31,000	31,008	(8)
Public Works	32,000	32,000	8,976	23,024
Non-Departmental:				
Public Restrooms	232,400	232,400	238,978	(6,578)
Capital Outlay	932,040	932,040	810,791	121,249
Debt Service:				
Principal	84,000	84,000	84,000	-
Interest	4,234	4,234	4,234	-
Total Expenditures	1,384,134	1,384,134	1,235,294	148,840
Excess (Deficiency) of Revenues Over Expenditures	(554,634)	(554,634)	593,233	1,147,867
Other Financing Sources (Uses)				
Transfer Out	(291,451)	(291,451)	(281,700)	9,751
Total Other Financing Sources (Uses)	(291,451)	(291,451)	(281,700)	9,751
Net Changes In Fund Balances	(846,085)	(846,085)	311,533	1,157,618
Fund Balances, Beginning of Year	1,283,622	1,283,622	1,283,622	-
Fund Balances, End of Year	\$ 437,537	\$ 437,537	\$ 1,595,155	\$ 1,157,618

City of Isle of Palms, South Carolina
Required Supplementary Information (Unaudited)
Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budgets and Actual – State Accommodations Tax Fund
Year Ended June 30, 2021

	Budgeted Amounts			
	Original	Final	Actual	Variance
Revenues				
Accommodations Tax Revenue	\$ 1,420,918	\$ 1,420,918	\$ 2,322,494	\$ 901,576
Interest	34,000	34,000	3,386	(30,614)
Total Revenues	<u>1,454,918</u>	<u>1,454,918</u>	<u>2,325,880</u>	<u>870,962</u>
Expenditures				
Current:				
General Government	519,813	519,813	762,092	(242,279)
Public Safety	7,100	7,100	3,096	4,004
Public Works	7,500	7,500	5,643	1,857
Recreation:				
Recreation Department	12,000	12,000	11,695	305
Non-Departmental:				
Public Restrooms	192,280	192,280	146,352	45,928
Capital Outlay	825,040	825,040	562,055	262,985
Debt Service:				
Principal	78,073	78,073	78,073	-
Interest	13,841	13,841	13,841	-
Total Expenditures	<u>1,655,647</u>	<u>1,655,647</u>	<u>1,582,847</u>	<u>72,800</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(200,729)</u>	<u>(200,729)</u>	<u>743,033</u>	<u>943,762</u>
Other Financing Sources (Uses)				
Transfer Out	(583,686)	(583,686)	(625,523)	(41,837)
Sale of Capital Assets	5,000	5,000	-	(5,000)
Total Other Financing Sources (Uses)	<u>(578,686)</u>	<u>(578,686)</u>	<u>(625,523)</u>	<u>(46,837)</u>
Net Changes In Fund Balances	<u>(779,415)</u>	<u>(779,415)</u>	<u>117,510</u>	<u>896,925</u>
Fund Balances, Beginning of Year	<u>1,680,863</u>	<u>1,680,863</u>	<u>1,680,863</u>	<u>-</u>
Fund Balances, End of Year	<u>\$ 901,448</u>	<u>\$ 901,448</u>	<u>\$ 1,798,373</u>	<u>\$ 896,925</u>

City of Isle of Palms, South Carolina
Required Supplementary Information (Unaudited)
Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budgets and Actual – Hospitality Tax Fund
Year Ended June 30, 2021

	Budgeted Amounts		Actual	Variance
	Original	Final		
Revenues				
Hospitality Taxes	\$ 615,860	\$ 615,860	\$ 730,503	\$ 114,643
Interest	24,000	24,000	1,944	(22,056)
Total Revenues	<u>639,860</u>	<u>639,860</u>	<u>732,447</u>	<u>92,587</u>
Expenditures				
Current:				
Public Safety	42,000	42,000	15,184	26,816
Public Works	462,088	462,088	344,028	118,060
Recreation	28,000	28,000	11,623	16,377
Capital Outlay	380,000	380,000	235,676	144,324
Debt Service:				
Principal	129,000	129,000	129,000	-
Interest	16,582	16,582	16,582	-
Total Expenditures	<u>1,057,670</u>	<u>1,057,670</u>	<u>752,093</u>	<u>305,577</u>
Excess of Revenues Over Expenditures	<u>(417,810)</u>	<u>(417,810)</u>	<u>(19,646)</u>	<u>398,164</u>
Other Financing Uses				
Transfer Out	(218,549)	(218,549)	(218,549)	-
Total Other Financing Uses	<u>(218,549)</u>	<u>(218,549)</u>	<u>(218,549)</u>	<u>-</u>
Net Changes In Fund Balances	<u>(636,359)</u>	<u>(636,359)</u>	<u>(238,195)</u>	<u>398,164</u>
Fund Balances, Beginning of Year	<u>1,113,231</u>	<u>1,113,231</u>	<u>1,113,231</u>	<u>-</u>
Fund Balances, End of Year	<u>\$ 476,872</u>	<u>\$ 476,872</u>	<u>\$ 875,036</u>	<u>\$ 398,164</u>

City of Isle of Palms, South Carolina
Required Supplementary Information (Unaudited)
Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budgets and Actual – Beach Preservation Fund
Year Ended June 30, 2021

	Budgeted Amounts		Actual	Variance
	Original	Final		
Revenues				
Beach preservation fee	\$ 787,500	\$ 787,500	\$ 1,318,141	\$ 530,641
Interest	45,000	45,000	6,892	(38,108)
Total Revenues	<u>832,500</u>	<u>832,500</u>	<u>1,325,033</u>	<u>492,533</u>
Expenditures				
Current:				
General Government	174,394	174,394	23,215	151,179
Capital Outlay	120,000	120,000	-	120,000
Total Expenditures	<u>294,394</u>	<u>294,394</u>	<u>23,215</u>	<u>271,179</u>
Excess of Revenues Over Expenditures	<u>538,106</u>	<u>538,106</u>	<u>1,301,818</u>	<u>763,712</u>
Net Changes In Fund Balances	<u>538,106</u>	<u>538,106</u>	<u>1,301,818</u>	<u>763,712</u>
Fund Balances, Beginning of Year	3,454,195	3,454,195	3,454,195	-
Fund Balances, End of Year	<u>\$ 3,992,301</u>	<u>\$ 3,992,301</u>	<u>\$ 4,756,013</u>	<u>\$ 763,712</u>

City of Isle of Palms, South Carolina
Required Supplementary Information (Unaudited)
Schedule of the City's Proportionate Share of Net Pension Liability
South Carolina Retirement System
Year Ended June 30, 2021

	Year Ended June 30,						
	2021	2020	2019	2018	2017	2016	2015
City of Isle of Palms' proportion of the net pension liability	0.018572%	0.019538%	0.019916%	0.019257%	0.019055%	0.018636%	0.018910%
City of Isle of Palms' proportionate share of the net pension liability	<u>\$ 4,745,412</u>	<u>\$ 4,461,231</u>	<u>\$ 4,462,643</u>	<u>\$ 4,335,060</u>	<u>\$ 4,070,120</u>	<u>\$ 3,534,218</u>	<u>\$ 3,255,503</u>
City of Isle of Palms' covered payroll during measurement period	<u>\$ 2,069,765</u>	<u>\$ 2,063,111</u>	<u>\$ 2,063,898</u>	<u>\$ 1,942,949</u>	<u>\$ 1,845,203</u>	<u>\$ 1,747,268</u>	<u>\$ 1,718,609</u>
City of Isle of Palms' proportionate share of the net pension liability as a percentage of its covered-employee payroll	229.27%	216.24%	216.22%	223.12%	220.58%	202.27%	189.43%
Plan fiduciary net position as a percentage of the total pension liability	50.70%	54.40%	54.10%	53.30%	52.90%	57.00%	59.92%

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

City of Isle of Palms, South Carolina
Required Supplementary Information (Unaudited)
Schedule of the City's Contributions
South Carolina Retirement System
Year Ended June 30, 2021

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 324,778	\$ 322,055	\$ 279,865	\$ 279,865	\$ 224,605	\$ 204,079	\$ 190,452	\$ 181,973
Contributions in relation to the contractually required contribution	<u>(324,778)</u>	<u>(322,055)</u>	<u>(279,865)</u>	<u>(279,865)</u>	<u>(224,605)</u>	<u>(204,079)</u>	<u>(190,452)</u>	<u>(181,973)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City of Isle of Palms' covered-employee payroll	<u>\$ 2,087,260</u>	<u>\$ 2,069,765</u>	<u>\$ 2,063,111</u>	<u>\$ 2,063,898</u>	<u>\$ 1,942,949</u>	<u>\$ 1,845,203</u>	<u>\$ 1,747,268</u>	<u>\$ 1,718,609</u>
Contributions as a percentage of covered-employee payroll	15.56%	15.56%	13.57%	13.56%	11.56%	11.06%	10.90%	10.59%

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

City of Isle of Palms, South Carolina
Required Supplementary Information (Unaudited)
Schedule of the City's Proportionate Share of Net Pension Liability
South Carolina Police Officers Retirement System
Year Ended June 30, 2021

	Year Ended June 30,						
	2021	2020	2019	2018	2017	2016	2015
City of Isle of Palms' proportion of the net pension liability	0.208518%	0.216172%	0.235181%	0.226290%	0.230280%	0.226240%	0.210300%
City of Isle of Palms' proportionate share of the net pension liability	<u>\$ 6,914,893</u>	<u>\$ 6,195,349</u>	<u>\$ 6,663,950</u>	<u>\$ 6,199,297</u>	<u>\$ 5,840,969</u>	<u>\$ 4,931,002</u>	<u>\$ 4,025,983</u>
City of Isle of Palms' covered payroll during measurement period	<u>\$ 3,152,136</u>	<u>\$ 3,135,480</u>	<u>\$ 3,229,223</u>	<u>\$ 3,047,364</u>	<u>\$ 2,885,754</u>	<u>\$ 2,802,857</u>	<u>\$ 2,526,375</u>
City of Isle of Palms' proportionate share of the net pension liability as a percentage of its covered-employee payroll	219.37%	197.59%	206.36%	203.43%	202.41%	175.93%	159.36%
Plan fiduciary net position as a percentage of the total pension liability	58.80%	62.70%	61.70%	60.90%	60.40%	64.60%	67.55%

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

City of Isle of Palms, South Carolina
Required Supplementary Information (Unaudited)
Schedule of the City's Contributions
South Carolina Police Officers Retirement System
Year Ended June 30, 2021

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

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

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Supplementary Information

NON-MAJOR GOVERNMENTAL FUND DESCRIPTIONS

SPECIAL REVENUE FUNDS

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

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

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

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City of Isle of Palms, South Carolina
Combining Balance Sheet
Non-Major Governmental Funds
June 30, 2021

	Victim Assistance Fund	Recreation Building Fund	Total Non-Major Funds
Assets			
Cash and Cash Equivalents - Restricted	\$ 37,201	\$ 91,414	\$ 128,615
Due from Other Funds	1,472	-	1,472
Total Assets	\$ 38,673	\$ 91,414	\$ 130,087
Liabilities			
Accounts Payable	\$ 43	\$ 1,080	\$ 1,123
Total Liabilities	43	1,080	1,123
Fund Balances			
Restricted	38,630	-	38,630
Assigned	-	90,334	90,334
Total Fund Balances	38,630	90,334	128,964
Total Liabilities and Fund Balances	\$ 38,673	\$ 91,414	\$ 130,087

City of Isle of Palms, South Carolina
Combining Schedule of Revenues, Expenditures,
and Changes in Fund Balances
Non-Major Governmental Funds
Year Ended June 30, 2021

	Victim Assistance Fund	Recreation Building Fund	Total Non-Major Funds
Revenues			
Fines and Forfeitures	\$ 10,942	\$ -	\$ 10,942
Interest	-	159	159
Other	-	6,947	6,947
Total Revenues	10,942	7,106	18,048
Expenditures			
Current:			
Public Safety	1,424	-	1,424
Recreation	-	4,015	4,015
Total Expenditures	1,424	4,015	5,439
Excess (Deficiency)of Revenues Over Expenditures	9,518	3,091	12,609
Other Financing Sources			
Transfers In	-	3,000	3,000
Total Other Financing Sources	-	3,000	3,000
Net Change In Fund Balances	9,518	6,091	15,609
Fund Balances, Beginning of Year	29,112	84,243	113,355
Fund Balances, End of Year	\$ 38,630	\$ 90,334	\$ 128,964

City of Isle of Palms, South Carolina
Schedule of Detailed Revenues and Expenditures
Budget and Actual – General Fund
Year Ended June 30, 2021

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues			
Property Taxes	<u>\$ 4,757,390</u>	<u>\$ 4,804,448</u>	<u>\$ 47,058</u>
Local Option Sales Tax	<u>640,742</u>	<u>970,759</u>	<u>330,017</u>
Intergovernmental			
State Aid to Subdivisions	95,000	100,679	5,679
State Accommodations Tax Administrative Fee	99,785	147,237	47,452
State Shared Funds - Alcohol	20,000	26,900	6,900
Grants	-	96,412	96,412
Total Intergovernmental	<u>214,785</u>	<u>371,228</u>	<u>156,443</u>
Licenses and Permits			
Business Licenses	1,012,500	1,553,880	541,380
Residential Rental Licenses	750,000	928,524	178,524
Insurance Licenses	662,000	796,001	134,001
Public Utilities	585,604	784,288	198,684
Building Permits	337,500	721,366	383,866
Telecommunication Licenses	20,000	16,761	(3,239)
Transportation	11,000	5,034	(5,966)
Alarm Permits	1,250	375	(875)
Animal Licenses	1,800	-	(1,800)
Total Licenses and Permits	<u>3,381,654</u>	<u>4,806,229</u>	<u>1,424,575</u>
Fines and Forfeitures	<u>144,000</u>	<u>415,747</u>	<u>271,747</u>
Revenue From Use of Properties			
Parking Lot Revenue	419,250	542,155	122,905
Parking Meter Revenue	792,000	729,179	(62,821)
Residential Guest Parking Revenue	150	210	60
Total Revenue From Use of Properties	<u>1,211,400</u>	<u>1,271,544</u>	<u>60,144</u>
Interest			
Interest Income	<u>103,000</u>	<u>11,007</u>	<u>(91,993)</u>
Total Interest	<u>103,000</u>	<u>11,007</u>	<u>(91,993)</u>

City of Isle of Palms, South Carolina
Schedule of Detailed Revenues and Expenditures
Budget and Actual – General Fund
Year Ended June 30, 2021

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Other Revenues			
Recreation Program Income	\$ 63,000	\$ 59,302	\$ (3,698)
Recreation Instructors Income	127,500	142,889	15,389
Miscellaneous	9,000	23,127	14,127
Cart Purchase Revenue	4,000	11,175	7,175
Boat Ramp Fees	1,300	200	(1,100)
Kennel Fees	100	14	(86)
Total Other Revenues	<u>204,900</u>	<u>236,707</u>	<u>31,807</u>
Total Revenues	<u>10,657,871</u>	<u>12,887,669</u>	<u>2,229,798</u>
Expenditures			
General Government			
<u>Mayor and Council:</u>			
Salaries	17,000	17,000	-
Payroll Taxes	1,301	1,299	2
Retirement	2,815	1,946	869
Group Health Insurance	100,143	90,276	9,867
Workers Compensation	456	353	103
Print and Office Supplies	2,100	-	2,100
Meetings and Seminars	12,000	7,178	4,822
Telephone	3,000	1,915	1,085
Insurance	2,100	2,017	83
Miscellaneous and Contingency	4,500	5,177	(677)
Total Mayor and Council	<u>145,415</u>	<u>127,161</u>	<u>18,254</u>
<u>Administration:</u>			
Salaries	407,277	394,715	12,562
Salaries - Overtime	1,665	240	1,425
Payroll Taxes	31,284	29,736	1,548
Retirement	67,721	58,314	9,407
Group Health Insurance	38,828	30,520	8,308
Workers Compensation	4,577	2,737	1,840
Print and Office Supplies	11,000	8,506	2,494
Membership and Dues	5,985	6,974	(989)

City of Isle of Palms, South Carolina
Schedule of Detailed Revenues and Expenditures
Budget and Actual – General Fund
Year Ended June 30, 2021

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Meetings and Seminars	\$ 13,500	\$ 1,174	\$ 12,326
Vehicle, Fuel, and Oil	750	918	(168)
Electric and Gas	4,700	5,063	(363)
Telephone and Cable	10,500	9,498	1,002
Water and Sewer	1,900	1,847	53
Noncapital Tools and Equipment	1,250	952	298
Maintenance and Service Contracts	42,000	29,036	12,964
Machine and Equipment Repair	500	-	500
Cleaning and Sanitary Supplies	1,800	1,490	310
Medical and Lab	600	494	106
Insurance	23,000	17,518	5,482
Rent and Leases	10,450	8,227	2,223
Advertising	6,000	4,945	1,055
Employee Training	59,500	40,875	18,625
Professional Services	127,000	107,207	19,793
Contracted Services	150,000	96,217	53,783
Miscellaneous and Contingency	14,000	5,314	8,686
Bank Service Charges	7,500	7,582	(82)
Total Administration	<u>1,043,287</u>	<u>870,099</u>	<u>173,188</u>
<u>Judicial and Legal:</u>			
Salaries - Full-time	69,418	70,721	(1,303)
Salaries - Over-time	1,576	2,454	(878)
Salaries - Part-time	16,500	15,082	1,418
Payroll Taxes	6,693	6,751	(58)
Retirement	14,489	13,026	1,463
Group Health Insurance	6,792	6,626	166
Workers Compensation	287	165	122
Print and Office Supplies	4,000	3,477	523
Membership and Dues	150	102	48
Meetings and Seminars	700	137	563
Telephone and Cable	4,300	3,470	830
Noncapital Tools and Equipment	800	514	286
Maintenance and Service Contracts	5,000	2,551	2,449
Insurance	800	678	122

City of Isle of Palms, South Carolina
Schedule of Detailed Revenues and Expenditures
Budget and Actual – General Fund
Year Ended June 30, 2021

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Employee Training	\$ 1,500	\$ 508	\$ 992
Professional Services	90,000	123,496	(33,496)
Miscellaneous and Contingency	850	63	787
Total Judicial and Legal	223,855	249,821	(25,966)
Total General Government	1,412,557	1,247,081	165,476

Public Safety

Police Department:

Salaries	1,413,925	1,440,037	(26,112)
Salaries - Over-time	150,774	121,084	29,690
Payroll Taxes	119,699	117,607	2,092
Retirement	293,253	261,371	31,882
Group Health Insurance	235,252	211,261	23,991
Workers Compensation	70,132	49,330	20,802
Print and Office Supplies	14,000	11,923	2,077
Membership and Dues	2,000	849	1,151
Meetings and Seminars	3,000	1,778	1,222
Vehicle, Fuel, and Oil	85,000	64,611	20,389
Vehicle Maintenance	50,000	56,670	(6,670)
Electric and Gas	32,000	27,323	4,677
Telephone and Cable	55,000	51,988	3,012
Water and Sewer	6,000	6,807	(807)
Noncapital Tools and Equipment	2,000	1,561	439
Maintenance and Service Contracts	48,500	61,217	(12,717)
Machine and Equipment Repair	7,000	3,519	3,481
Uniforms	20,715	20,836	(121)
Cleaning and Sanitary Supplies	2,000	4,382	(2,382)
Medical and Lab	4,000	5,796	(1,796)
Insurance	65,000	77,836	(12,836)
Rent and Leases	4,450	6,002	(1,552)
Employee Training	10,000	9,080	920
Professional Services	9,000	7,541	1,459
Contracted Services	-	260	(260)
Miscellaneous and Contingency	3,250	2,992	258
Canine Kennel Expenses	1,000	829	171
Total Police Department	2,706,950	2,624,490	82,460

City of Isle of Palms, South Carolina
Schedule of Detailed Revenues and Expenditures
Budget and Actual – General Fund
Year Ended June 30, 2021

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
<u>Fire Department:</u>			
Salaries - Full-time	\$ 1,627,524	\$ 1,676,622	\$ (49,098)
Salaries - Over-time	285,994	368,910	(82,916)
Salaries - Part-time	16,900	8,087	8,813
Payroll Taxes	147,677	156,399	(8,722)
Retirement	370,471	352,895	17,576
Group Health Insurance	286,857	268,332	18,525
Workers Compensation	78,101	81,520	(3,419)
Print and Office Supplies	5,500	4,003	1,497
Membership and Dues	2,300	1,781	519
Meetings and Seminars	500	110	390
Vehicle, Fuel, and Oil	19,000	13,486	5,514
Vehicle Maintenance	65,000	53,423	11,577
Electric and Gas	44,500	45,845	(1,345)
Telephone and Cable	60,000	56,589	3,411
Water and Sewer	10,600	10,801	(201)
Noncapital Tools and Equipment	4,700	10,578	(5,878)
Maintenance and Service Contracts	61,000	41,037	19,963
Machine and Equipment Repair	10,000	12,261	(2,261)
Uniforms	20,000	11,378	8,622
Cleaning and Sanitary Supplies	4,000	7,533	(3,533)
Medical and Lab	20,000	28,502	(8,502)
Insurance	120,000	130,532	(10,532)
Rent and Leases	3,450	3,954	(504)
Employee Training	10,000	9,572	428
Professional Services	6,000	6,815	(815)
Miscellaneous and Contingency	6,000	7,067	(1,067)
Total Fire Department	3,286,074	3,368,032	(81,958)
Total Public Safety	5,993,024	5,992,522	502
<u>Building, Planning, and Engineering</u>			
Salaries - Full-time	241,181	245,844	(4,663)
Salaries - Over-time	574	588	(14)
Payroll Taxes	18,494	18,177	317
Retirement	40,035	36,348	3,687
Group Health Insurance	40,751	39,426	1,325
Workers Compensation	2,703	2,049	654
Print and Office Supplies	10,000	4,602	5,398
Membership and Dues	1,000	179	821
Meetings and Seminars	500	1,168	(668)
Vehicle, Fuel, and Oil	4,500	4,172	328

City of Isle of Palms, South Carolina
Schedule of Detailed Revenues and Expenditures
Budget and Actual – General Fund
Year Ended June 30, 2021

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Vehicle Maintenance	\$ 1,000	\$ 508	\$ 492
Electric and Gas	4,500	5,063	(563)
Telephone and Cable	5,000	5,831	(831)
Water and Sewer	1,600	1,541	59
Noncapital Tools and Equipment	1,700	708	992
Maintenance and Service Contracts	21,000	25,825	(4,825)
Machine and Equipment Repair	500	-	500
Uniforms	500	388	112
Cleaning and Sanitary Supplies	500	454	46
Medical and Lab	100	30	70
Insurance	9,000	8,725	275
Rent and Leases	1,500	1,194	306
Employee Training	2,000	1,311	689
Professional Services	12,300	9,118	3,182
Miscellaneous and Contingency	500	127	373
Total Building, Planning, and Engineering	<u>421,438</u>	<u>413,376</u>	<u>8,062</u>
Public Works			
Salaries - Full-time	550,706	590,158	(39,452)
Salaries - Over-time	9,796	11,410	(1,614)
Salaries - Part-time	-	22,091	(22,091)
Payroll Taxes	42,878	46,271	(3,393)
Retirement	92,819	88,732	4,087
Group Health Insurance	89,926	92,437	(2,511)
Workers Compensation	36,443	32,039	4,404
Print and Office Supplies	1,500	913	587
Membership and Dues	500	133	367
Meetings and Seminars	500	191	309
Vehicle, Fuel, and Oil	75,000	59,465	15,535
Vehicle Maintenance	90,000	119,113	(29,113)
Electric and Gas	76,000	69,540	6,460
Telephone and Cable	14,000	12,292	1,708
Water and Sewer	4,500	2,035	2,465
Noncapital Tools and Equipment	7,000	6,088	912
Maintenance and Service Contracts	13,000	15,313	(2,313)
Machine and Equipment Repair	4,000	1,732	2,268
Uniforms	11,000	9,827	1,173
Cleaning and Sanitary Supplies	2,500	1,578	922
Medical and Lab	3,000	3,936	(936)
Street Signs	2,000	-	2,000
Insurance	50,000	42,933	7,067
Rent and Leases	1,950	1,502	448

City of Isle of Palms, South Carolina
Schedule of Detailed Revenues and Expenditures
Budget and Actual – General Fund
Year Ended June 30, 2021

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Employee Training	\$ 300	\$ 250	\$ 50
Professional Services	2,000	280	1,720
Temporary Labor	200,000	196,033	3,967
Contracted Services	1,000	968	32
Miscellaneous and Contingency	1,000	697	303
Garbage Cart - Procurement	7,500	14,013	(6,513)
Total Public Works	<u>1,390,818</u>	<u>1,441,970</u>	<u>(51,152)</u>

Recreation

Recreation Department:

Salaries - Full-time	368,534	369,063	(529)
Salaries - Over-time	8,198	4,707	3,491
Salaries - Part-time	200,000	160,615	39,385
Payroll Taxes	44,120	40,006	4,114
Retirement	63,712	56,938	6,774
Group Health Insurance	59,742	55,938	3,804
Workers Compensation	13,030	10,575	2,455
Unemployment Compensation	-	1,994	(1,994)
Print and Office Supplies	10,500	5,509	4,991
Membership and Dues	1,600	1,208	392
Meetings and Seminars	2,000	590	1,410
Vehicle, Fuel, and Oil	3,500	2,164	1,336
Vehicle Maintenance	2,000	1,649	351
Electric and Gas	37,000	31,487	5,513
Telephone and Cable	16,000	11,638	4,362
Water and Sewer	5,000	4,656	344
Noncapital Tools and Equipment	2,200	1,854	346
Maintenance and Service Contracts	41,600	48,233	(6,633)
Machine and Equipment Repair	2,500	2,486	14
Uniforms	1,950	1,838	112
Cleaning and Sanitary Supplies	5,500	4,549	951
Medical and Lab	800	1,040	(240)
Insurance	44,000	41,430	2,570
Rent and Leases	2,500	2,796	(296)
Employee Training	2,000	1,758	242
Professional Services	120	120	-
Miscellaneous and Contingency	3,500	2,401	1,099
Total Recreation Department	<u>941,606</u>	<u>867,242</u>	<u>74,364</u>

City of Isle of Palms, South Carolina
Schedule of Detailed Revenues and Expenditures
Budget and Actual – General Fund
Year Ended June 30, 2021

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
<u>Recreation Programs:</u>			
Five Year Old & Under Play Group	\$ 750	\$ 643	\$ 107
Gymnastics	3,500	2,386	1,114
Special Activities	24,500	18,111	6,389
Summer Camp	14,500	13,119	1,381
Themed Activities	2,000	1,291	709
Adult Sports	13,000	12,115	885
Youth Sports	35,000	32,040	2,960
Teenagers	3,500	2,920	580
	<u>96,750</u>	<u>82,625</u>	<u>14,125</u>
Total Recreation Programs			
	<u>96,750</u>	<u>82,625</u>	<u>14,125</u>
Total Recreation	<u>1,038,356</u>	<u>949,867</u>	<u>88,489</u>
Non-Departmental			
Parking Meters			
Salaries - Over-time	1,500	6,326	(4,826)
Salaries - Part-time	88,940	72,157	16,783
Payroll Taxes	6,919	6,004	915
Workers Compensation	4,828	3,777	1,051
	<u>102,187</u>	<u>88,264</u>	<u>13,923</u>
Total Parking Meters			
	<u>102,187</u>	<u>88,264</u>	<u>13,923</u>
Total Non-Departmental	<u>102,187</u>	<u>88,264</u>	<u>13,923</u>
Debt Service			
Principal	752,990	834,000	(81,010)
Interest	244,745	159,029	85,716
	<u>997,735</u>	<u>993,029</u>	<u>4,706.00</u>
Total Debt Service	<u>997,735</u>	<u>993,029</u>	<u>4,706.00</u>
Total General Fund Expenditures	<u>\$ 11,356,115</u>	<u>\$ 11,126,109</u>	<u>\$ 230,006</u>

City of Isle of Palms, South Carolina
Schedule of Expenditures by Type – Actual
Year Ended June 30, 2021

	General Government		
	Mayor and Council	Administration	Judicial and Legal
Departmental Expenditures			
Salaries - Full-time	\$ 17,000	\$ 394,715	\$ 70,721
Salaries - Over-time	-	240	2,454
Salaries - Part-time	-	-	15,082
Payroll Taxes	1,299	29,736	6,751
Retirement	1,946	58,314	13,026
Group Health Insurance	90,276	30,520	6,626
Workers Compensation	353	2,737	165
Unemployment Compensation	-	-	-
Print and Office Supplies	-	8,506	3,477
Membership and Dues	-	6,974	102
Membership and Seminars	7,178	1,174	137
Vehicle, Fuel, and Oil	-	918	-
Vehicle Maintenance	-	-	-
Electric and Gas	-	5,063	-
Telephone and Cable	1,915	9,498	3,470
Water and Sewer	-	1,847	-
Noncapital Tools and Equipment	-	952	514
Maintenance and Service Contracts	-	29,036	2,551
Machine and Equipment Repair	-	-	-
Uniforms	-	-	-
Cleaning and Sanitary Supplies	-	1,490	-
Medical and Lab	-	494	-
Insurance	2,017	17,518	678
Rent and Leases	-	8,227	-
Advertising	-	4,945	-
Employee Training	-	40,875	508
Professional Services	-	107,207	123,496
Temporary Labor	-	-	-
Contracted Services	-	96,217	-
Miscellaneous and Contingency	5,177	5,314	63
Canine Kennel Expenses	-	-	-
Recreation Instruction Expense	-	-	-
Garbage Cart - Procurement	-	-	-
Bank Service Charges	-	7,582	-
Total Departmental Expenditures	\$ 127,161	\$ 870,099	\$ 249,821

City of Isle of Palms, South Carolina
Schedule of Expenditures by Type – Actual
Year Ended June 30, 2021

	Public Safety		Building, Planning, and Engineering	Public Works Department
	Police Department	Fire Department		
Departmental Expenditures				
Salaries - Full-time	\$ 1,440,037	\$ 1,676,622	\$ 245,844	\$ 590,158
Salaries - Over-time	121,084	368,910	588	11,410
Salaries - Part-time	-	8,087	-	22,091
Payroll Taxes	117,607	156,399	18,177	46,271
Retirement	261,371	352,895	36,348	88,732
Group Health Insurance	211,261	268,332	39,426	92,437
Workers Compensation	49,330	81,520	2,049	32,039
Unemployment Compensation	-	-	-	-
Print and Office Supplies	11,923	4,003	4,602	913
Membership and Dues	849	1,781	179	133
Membership and Seminars	1,778	110	1,168	191
Vehicle, Fuel, and Oil	64,611	13,486	4,172	59,465
Vehicle Maintenance	56,670	53,423	508	119,113
Electric and Gas	27,323	45,845	5,063	69,540
Telephone and Cable	51,988	56,589	5,831	12,292
Water and Sewer	6,807	10,801	1,541	2,035
Noncapital Tools and Equipment	1,561	10,578	708	6,088
Maintenance and Service Contracts	61,217	41,037	25,825	15,313
Machine and Equipment Repair	3,519	12,261	-	1,732
Uniforms	20,836	11,378	388	9,827
Cleaning and Sanitary Supplies	4,382	7,533	454	1,578
Storm Preparation & Cleanup	-	-	-	-
Medical and Lab	5,796	28,502	30	3,936
Street Signs	-	-	-	-
Insurance	77,836	130,532	8,725	42,933
Rent and Leases	6,002	3,954	1,194	1,502
Advertising	-	-	-	-
Employee Training	9,080	9,572	1,311	250
Professional Services	7,541	6,815	9,118	280
Temporary Labor	-	-	-	196,033
Contracted Services	260	-	-	968
Miscellaneous and Contingency	2,992	7,067	127	697
Canine Kennel Expenses	829	-	-	-
Recreation Instruction Expense	-	-	-	-
Garbage Cart - Procurement	-	-	-	14,013
Bank Service Charges	-	-	-	-
	<u>\$ 2,624,490</u>	<u>\$ 3,368,032</u>	<u>\$ 413,376</u>	<u>\$ 1,441,970</u>

City of Isle of Palms, South Carolina
Schedule of Expenditures by Type – Actual
Year Ended June 30, 2021

	Recreation	Non-Departmental Parking Meters	Total
Departmental Expenditures			
Salaries - Full-time	\$ 369,063	\$ -	\$ 4,804,160
Salaries - Over-time	4,707	6,326	515,719
Salaries - Part-time	160,615	72,157	278,032
Payroll Taxes	40,006	6,004	422,250
Retirement	56,938	-	869,570
Group Health Insurance	55,938	-	794,816
Workers Compensation	10,575	3,777	182,545
Unemployment Compensation	1,994	-	1,994
Print and Office Supplies	5,509	-	38,933
Membership and Dues	1,208	-	11,226
Membership and Seminars	590	-	12,326
Vehicle, Fuel, and Oil	2,164	-	144,816
Vehicle Maintenance	1,649	-	231,363
Electric and Gas	31,487	-	184,321
Telephone and Cable	11,638	-	153,221
Water and Sewer	4,656	-	27,687
Noncapital Tools and Equipment	1,854	-	22,255
Maintenance and Service Contracts	48,233	-	223,212
Machine and Equipment Repair	2,486	-	19,998
Uniforms	1,838	-	44,267
Cleaning and Sanitary Supplies	4,549	-	19,986
Medical and Lab	1,040	-	39,798
Insurance	41,430	-	321,669
Rent and Leases	2,796	-	23,675
Advertising	-	-	4,945
Employee Training	1,758	-	63,354
Professional Services	120	-	254,577
Temporary Labor	-	-	196,033
Contracted Services	-	-	97,445
Miscellaneous and Contingency	2,401	-	23,838
Canine Kennel Expenses	-	-	829
Recreation Instruction Expense	82,625	-	82,625
Garbage Cart - Procurement	-	-	14,013
Bank Service Charges	-	-	7,582
	<u>\$ 949,867</u>	<u>\$ 88,264</u>	<u>\$ 10,133,080</u>
		Debt Service	993,029
			<u><u>\$ 11,126,109</u></u>

City of Isle of Palms, South Carolina
Schedule of Fines, Assessments, and Surcharges
Year Ended June 30, 2021

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			\$ 496,778.57	\$ 496,778.57
Court fines and assessments remitted to State Treasurer			\$ (70,089.59)	\$ (70,089.59)
Total Court Fines and Assessments retained	\$ -	\$ -	\$ 426,688.98	\$ 426,688.98
Surcharges and Assessments retained for victim services:				
Surcharges collected and retained			\$ 4,991.58	\$ 4,991.58
Assessments retained			\$ 5,950.65	\$ 5,950.65
Total Surcharges and Assessments retained for victim services	\$ -	\$ -	\$ 10,942.23	\$ 10,942.23

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	\$ 29,111.63		\$ 29,111.63
<u>Victim Service Revenue:</u>			
Victim Service Fines Retained by City/County Treasurer	\$ -		\$ -
Victim Service Assessments Retained by City/County Treasurer	\$ 5,950.65		\$ 5,950.65
Victim Service Surcharges Retained by City/County Treasurer	\$ 4,991.58		\$ 4,991.58
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)	\$ 40,053.86	\$ -	\$ 40,053.86

City of Isle of Palms, South Carolina
Schedule of Fines, Assessments, and Surcharges
Year Ended June 30, 2021

Expenditures for Victim Service Program:	Municipal	County	Total
Salaries and Benefits			\$ -
Operating Expenditures	\$ 1,424.42		\$ 1,424.42
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)	\$ 1,424.42	\$ -	\$ 1,424.42
Total Victim Service Funds Retained by Municipal/County Treasurer (A-B)	\$ 38,629.44		\$ 38,629.44
Less: Prior Year Fund Deficit Repayment			\$ -
Carryforward Funds – End of Year	\$ 38,629.44	\$ -	\$ 38,629.44

**Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance
and Other Matters Based on an Audit of Financial Statements Performed
in Accordance with *Government Auditing Standards***

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

We have audited the City of Isle of Palms (the City), in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively compromise the City's basic financial statements, and have issued our report thereon dated **October XX, 2021**.

Internal Control over Financial Reporting

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

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. However, as described in the accompanying Schedule of Findings and Questioned Costs, we did identify deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

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. We consider the deficiencies described in the accompanying Schedule of Findings and Questioned costs as items 2021-001 to be material weaknesses.

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. We consider the deficiencies described in the accompanying Schedule of Findings and Questioned Costs as items 2021-002 and 2021-003 to be significant deficiencies.

Compliance and Other Matters

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

City of Isle of Palms' Response to Findings

The City's response to findings identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. The City's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

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

Veris LLC

Mount Pleasant, South Carolina

October XX, 2021

City of Isle of Palms, South Carolina
Schedule of Findings and Questioned Costs
Year ended June 30, 2021

Section I – Summary of Auditor’s Results

Financial Statements

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

Section II – Financial Statement Findings

2021-001 **Material Audit Adjustments**

Condition:	An entity’s internal control responsibility extends to include complete and accurate financial reporting. A complete and accurate set of books consists of all necessary accounting entries having been made and the City’s financial statements are accurate.
Criteria:	The City’s internal control functions did not identify misstatements.
Context:	In order for the City’s financial statements not to be misstated, we as auditors had to propose adjustments to the financial statements that were not initially identified by the City’s internal controls. Specifically, the City did not properly reflect the recoating of the bulkhead as construction in progress.
Effect:	The financial statements did not present fairly until the auditor’s proposed adjustments were recorded.
Recommendation:	The City should strive to have all material accounts reconciled and adjusted prior to providing the auditors with the trial balance to begin auditing. If an adjustment is identified, but not made by the City, the City can advise the auditors that such adjustment needs to be made at the start of fieldwork.
Response:	The cost of the bulkhead recoating was originally recorded as maintenance expense within the Marina Enterprise Fund. While the city accepted the Auditor’s opinion that the expense should be capitalized due to its significant dollar amount and potential for extending the useful life of the bulkhead, this is a determination that could be debated. For instance, it could be argued that the recoating only ensures the original 40 year useful life of the bulkhead can be achieved. Given that the answer to this question is some 28 years away, the characterization of the City’s original determination as a material misstatement is unwarranted.

Section III – Compliance Findings

None

**City of Isle of Palms, South Carolina
Schedule of Findings and Questioned Costs
Year ended June 30, 2021**

Section IV – Summary Schedule of Prior Year Findings

Not Applicable

DRAFT



**Ways & Means Committee Meeting
6:00pm, Tuesday, October 19, 2021
1207 Palm Boulevard, Isle of Palms, SC 29451
and broadcasted live on YouTube: <https://www.youtube.com/user/cityofisleofpalms>**

MINUTES

1. Call to Order

Present: Council members Pounds, Streetman, Popson, Bell, Moye, Smith, Buckhannon, and Mayor Carroll

Absent: Council Member Ward

Staff Present: Administrator Fragoso, Treasurer Suggs, various City Department heads

2. Approval of previous meeting's minutes

Council Member Buckhannon made a motion to approve the minutes of the September 21, 2021 meeting, and Council Member Bell seconded the motion. The motion passed unanimously.

3. Citizen's Comments -- none

4. Financial Statements – Treasurer Suggs

Treasurer Suggs stated we are one quarter of the way through FY22 with total revenues just under \$4M and expenses at approximately \$3.38M. General Fund revenues continue on better than normal trends. LOST, business licenses and building permits are all ahead of FY21.

The City has a strong cash position of \$28M, \$4.7M of which is unspent bond proceeds and \$9.7M of which is restricted.

Treasurer Suggs reported that on October 1 the City received just over \$1M, which represents 50% of the City's portion of monies from the American Rescue Plan. That money has been deposited into Capital Projects. The remaining 50% is expected in the spring of 2022.

Treasurer Suggs is reviewing a draft of the audit and said it will be presented at next week's City Council meeting.

Tourism revenues continue to run high, 67% over 2020 and 57% over 2019. She noted that collections for the Local Option Sales Tax had its best month in August.

One check was written to Salmon's from the Marina Dock Rehabilitation account last month. Checks were written to Gulfstream and Thomas & Hutton for work done on the Drainage Phase III project. She said that the trend for legal expenses this year is way down from last year.

5. Capital Projects Report

A. Marina Restaurant Renovation

Administrator Fragoso gave an overview of the work that has been completed at the Marina restaurant. A slide detailing all of the work done there can be seen in the YouTube recording of this meeting linked on the City's website. Exterior framing and sheathing inspections are complete. Electrical and plumbing rough-in inspections will be complete by week's end. Drywall delivery was expected today. The upper waterproof decks at the front bar and bar facing the ICW are nearly complete. The entire ADA entry ramp and deck surrounding the building are repaired and replaced. Work on the HVAC ductwork has begun.

Salmon's began work on the restaurant dock improvements this week.

Marker 116 continues "to evaluate options to provide ADA access to the third floor."

Administrator Fragoso reported that Director Kerr met with them last week to evaluate the feasibility of one of the options. She anticipates having a more comprehensive discussion about this issue at next week's City Council meeting. She does not expect final cost estimates or plans to be a part of that discussion but believes it is important for City Council to stay ahead of the issue.

B. Marina Docks Rehabilitation

Administrator Fragoso gave an overview of the work being done on the Marina Docks Rehabilitation Project. A slide detailing all of the work done there can be seen in the YouTube recording of this meeting linked on the City's website. Dock Area C has been turned over for public use. Only a few punch list items remain to be worked through. Issues with fire standpipes and freeboard are being addressed. All of the piles have been driven and docks installed at Dock Area B. It has been turned over to the electrical and water utility contractors and it is anticipated to be finished in 2-3 weeks. There is triangular shaped portion of the dock to be installed in that area that will facilitate access to the finger piers.

The delivery of the fuel platform to the shipyard is expected on November 15. Demolition of the current fuel dock and hut is scheduled for 11/29. Petroleum Marine will remove dispensers and secure the fuel system on 11/15. Installation of the fuel platform and docks is anticipated for December 1-15 followed by the construction of the fuel hut, fuel system installation, and utilities.

C. Phase III Drainage

Administrator Fragoso gave an overview of the work being done on the Phase III Drainage Project. A slide detailing all of the work done on this project can be seen in the YouTube recording of this meeting linked on the City's website. Administrator Fragoso said that all permits for the 30th and 36th avenues outfalls are in hand. Only one bid was received for the project, and it remains unopened. To encourage a more competitive process, staff had a meeting with the engineers to discuss how to change the language of the RFB "to make it more appealing." One of the issues noted by the engineers was the need for latitude about the types of

materials and specifications for some of the collapse valves. She said, “What we are doing is changing the language so that they would have greater flexibility to propose alternative materials that would still have to be approved by the engineers during the process. But hopefully that helps the supply chain issues that are severely impacting this project as we have seen from all our other projects.”

She added, “Also some of the issues were associated with listing the Forest Trail outfall as an alternate. The reason we did it at the time the bid went out was we did not have all the permits for that project, and we did not know if, at that time, that a contract was going to be awarded if we had it, if that would be part of the overall project. Now we have all permits on hand, so we can just make it as part of the full scope of the project.”

The new goal is to have the next bid opening before the November Ways & Means Committee meeting so a recommendation can be made. The unopened bid will be returned to the bidder so it can be revised and resubmitted.

D. Phase III Drainage Small Internal Projects

Administrator Fragoso gave an overview of the work being done on the Phase III Drainage Small Internal Projects. A slide detailing all of the work done on this project can be seen in the YouTube recording of this meeting linked on the City’s website. She reported that the contractor was doing final pressure testing on all the relocated utilities and the new drainage pipe were to be laid down this week. If everything continues as scheduled, the final walkthrough and project close would begin next week.

E. Overhead to Underground Conversion

Administrator Fragoso said there are no updates on this project. Dominion Energy has asked questions about the drainage at 21st Avenue to incorporate it into the design.

6. Old Business

A. Update and discussion of American Rescue Plan funding allocation

Council Member Pounds said the second installment of the American Rescue Plan funding allocation is expected in May 2022.

B. Discussion and consideration of wage and compensation adjustments – presentation by Evergreen Consulting, LLC

Angele Yazbec, Ph.D. of Evergreen Consulting gave a presentation about the process they used to complete the Wage & Compensation Analysis for the City. Feedback from City employees included that they enjoy working with and for the City, but they expressed concern that salaries were not competitive with the current job market and a lack of clarity about salary progression.

She reviewed the City’s compensation philosophy which is to be competitive in the job market and particularly leading the market in Public Safety positions, for pay practices to be equitable and flexible, for an open-range pay plan for general employees and step plans for Public Safety, and pay increases based on tenure and performance.

A salary survey of 16 peer public sector communities did show the City is much below the market in many positions. A benefits survey showed that while the medical deductibles and retirement offerings were competitive, the rate at which City employees earned PTO was much lower than in peer communities.

Administrator Fragoso said that the Town of Mt. Pleasant just released their Wage & Compensation analysis today, so that information will need to be reviewed before finalizing the adjustment options to present to City Council. Committee members expressed the desire for the pay plan to be “leading” especially in the Public Safety positions.

Funding options were discussed. These pay adjustments will be effective January 1, 2022 and are covered in FY22. An option for funding in future fiscal years would be to increase the transfers from the tourism funds to 4 of 22 Police Officers and 6 of 33 Fire employees. Factoring in a vacancy rate instead of assuming full employment in the budget could yield approximately \$100,000 in savings annually. Committee members supported both of these funding options.

Council Member Moyer said the extent to which the City wants to be leading in salaries in any department “should be a direct result of the outcomes that our community wants. The next Council, because it is not going to happen with us, but also the community in terms of speaking up and being engaged, we need to define that, and we need to determine if we want to become leaders in other areas because we want to increase the level of service.” Evergreen suggests a wage study every 3 years and a full wage and compensation analysis every 5 years to remain competitive.

Council Member Pounds said implementation options with all variables and assumptions will be discussed at November’s Ways & Means Committee meeting. He asked the Personnel Committee to review the vacation leave policy at its November meeting.

7. **New Business -- none**

8. **Miscellaneous Business**

The next meeting of the Ways & Means Committee will be Wednesday, November 17, 2021 at 5pm.

9. **Adjournment**

Council Member Buckhannon made a motion to adjourn and Council Member Streetman seconded the motion. The meeting was adjourned at 7:32pm.

Respectfully submitted,

Nicole DeNeane
City Clerk

City of Isle of Palms
Financial Summary as of September 30, 2021
(Dollars in Thousands)

	REVENUES			
	YTD Actual	Annual Budget	Remaining to Collect	YTD Actual as a % of Budget
General	\$ 1,815	\$ 11,799	\$ 9,984	15%
Capital Projects	878	1,291	413	68%
Muni Accom Tax	378	1,526	1,148	25%
Hospitality Tax	240	836	596	29%
State Accom Tax	-	2,146	2,146	0%
Beach Prserv Fee	379	1,275	896	30%
Marina	131	360	229	36%
Disaster Recovery	1	10	9	10%
All Other	174	171	(3)	102%
Total All Funds	\$ 3,996	\$ 19,414	\$ 15,418	21%

	EXPENDITURES			
	YTD Actual	Annual Budget	Remaining to Spend	YTD Actual as a % of Budget
	\$ 2,619	\$ 12,466	\$ 9,847	21%
	69	4,456	4,387	2%
	238	1,265	1,027	19%
	106	562	456	19%
	43	1,506	1,463	3%
	26	385	359	7%
	264	689	425	38%
	-	10	10	0%
	15	167	152	9%
	\$ 3,380	\$ 21,506	\$ 18,126	16%

General Fund Revenues					
	FY22 YTD Actual	FY22 Budget	% of FY22 Budget	FY21 YTD Actual	% of Prior YTD
Prop Tax	\$ 40	\$ 4,806	1%	\$ 69	58%
LO Sales Tax	130	895	15%	87	149%
Business Lic	192	1,421	14%	128	150%
Rental Lic	454	940	48%	847	54%
Other Lic	-	1,496	0%	1	0%
Build Pmts	183	450	41%	102	179%
From State	-	253	0%	-	0%
Parking	586	1,019	58%	474	124%
All Other	230	519	44%	200	115%
Total	\$ 1,815	\$ 11,799	15%	\$ 1,908	95%

General Fund Expenditures (YTD target = 25%)					
	FY22 YTD Actual	FY22 Budget	% of FY22 Budget	FY21 YTD Actual	% of Prior YTD
Mayor/Council	\$ 26	\$ 134	19%	\$ 24	108%
General Govt	300	2,145	14%	272	110%
Police	633	3,022	21%	623	102%
Fire	857	3,745	23%	840	102%
Public Works	363	1,502	24%	323	112%
Build & Lic	98	456	21%	93	105%
Recreation	250	1,090	23%	230	109%
Judicial	60	270	22%	54	111%
BSOs	32	102	31%	31	103%
Total	\$ 2,619	\$ 12,466	21%	\$ 2,490	105%

September Notes:

- General Fund Revenues and Expenditures are generally consistent with prior years, with the exception of Rental License revenue. The SC State Business License Tax Standardization Act (Act 176) mandates a State-wide business license year of May 1 to April 30. For the City, this necessitates a 1-time shortened reporting period for 2021 rental license renewals - 6 months vs 12 months - so the YTD rental license revenue is approximately half what it was in FY21. This will catch up later this fiscal year when rental licenses are renewed for a full 12 months at the same time as regular business licenses (early calendar year 2022).
- In September, the City closed on a municipal lease (loan) for the new Fire engine and equipment, including \$287,000 in SCBA (self contained breathing apparatus) equipment. The total financed was \$875,706 for 10 years at a rate of 1.6%.
- On October 1st, the City received \$1,085,300 for 50% of the City's award under the Federal American Rescue Plan (ARP). The funds were deposited in the Capital Projects fund as Grant Revenue.
- In October, the City's local bank, BB&T, finalized its merger with Sun Trust Bank. The new bank name is Truist. All the City's accounts and debt agreements with BB&T transferred to Truist.
- The City has \$28.4 million in cash deposits. Approximately \$4.7 million of this total represents unspent bond proceeds and \$9.7 million is restricted for tourism related expenditures or beach preservation.

FY22 CAPITAL PROJECTS REPORT

OCTOBER 2021



IOP MARINA RESTAURANT RENOVATION

Building Update

- Exterior framing and sheathing inspections complete
- Electrical and plumbing rough-in inspections scheduled for Monday, 10/18
- Drywall delivery expected Tuesday, 10/19
- Upper waterproofed decks at front bar and bar facing the Intracoastal Waterway nearly complete(waiting on remaining deck boards)
- Entire entry ADA ramp and deck surrounding front and Morgan Creek side completely repaired and replaced
- HVAC ductwork is on-site and beginning to hang
- Exterior dry Fire Protection system and Interior wet system 80% complete. FDC replaced to meet IOPFD requirements.
- Shiplap exterior siding in progress
- Audiovisual and security rough-in complete
- TPO roofing above upper kitchen scheduled for Tuesday, 10/19
- Tenants continue to evaluate options to provide access to the third floor to the physically challenged.

Restaurant Dock Improvements

- Salmon's Dredging starting work on Monday, 10/18





IOP MARINA DOCK REHABILITATION

Dock Area C – (Restaurant and Face Docks)

- Electrical cover plates for the remaining areas of the Restaurant and Face Docks, and all of the cover plates for Charter Docks expected to arrive Monday, 10/18. Contractor has been waiting for this shipment since June.
- Fire standpipes will be straightened and all 4 will be recoated
- Salmons addressing freeboard issues on 2 locations. Spacers between dock and floats will be replaced.

Dock Area B (Charter Docks)

- All piles driven and docks installed. Area B has been turned over to electrical and water utility contractors.
- Approximately 2-3 weeks for completion.

Dock Area A (Fuel dock)

- Original and revised completion scheduled was pending availability of materials.
- Delivery of fuel platform expected 11/15. Platform and docks need to be assembled in Salmon's shipyard.
- Demo of fuel dock and hut scheduled for 11/29.
- Petroleum Marine scheduled to remove dispensers and secure fuel system on 11/15.
- Installation of fuel platform and docks between 12/1 – 12/15
- Construction of fuel hut scheduled 12/15, followed by fuel system installation and utilities.



PHASE 3 DRAINAGE 30TH, 36TH & 41ST AVENUE OUTFALLS

- All permits on hand for the construction of the 30th and 36th Avenue outfalls.
- The City held a bid opening on Friday, October 15th. Only one bid was received, therefore, it was not opened. To solicit more bids and encourage a competitive process, the City and Thomas & Hutton discussed potential changes to the RFB language to address challenges encountered by prospective bidders.
 - Provide greater flexibility to contractors to propose alternate materials (with approval from engineers) from those specified in the RFB to address the challenges w/ material shortages.
 - Include Forest Trail in the scope of work, not as an alternate since City has all permits on hand.
- The plan is to issue a revised RFB this week and open bids and have a recommendation for award of a contract to Ways and Means Committee and Council at the regular meetings in November.



PHASE 3 DRAINAGE INTERNAL PROJECTS

All portions of drainage projects at Sparrow Drive, Forest Trail, Cross Lane, 32nd Avenue and 2 portions of the project at 41st Avenue are completed.

41st Avenue & Forest Trail –

- Gulfstream doing final pressure testing on the relocated utilities on Monday, 10/18
- New drainage pipes to be laid down week of 10/18, and paving scheduled for Friday, 10/22.
- If work proceeds as scheduled, with no additional complications, final walkthrough and project closeout on week of 10/25.



OVERHEAD TO UNDERGROUND ELECTRIC CONVERSION

City and Dominion Energy agreement and design/engineering estimates for the proposed projects:

21st Avenue at the intersection with Palm Boulevard (\$10,000)

- Agreement executed. Design and engineering in progress

End of 41st Avenue from Waterway Boulevard to the IOP Marina (\$15,000)

- Engineering scope includes assessment of relocation of transformer by the boat ramp and new lighting layout for the site

Design & engineering completion estimated 3-4 months from agreement execution.

The total cost of the projects and construction timelines will be determined when the design & engineering work is complete.





**Public Safety Committee
3:00pm, Thursday, October 7, 2021
1207 Palm Boulevard, Isle of Palms, SC
and broadcasted live on YouTube: <https://www.youtube.com/user/cityofisleofpalms>**

MINUTES

1. Call to order

Present: Council members Bell, Pounds, and Ward

Staff Present: Administrator Fragoso, Interim Chief Briscoe, Chief Swain

2. Approval of previous meeting's minutes

MOTION: Council Member Pounds made a motion to approve the minutes of the September 1, 2021 meeting, and Council Member Ward seconded the motion. The minutes passed unanimously.

3. Citizens' Comments

Mr. Josh Hooser, 5 Sandpiper Court, said that public comments about retaliating against people for their support of political candidates is unamerican. He also said that citizens do not understand how the committee process works in the City government. He said the process is hard to follow. He asked why the budgets of the Police and Fire departments are so lopsided.

4. Highlights of Departmental Reports

A. Fire Department – Interim Chief Briscoe

Interim Chief Briscoe said that while calls in September were down from September 2020, calls are up over 150 from this time last year. He reviewed the highlights of activity for the Fire Department including two fires, a motor vehicle accident involving a pedestrian, Fire Marshall Stafford's participation in the Wellness Fair, and the department's participation in a car seat safety check at Target. He said he has had the opportunity to meet with all Fire Department staff. He has also been meeting with local fire chiefs to discuss ways in which 1710 Standards can be brought to the IOP Fire Department without any additional costs to taxpayers.

B. Police Department – Captain Swain

Captain Swain reported there were 876 calls for service in September, 74 incident reports, 5 motor vehicle accidents, 296 traffic stops, and 45 arrests. There were 7 DUIs in September and 12 drug-related incidents.

He noted the new categories related to bike stops, golf cart stops, and calls for marine service now available on the monthly report. He reported the department issued its first ticket for a violation of the No Wake Zone.

He said a sick raccoon was sent to DHEC for testing was found to have distemper and not rabies.

Master Patrol Officer Jason Santulli was recognized as Employee of the Quarter for his active DUI enforcement and other recent arrests.

5. Old Business

MOTION: Council Member Bell made a motion to reorder the agenda to allow for the discussion of the Isle of Palms Connector to be discussed first. Council Member Pounds seconded the motion. The motion passed unanimously.

A. Update and discussion of study of the modifications to the IOP Connector

Council Member Bell said, “Our Secretary of Transportation is awarding the beach access group signs praising their, I’m going to call it what it is, assault on this community in the parking that I do not personally have any confidence of engaging with Secretary Hall for these studies commissioned by the City, and I think we as a community need to look at what we need to do for this community and do a bit of reassessment. I am going to ask Desiree to make this part of the public record because I think it is important. But when I see postings from Myra Jones who is head of the beach access group thanking her for awarding signs to say public beach parking at a time when we are trying to professionally engage with the State on a neutral relationship to make a determination as to what is best not just for this community but for Mt. Pleasant and surrounding communities to safely traverse that connector or any other associated issues regarding public safety. I am personally appalled by it.” He said this issue should be a discussion issue for the full City Council to decide how to move forward.

B. Discussion and consideration of proposed amendments to dog ordinance to include restriction of vicious or dangerous dogs

Of the research done by Administrator Fragoso, Council Member Bell noted with interest that “most of our surrounding communities have definitions in place and they have fines in place, and they have registration in place for their, what are deemed as vicious or dangerous dogs.”

Administrator Fragoso noted that surrounding communities do not specify certain breeds as dangerous. Captain Swain said the adoption of this ordinance would help the Animal Control Services Officer who is permitted to write City ordinance tickets. It is also helpful in making the distinction between animal at large and viscous dogs.

MOTION: Council Member Bell made a motion “that we have the City come forward with a statute that does provide definition and appropriate fines for enforcement with dangerous or vicious animals.” Council Member Pounds seconded the motion. The motion passed unanimously.

C. Discussion of speeding issues on the avenues and consideration of reducing the speed limit on the interior streets

Administrator Fragoso said, “My recommendation would be for the Committee to consider presenting to City Council a resolution with a request to SCDOT to make that change, which would be all streets would be 25mph or less with the exception of those streets that are posted at 30mph, which at this point would be Palm Boulevard.”

She further explained, “What I am recommending is that the City submit a formal request through resolution to SCDOT so that they consider establishing a reduced speed limit on all roads on the island to 25mph with the exception of Palm Boulevard, which is 30mph.”

MOTION: Council Member Ward made a motion to recommend the matter to full City Council. Council Member Pounds seconded the motion. The motion passed unanimously.

Council Member Pounds noted this change should reduce a fair amount of “sign pollution” across the island.

D. Discussion of enforcement of golf cart regulations

Captain Swain said that Chief Cornett’s plan for golf cart education and enforcement this summer has been very effective. Administrator Fragoso added that the City has taken every opportunity to hand out additional educational materials to residents at City events. She also noted the Police Department’s efforts to engage with the public on this issue has been successful.

Chief Cornett is researching if the City can add any regulations to its current set about the proper restraint of children in golf carts.

E. Update on coyote management efforts

Administrator Fragoso said the City and its legal counsel are still reviewing ways in which the City can work with private property owners regarding the trapping of coyotes. Captain Swain said that coyote trapping season is December 1-March 30, and outside of that time, a trapping permit is required.

Council Member Bell asked if the City could reach out to Wild Dunes again about teaming up on this management effort.

6. New Business

A. Discussion of and consideration of submitting request to SCDNR to reinstate the No Wake Zone on the Intracoastal Waterway

Administrator Fragoso said this was discussed at the Real Property Committee meeting who asked if the Public Safety Committee could also look at it. Goat Island and IOP residents are asking for a year-round No Wake Zone, and they are looking for the City to support their request.

MOTION: Council Member Bell made a motion to move the issue via resolution to City Council. Council Member Pounds seconded the motion. The motion passed unanimously.

B. Discussion beautification plan for Palm Boulevard

Council Member Bell asked about SCDOT's commitment to revisit the beautification of the angled parking area along Palm Boulevard. Administrator Fragoso said that she and Chief Cornett do not believe it is time to remove the side bumpers yet as they have helped improve the parking conditions in that area "significantly." It would be possible to paint them.

Council Member Bell asked that the item remain on the agenda until it is dealt with.

7. Miscellaneous Business

Council Member Bell said, "I certainly don't want to see live music shut down anywhere. Desiree had requested of me yesterday morning that I add an agenda item because, and I don't even remember how many months ago, there had been some discussion about ensuring that front beach businesses, predominantly the Windjammer, was compliant to the ordinances the way that we had them currently on the books, and like most of our ordinances, they are a little messy. And there was the suggestion that we clean that language up to ensure that we could have live music at the beach compliant to the resolutions. This was nothing more than that. When Facebook lit up, and like I said, I got people calling me going, you know, what are you guys doing? I said look, this is an administrative item that was brought to my attention at the request of the City so that we could ensure that we were doing this properly. She called me later in the afternoon and said wow, what do you think? I just said take it off the agenda. I said none of us wants to stop live music at the beach. We have had a few complaints. I think we need to be cognizant of resident complaints. I think the businesses do the best, but you know the Windjammer's been there a long time."

He added, "What I would recommend is that if ordinances and code need to be cleaned up, and again, it won't be for me sitting here, for Desiree to go back and look at what the original intent was to make sure businesses that are compliant move it forward through either next month's Public Safety Committee or ongoing councils.

The next meeting of the Public Safety Committee will be on Wednesday, November 10, 2021 at 3:00pm.

8. Adjournment

Council Member Ward made a motion to adjourn, and Council Member Pounds seconded the motion. The motion passed unanimously. The meeting was adjourned at 3:57pm.

Respectfully submitted,

Nicole DeNeane
City Clerk



PUBLIC WORKS COMMITTEE
4:30pm, Wednesday, October 6, 2021
1207 Palm Boulevard, Isle of Palms, SC
and broadcasted live on YouTube: <https://www.youtube.com/user/cityofisleofpalms>

MINUTES

1. Call to order

Present: Council members Streetman, Smith, and Ward

Staff Present: Administrator Fragoso, Director Pitts, Director Kerr, Asst. Director Asero

2. Approval of previous meeting's minutes – September 1, 2021

Council Member Streetman made a motion to approve the minutes of the September 1, 2021 meeting, and Council Member Ward seconded the motion. The motion passed unanimously.

3. Citizens' Comments -- none

4. Department Reports – Director Pitts and Assistant Director Asero

Director Pitts stated that garbage collection for August was average. September's collection was "a bit high" but expected. Yard debris collection for August was down from its 2020 total. He reported that Public Works is caught up on yard debris collection across the island. Vehicle maintenance costs were \$5200 for August and \$2800 in September.

Asst. Director Asero reported on a recent meeting with Eadies about "the 500-600' of the Forest Trail basin drainage that needs to be completed." He said they are down in the staffing numbers due to Covid and this project is labor intensive, requiring a full crew.

Ditch restructuring at Sparrow and Duck Lanes has been scheduled. Eadies was able to finish vegetation cleaning at 41st Avenue prior to the completion of the internal drainage project there.

The annual and 3-year testing for the underground storage tanks at Public Safety, Public Works, and the Marina has been completed. All of the bay lighting at Station 2 has been replaced. All new lighting is replaced with energy-saving LED lighting. The City's landscape contractor has removed dead wood from the trees over the playground at the Recreation Center.

Public Works has also been installing and replacing street signs in the rights of way. They installed an additional 50' of MobiMat at 42nd Avenue. The landscape contractor is going to lift the mat, regrade the area, and add another 50' to the MobiMat. They have begun working on rebuilding all the up lighting on the palms at Front Beach. Brush has been cleared from Waterway Boulevard and 20 yards of ROC was installed at the 53rd Avenue beach access.

The sinkhole repair at 41st Avenue is delayed but expected to be done soon.

Council Member Smith asked about having more cigarette receptacles placed on the street by the beach accesses.

5. Old Business

A. Update on Phase III Drainage Project, small internal projects, and Waterway Boulevard path elevation

Administrator Fragoso said the bid package for the 30th and 36th avenues outfalls is complete. Several interested parties attended the pre-bid meeting. Bids are due October 15 with the goal of a recommendation to the Ways & Means Committee in October.

She also reported that she has submitted a grant proposal to the CDBG-MIT Office of Resilience for funding for Phase III Drainage. They will also be submitting a grant application to FEMA that is due in November for additional funding for the 41st Avenue and Waterway Boulevard elevation project portion of the work. Awards for that grant will not be announced until next summer.

Director Kerr stated that 41st Avenue is not yet complete, and it remains closed due to rain delays. There have also been challenges with relocating the water lines.

B. Update and discussion of potential solutions to drainage ditch erosion issues

Director Kerr said the framework and documentation for this ditch erosion option is ready. He would like for there to be a gradual onset and use of the program to ensure that it works properly before notifying the public at large.

C. Update and discussion of golf cart path along Ocean Park Plaza

Administrator Fragoso said there is no update on this, and staff continues to look into it.

D. Discussion of litter-related ordinances, enforcement, and messaging

Council Member Smith said she would like to see more litter-related messaging at the beach access paths. Administrator Fragoso said 2 more signs have been ordered. There is \$20,000 in FY22 for these purposes. They cost approximately \$3,000 each to purchase and install. Council Member Smith would like to see this brought up to the Ways & Means Committee as the City has the funds to cover the expense to put signage at the 12 remaining beach access paths. She would also like to see what kind of messaging can be put up at the narrower beach paths. Council Member Ward said he is opposed to unbudgeted expenses.

Council Member Smith would like to see more enforcement and or education from Public Safety with regards to litter-related messaging.

E. Discussion of adding bins to share left-behind beach toys

Council Member Smith said she believes a good place for a bin for left-behind beach toys is in the 1100 block of Ocean Boulevard by the showers and suggested the restroom attendant could check on it.

Administrator Fragoso said that she would prefer the upkeep of this bin be the responsibility of volunteers as opposed to the part-time restroom attendant. She sees this as an opportunity for more community engagement. It was also suggested as something that the Environmental Advisory Committee or Beach Cleanup Crew could attend to.

6. New Business

7. Miscellaneous Business

The next meeting of the Public Works Committee will be Wednesday, November 3, 2021 at 4:30pm. Council Member Ward said he would prefer to have no meeting in December unless it is an emergency.

8. Adjournment

Council Member Streetman made a motion to adjourn, and Council Member Smith seconded the motion. The meeting was adjourned at 5:11pm.

Respectfully submitted,

Nicole DeNeane
City Clerk



**Recreation Committee Meeting
8:00am, Monday, October 4, 2021
1207 Palm Boulevard, Isle of Palms, SC
and broadcasted live on YouTube: <https://www.youtube.com/user/cityofisleofpalms>**

MINUTES

1. Call to order

Present: Council members Buckhannon, Pounds, and Smith

Staff Present: Administrator Fragoso, Director Page

2. Approval of the previous meeting's minutes – September 13, 2021

MOTION: Council Member Pounds made a motion to approve, and Council Member Smith seconded the motion. The motion passed unanimously.

3. Citizens' Comments -- none

4. Departmental Reports – Director Page

Director Page stated there was a line dance workshop on September 18. A Tae Kwon Do belt test will take place on October 9. There will be a Farmer's Market on 10/21 followed by a movie on the grounds of the Rec Center. Keenagers will be held on October 6. National Night Out is scheduled for October 5, Ghostly Tide Tales on October 15, and the Halloween Parade & Carnival on October 30.

The IOP Connector Run was held on October 2 and went very well. There were at least 800 participants and over \$85,000 was raised for charity. Director Page thanked the Exchange Club for all their work on this successful run. She said the new course worked well and the connector was reopened earlier than in the past.

Director Page reported that she has hired someone part time to assist with games and another coming on board soon. She has received four applications for the open front desk position.

Rec Track, the online registration software is set to go live the first part of November.

COVID protocols remain in place in the Recreation Center and on the grounds.

5. Old Business

A. Update on COVID-19 related issues, procedures, and adjustments for fall events

Director Page said nothing has changed with regards to COVID-related protocols. The staff continues to clean as they have throughout the pandemic.

B. Update on implementation of online registration program

Director Page anticipates the program going live in the first part of November. The integration between two programs will be seamless and eliminate the possibility for errors.

C. Review of pilot program to allow surfing lessons on the beach and consideration for 2022

Council Member Smith said she has received many positive emails from people about the surfing pilot program. Administrator Fragoso reviewed the current regulations surrounding the program. Feedback from the instructors was included in the meeting packet. Chief Cornett only received one complaint about the surfing classes, and it was determined to be unfounded.

After agreeing the program should continue, Committee members and staff discussed future possible changes to the program. It was determined that the ratio of students to instructors should remain at 4:1 with a maximum of 12 students per class. Council Member Smith suggested not increasing the number of hours of instruction per day until the effect of a larger class size could be assessed. While the Committee did not feel parking passes for participants were necessary, they did agree that year-round classes should be permitted.

Instructors will be required to list their class locations on their application so the Police Department can assess compliance as well as be aware of where they are in case there is a safety concern. Administrator Fragoso will draft an amendment to the surfing ordinance for consideration at the October City Council Meeting.

D. Discussion of suggestions for 2022 Recreation Committee

Council Member Smith said that the Recreation Center hosts fantastic events, youth and adult sports as well as fast-start programs for pre-K students that draw in participants from on and off the island. She hopes that after the pandemic has passed the Rec Center will expand the Sunday gym hours. She would like to see more community engagement and suggested asking residents what they would like to see offered by the Rec Center. She also suggested evaluating the footprint of the property to see what else could be added such as an outdoor fitness course or a community garden. She would like to see paddleboarding and kayaking opportunities expanded via the Exchange Club dock or the proposed greenspace at the Marina.

Committee members briefly discussed the Rec Center versus Community Center terminology.

Council Member Buckhannon pointed out that the 10-year Capital Plan has a number of Council Member Smith's suggestions already in it, noting that City Council could re-evaluate it.

6. New Business

A. Discussion of staffing challenges

This was covered in the Departmental Report.

7. Miscellaneous Business

The next meeting of the Recreation Committee will be on Monday, November 8, 2021 at 8am.

8. Adjournment

Council Member Pounds made a motion to adjourn, and Council Member Buckhannon seconded the motion. The meeting was adjourned at 8:44am.

Respectfully submitted,

Nicole DeNeane
City Clerk



Personnel Committee
9:00am, Wednesday, October 13, 2021
1207 Palm Boulevard, Isle of Palms, SC and
broadcasted live on YouTube: <https://www.youtube.com/user/cityofisleofpalms>

MINUTES

1. Call to Order

Present: Council Members Bell, Buckhannon, and Moye

Staff Present: Administrator Fragoso, HR Officer Ladd

2. Approval of previous meeting's minutes

MOTION: Council Member Bell made a motion to approve the minutes of the September 17, 2021 meeting. Council Member Buckhannon seconded the motion. The motion passed unanimously.

3. Citizens' Comments – none

4. Old Business

A. Update on Wage and Compensation Analysis report

Council Member Moye reiterated the main tenants of the Committee's position on the Wage & Compensation policy for the City: competitive pay is necessary to attract top talent; financially sustainable plans; and creating policy that is consistent across Councils.

Committee members discussed turnover rates in the Police Department over the past three years. Administrator Fragoso reviewed options for implementing one-time pay adjustments and ongoing adjustments and their effects on the budget at two different percentiles of increase. Council Member Bell said it will be necessary to come up with creative options when recruiting police officers. Committee members agreed they would like to see City Council select a more aggressive option with regards to Police Department pay rates. They would like to set the pay high enough to encourage people to apply while still working on other recruiting options.

Council Member Bell expressed concern about high salaries in some positions that only become higher over time. Administrator Fragoso said they have attempted to make sure money is allocated in the "problem" areas. She added that some employees will not be getting pay adjustments but still qualify for merit increases. She noted that the "cap-at-midpoint" plan addresses some of Council Member Bell's concerns.

Administrator Fragoso said that Evergreen Solutions will be presenting this analysis, its methodology, and its impact on the budget at the Ways & Means Committee meeting next week.

Council Member Moye said, "The message [to City Council members] is that we want to be above average. We want to be competitive, and we want to use wages to set as competitive rates as possible in the areas where we have as much problems so we can attract talent in addition to everything else that we need to do."

B. Discussion of upcoming vacancies on Boards and Commissions and consideration of reappointments and new applications

Administrator Fragoso reported there are three applicants for the two openings on BOZA. Staff recommends the reappointment of the current members due to the value of knowledge and precedence vital to this board.

MOTION: Council Member Bell made a motion to recommend to Council the reappointment Arnold Karig and Glenn Thornburg to the Board of Zoning Appeals. Council Member Buckhannon seconded the motion. The motion passed unanimously.

Administrator Fragoso said that of the four vacancies on the Planning Commission, two members were recently appointed to fulfill unexpired terms. Those members, Scott Pierce and Marty Brown, would like to be reappointed. The remaining two position have 5 applicants, including one current member. Interviews for those candidates will be set up later this month.

Administrator Fragoso recommended that the opening on the Board of Code Appeals remain unfilled until such time the Board is needed.

C. Update on Fire Chief hiring process

Administrator Fragoso said they have evaluated four different recruiting firms and have selected Developmental Associates from North Carolina to assist in the fire chief hiring process. They have helped hire 16 fire chiefs over the last few years. They are reviewing the contract now.

5. New Business

A. Discussion and consideration of establishing the Spirit of the Island Award to recognize a remarkable single achievement or action by a citizen of the island (a companion award to the Signal 30 Award)

Committee members agreed this is an important task and one that deserves more time than they can give it due to the upcoming election. They believe it should be a project of the next Personnel Committee; Staff will develop guidelines for both awards for the next Personnel Committee to use as they begin this process.

B. Consideration of Zoning Administrator job description

Administrator Fragoso said this job description is still being drafted and will be included in the final wage and compensation report. It will be a non-supervisory role and responsible for implementing and enforcing building codes and reviewing permits in addition to other duties.

MOTION: Council Member Bell made a motion to approve the job description. Council Member Bell seconded the motion. The motion passed unanimously.

6. Miscellaneous Business

The next regular meeting of the Personnel Committee will be Tuesday, November 9, 2021 at 9am.

Discussion of increasing City Council's stipend will be on the November agenda. Administrator Fragoso will research the Council stipends and benefits in surrounding communities.

7. Executive Session -- none

8. Adjournment

Council Member Buckhannon made a motion to adjourn, and Council Member Moye seconded the motion. The motion passed unanimously. The meeting was adjourned at 10:04am.

Respectfully submitted,

Nicole DeNeane
City Clerk



REAL PROPERTY COMMITTEE

1:30pm, Monday, October 4, 2021

1207 Palm Boulevard, Isle of Palms, SC 29451

and broadcasted live on YouTube: <https://www.youtube.com/user/cityofisleofpalms>

MINUTES

1. Call to order

Present: Council members Popson and Streetman

Absent: Council Member Moye

Staff Present: Administrator Fragoso, Director Kerr

2. Approval of previous meeting's minutes – September 13, 2021

MOTION: Council Member Popson made a motion to approve the minutes of the September 13, 2021 meeting and Council Member Streetman seconded the motion. The motion passed unanimously.

3. Citizens' Comments -- none

4. Marina Tenant Comments

5. Old business

A. Update on marina dock rehabilitation project

Administrator Fragoso reported that the demolition of the charter docks was completed without any issues. The installation of the staging dock has begun. She said, "Our expectation is that the finger piers and all pilings will be completed by this week, and the docks turned over to the utilities so they can do all the necessary connections with water and the power as well. For the restaurant and face docks, those have been completed. There is a small list of punch list items that they are still working through. There are some metal plates that have not yet arrived. Once they do, they will be installed. The third bacterial testing of the potable water system is expected. Those results are expected today. Once those results are made public, then the water will be available for the public."

She stated that the change order for Salmon's to make the aesthetic improvements to the section of the dock being leased by the restaurant has been executed. She is awaiting the work schedule for those improvements.

Administrator Fragoso said that she and Kirby will be meeting with Salmon's to discuss the November 19 projected completion date. She anticipates Salmon's asking for an 18-day

extension due to the work on the restaurant dock as well as issues at the restaurant's sandpit area uncovered while they were doing connections. She added, "I approved the expense associated with the materials. I did not approve any extension of the dates yet. I think that should be treated separately then with piggy backing on a change order. So we are anticipating having a discussion about what that looks like. There are some material shortages that are impacting a portion of the fuel dock. Those docks, the manufacturers have started working on those, but they haven't completed them because of some issues with the aluminum." They are still working with the contractor to identify alternative materials or suppliers for the aluminum.

B. Update on marina restaurant renovation by Marker 116, LLC

Rob Hamill of Nucor Construction gave an update on the work being done at the restaurant. "Right now, we are wrapping up electrical and plumbing rough-in. We got our framing inspections for exterior framing done. So now they are working on some of the more cosmetic things like railings and decking. We've replaced pretty much all of the roofing on the lower mechanical area. We took the units down, replaced the roof in there, and focusing mostly on the interior rough-in. Fire sprinkler rough-in is going really well right now. They got a lot of that done, bringing everything up to code. Hoping to get our inspection so we can start closing up walls, get drywall, get some of the interior finishes going, get the bathroom going, but everything's looking pretty good out there." He is projecting a late December/January completion.

Mr. Hamil explained the change regarding the elevator: "The restaurant group wanted an elevator for ADA and operations. So we had an architect review what was there in the existing structure where we could fit this elevator while still doing the rest of the necessary operations, renovations that everybody wanted. So we found the spot we had was between two load-bearing walls right in the middle of the restaurant. I think some people have toured and seen this, but so the architect had put in an elevator shaft that he thought would be a typical one to that one, so he could design the ADA bathrooms that we now added that were not there before around that spot. What happened is that when we finally had proposed that and submitted those drawings and people would say that is a great idea. Let's do this. That was prior to actually vetting it through the elevator company. So we went through two different companies, got shop drawings from them, and then laid the actual elevator pit size there, and then with the fire-rated walls that you have to have for an elevator, once we did that, it actually pushed too far into the men's bathroom. So now the men's room cannot be ADA if we had the elevator because you actually could not even open the door."

Mr. Bushnell reported that the architect is due back this week to look at options for an elevator. Council Member Streetman said the public is expecting an elevator and he would like for the full City Council to weigh in on the options. Administrator Fragoso said that if Marker 116 comes up with a plan for an elevator, City Council will not need to do anything. But if they are unable to accommodate an elevator, then City Council would have to take action on approving a modified design without the elevator.

Mr. Bushnell said, “There are five comments that I just want to make sure that everyone is aware of is that with how it is currently constructed, we have rebuilt the entire handicap ramp and redone the stairs. With that, we are going to have over 225 seats that are handicap and wheelchair accessible. We have a ground-level view outside of the water that is wheelchair accessible. We now have the interior heated and cooled space which is wheelchair accessible. We rebuilt the bathrooms, which are both now ADA-compliant, which were not before. We have also built a new hallway and a new porch on the back which is also wheelchair accessible, which now gives you an elevated view of the water. We have a number of seats that are in the building which is far improved. But the point being is that we have wheelchair accessible views from the ground inside the building and from the rear exterior that is elevated. So there are those three options that are already there.”

Council Member Streetman said they should be commended for the changes they have made to the restaurant. He asked about the upstairs bathrooms not being ADA complaint. Director Kerr said, “when discussing it with the City’s Building Official, it was his opinion that because that’s an existing condition, those bathrooms are basically in their original condition as they have been and as they took them over that he did not feel the standards would require that they be retrofitted to the degree that it would take to make them ADA accessible. I don’t think that it would basically be an addition to the building to get the space necessary to meet those standards, and he did not feel like that was the way the ADA standard worked.”

Director Kerr noted that ADA compliance and complaints are handled by the DOJ. So while he is not aware of any complaints about this issue, he said the City is not the final judge and jury on the matter.

C. Consideration of Noise Control Agreement with Marker 116, LLC

Administrator Fragoso said this issue needs to be completed by this Council. She said some changes were made to the agreement adding clarity as to what is expected to happen should a noise complaint be lodged against the restaurant. Marker 116’s attorney is still reviewing the agreement.

MOTION: Council Member Streetman made a motion to recommend the noise control agreement with Marker 116, LLC to full City Council for approval. Council Member Popson seconded the motion. The motion passed unanimously.

D. Update on the proposed public dock and greenspace at the IOP Marina

Administrator Fragoso said once the holdover tenant has vacated the property, the City will engage Davis & Floyd to fully engineer the greenspace. She has asked Salmon’s for a proposal to install some “enhancements to the dock as it is today to facilitate paddleboard and kayak launching” as well as some “improvements to the covered area that currently was being used as a point of sale location for the installation of several swing benches.”

She added that this dock is slated for replacement in two years, but upgrades can be made now to make it functional.

D. Update on ADA beach access improvements

Administrator Fragoso reported that Asst. Director Asero has been working with the City's landscape vendor to lift the MobiMat at 42nd Avenue, regrade it, stabilize it, and then extend it to attach an additional [50'] long MobiMat that would extend past where we have it now." The City has contracted with the landscape vendor to do this work every month. Director Kerr said this is a 6-month pilot program to see how successful their efforts are and how often it actually needs to be done. The cost could go up or down depending on how often the mat needs to be adjusted.

The survey at 34A Beach Access has been completed, and Administrator Fragoso has approved funds to go forward with the design and engineering of the improvements.

She reported that the final details of the beach wheelchair program are being put into place now that the funding for the wheelchairs has been approved.

Administrator Fragoso said there is no update from OCRM on any changes to their code about allowing for the extension of the MobiMats closer to the shore. Council Member Streetman said he is meeting with Representative Bustos this week and will discuss possible legislation addressing this matter with him.

6. New Business -- none

A. Discussion regarding request to reinstate the No Wake Zone on the ICW

Administrator Fragoso said she would speak with the Chair of Public Safety Committee about adding this discussion to their upcoming agenda. She suggested that City Council could pass a resolution in support of the effort to extend the No Wake Zone to year round.

B. Discussion of new elevator in marina restaurant

This item was covered during the update on the marina restaurant.

7. Miscellaneous Business

The next meeting of the Real Property Committee will be held on Monday, November 1, 2021 at 1:30pm.

8. Adjournment

Council Member Popson made a motion to adjourn and Council Member Streetman seconded the motion. The meeting was adjourned at 2:15pm.

Respectfully submitted,

Nicole DeNeane
City Clerk

NOISE CONTROL AGREEMENT

upon the outdoor public grounds immediately surrounding the Tenant's restaurant, subject to the following conditions:

A. Tenant agrees to at all times comply with the provisions of the City's noise ordinance, as may be amended from time to time;

B. Tenant agrees to employ sufficient noise abatement measures to ensure that the amplified sound is not in violation of the City's noise ordinance and cannot be heard inside residences in the adjacent neighborhoods;

C. Tenant agrees to immediately lower amplified sound levels when it determines or is informed that sound levels are too high. Tenant will be on notice that sound levels are too high if any of the following situations occur:

- i. Amplified music can be heard inside residences in adjacent neighborhoods;
- ii. Residents have made complaints to the Tenant or the City Police Department;
- iii. City Police Officers have notified Tenant of complaints.

D. Tenant will provide the City with the name and phone number of the manager who is responsible for noise compliance. If residents contact this person, he/she will immediately determine whether sound levels are too high, and if so, immediately lower sound levels as needed to comply with this Agreement and the City's noise ordinance. As used in this paragraph, "immediately" shall mean within thirty (30) minutes of the receipt of a noise complaint or being advised by the City of a noise complaint. The Tenant, after complying with the above requirements, shall, in addition, have thirty (30) days to provide the City with a written plan which will cure sound

level problems by establishing and assuring lower levels, adding additional sound abating materials, and/or developing policies to ensure ongoing compliance with this Agreement.

2. In the event that Tenant violates any one of the conditions set forth herein, the City may, in its sole discretion, immediately terminate this Agreement.

IN WITNESS WHEREOF, the parties hereto, by and through their undersigned agents, have executed this Agreement as of the date stated above.

WITNESS:

The City of Isle of Palms, S.C.

By: _____

Title: _____

Marker116, LLC

By: _____

Title: _____



BOARD OF ZONING APPEALS
4:30pm, Tuesday, October 5, 2021
1207 Palm Boulevard, Isle of Palms, SC

MINUTES

1. Call to order

Present: Glenn Thornburg, Arnold Karig, Ted McKnight, Brian Able, Elizabeth Campsen, and Douglas Kerr, Director of Planning

2. Approval of Previous Meeting's Minutes

Mr. McKnight made a motion to approve the minutes of the September 7, 2021 meeting as presented, and Mr. Thornburg seconded the motion.

Mr. McKnight noted that his first name was incorrect in the roll call. Mr. Karig asked that the attribution to Director Kerr that the miscellaneous business discussion that should be held until the next meeting be changed to him. The amended minutes passed unanimously.

3. Swearing in of applicants

Ms. Campsen swore in the applicants.

4. Home Occupations

A. 407 Merritt Boulevard

Director Kerr stated Forrest Hudson, the applicant, is requesting a special exception to allow the establishment of a woodcrafting business in his home. Mr. Hudson has indicated there would be no business-related traffic coming to the house and no employees except for family members working in the home. Mr. Flowers stated that his work will not create noise, odor, or dust perceptible to his neighbors. There will be no exterior evidence of his business.

Mr. Hudson said his business does not require any pickup of leftover scrap materials. He also indicated there is sound-dampening and dust collection features in his garage so as to not disturb the neighbors. He said he works from 12pm-6pm. Mr. Hudson indicated that he buys his own materials locally and there will be no business-related deliveries to the house.

MOTION: Mr. McKnight made a motion to approve the request as submitted, and Ms. Campsen seconded the motion. The motion passed unanimously.

5. Miscellaneous Business

A. 1120 and 1012 Ocean Boulevard

Director Kerr explained these applications have returned to the agenda following last month's discussion. Since their original appearance before the Board in June, City Council has since passed an extension of the outdoor dining exemption through January 31, 2022, thus not requiring such requests come before BOZA for that permission.

Director Kerr has spoken with both applicants who are working on the issues discussed at the June meeting, but they will likely not return before BOZA until the outdoor dining exemption expires.

MOTION: Mr. McKnight made a motion to approve the application of 1120 Ocean Boulevard. Ms. Campsen seconded the motion. The motion failed.

MOTION: Mr. McKnight made a motion to approve the application of 1120 Ocean Boulevard. Mr. Thornburg seconded the motion. The motion failed.

The Board briefly discussed their concerns about the safety of the deck at 1120 Ocean Boulevard. Director Kerr stated that the City's Building Official has been involved and those issues are no longer under the purview of BOZA.

Mr. McKnight asked about the possibility that Mr. Hudson's woodcrafting business could be heard by neighbors and could conditions be placed on his application. Director Kerr said should neighbors come forward about noise concerns, then Mr. Hudson would not be in compliance with his application.

6. **Adjournment**

Mr. McKnight made a motion to adjourn, and Mr. Thorburg seconded the motion. The meeting was adjourned at approximately 4:58pm.

Respectfully submitted,

Nicole DeNeane
City Clerk



**Planning Commission Meeting
4:30pm, Wednesday, October 13, 2021
1207 Palm Boulevard, Isle of Palms, SC and
broadcasted live on YouTube: <https://www.youtube.com/user/cityofisleofpalms>**

MINUTES

1. Call to Order

Present: Scott Pierce, Steven Corney, Sandy Stone, Ron Denton, David Cohen, Marty Brown, and Douglas Kerr, Director of Planning

Absent: Lisa Safford

2. Approval of minutes

Mr. Stone made a motion to approve the minutes of the September 29, 2021 regular meeting. Mr. Cohen seconded the motion.

Mr. Pierce asked that the words "less secure" be edited to "public domain."

The amended minutes passed unanimously.

3. New Business

A. Short-Term Rental Analysis

Now that all Planning Commission members have had training on the analysis tool, the next step will be to provide usernames and passwords to all members so they can use the tool as needed. Commissioners then discussed what metrics they could search for in the data analysis tool and possible outcomes. Mr. Corney shared a map of the island divided into areas at which the Commission could look at with regards to propensity primary residences, secondary residences, and short-term rentals. The denoted areas will likely change once the density of these types of residences is known in each of these areas. There is not a consideration to create any sorts of districts based on these outcomes.

Commissioners also discussed traffic count data from the DOT interactive website. Data indicates a slow increase in traffic on the island over the years. Correlating traffic counts to short-term rental effects would be difficult. Mr. Cohen noted that traffic, parking, and short-term rental issues are separate concerns that do not likely need correlating.

4. **Old Business**

A. **Review of the Priority Investment Element of the Comprehensive Plan**

Director Kerr said there is nothing to report on this element at the time. Staff continues to pursue funding that will impact the main tenants of this element.

5. **Miscellaneous Business**

The next regular meeting of the Planning Commission will be Wednesday, November 10, 2021 at 4:30pm.

Director Kerr has requested the property tax analysis shared by Treasurer Suggs at the last Ways & Means Committee meeting for Commissioners to review.

6. **Adjournment**

Mr. Pierce made a motion to adjourn, and Mr. Stone seconded the motion. The meeting was adjourned at 5:36pm.

Respectfully submitted,

Nicole DeNeane
City Clerk



ENVIRONMENTAL ADVISORY COMMITTEE

4:00pm, Thursday, October 14, 2021

1207 Palm Boulevard, Isle of Palms, SC

and broadcasted live on YouTube: <https://www.youtube.com/user/cityofisleofpalms>

MINUTES

1. Call to order

Present: Sandra Brotherton, Deb Faires, Doug Hatler, Jonathan Knoche, Molly Marino, Belvin Olasov, Linda Plunkett, Mary Pringle, and City Council Liaison Susan Smith

Absent: Grace Jurgela

Staff Present: Administrator Fragoso, Director Kerr

2. Approval of previous meeting's minutes -- none

3. Citizens' Comments -- none

4. Old Business -- none

6. New Business

A. Introduction of Committee members, City Council liaison and City staff

Administrator Fragoso thanked Council Member Smith for her leadership in the creation of this committee. Members introduced themselves, and Administrator Fragoso said a Chair and Co-Chair at next meeting. Several Committee members indicated they did not want to be considered for leadership positions.

B. Review of Freedom of Information Act

Administrator Fragoso discussed the Freedom of Information Act and how it applies to Committee members. She said City email addresses will be provided to Committee members on which they are to conduct any City and Committee-related business. She also explained the parameters of Executive Session.

C. Tips for conducting effective meetings

Administrator Fragoso reviewed some tips for having effective meetings.

D. Review of purpose and goals of the Environmental Advisory Committee

Administrator Fragoso reviewed the goals and purpose of the Environmental Advisory Committee as set forth by the City Council:

Purpose: City Council formed the Environmental Advisory Committee to advise City Council on matters of environmental impact, protections, conservation, and sustainability by exploring innovations, best practices, and data around changes. The Environmental Advisory Committee may address matters as requested by City Council and its committees, and on its own accord take up issues and initiatives that fit within its mission, with regular reporting to the Council.

Goals: Protect the environment, endangered species, and natural resources; reduce litter and pollution; pursue energy conservation; develop environmental messaging and branding to promote best practices; support Isle of Palms as a strong environmental leader in South Carolina and model for other coastal communities; and develop and support partnerships with related community groups and stakeholders.

E. Open discussion of action items to meet goals of the Committee

Council Member Smith reviewed a list of environmental issues and concerns the Committee could use to create its first areas of action: energy use and how the City can reduce its carbon footprint while encouraging citizens to do the same; leadership on climate change and promoting change on state and local levels; litter, trash, and waste messaging; recycling; composting; protecting island ecosystems, nature and wildlife; migrating birds and sanctuaries; landscaping that promotes native plants and trees; artificial turf; water quality and air quality.

Committee members will consider the list and present 3-5 priorities to Administrator Fragoso who will compile them for discussion at the next meeting.

7. Miscellaneous Business

The next meeting of the Environmental Advisory Committee will be Thursday, November 18, 2021 at 4:00pm.

8. Adjournment

The meeting was adjourned at 5:20pm.

Respectfully submitted,

Nicole DeNeane
City Clerk

ORDINANCE 2021-13

AN ORDINANCE AMENDING TITLE 7, LICENSING AND REGULATION, CHAPTER 3, BEACH AND MARINE RECREATION ACTIVITIES, ARTICLE A, GENERAL PROVISIONS, SECTION 7-3-20, COMMERCIAL ACTIVITIES RESTRICTED, TO ALLOW YEAR-ROUND SURFING INSTRUCTION ON THE BEACH **WITH CERTAIN CONDITIONS**.

BE IT ORDAINED AND ENACTED BY THE MAYOR AND COUNCIL MEMBERS OF THE CITY OF ISLE OF PALMS, SOUTH CAROLINA, IN CITY COUNCIL ASSEMBLED:

SECTION 1. That Title 7, Licensing and Regulation, Chapter 3, Beach and Marine Recreation Regulations, Article A, General Provisions, Section 7-3-20, "Commercial activities restricted," is hereby amended by deleting it in its entirety and replacing it with the following new Section 7-3-20 to state as follows:

"Sec. 7-3-20. - Commercial activities restricted.

- (a) No person shall sell or rent, or offer to sell or rent, any goods, merchandise, or services, or solicit any trade or business, on the beach, beach accesses, public parking lots, or the Breach Inlet Bridge, except pursuant to a franchise granted by City Council, pursuant to a City-sponsored activity or event, **or as otherwise permitted in this Section**.
- (b) Any commercial photographer or videographer who seeks to take photographs and/or shoot film or video in a professional capacity, must submit an application for a permit no later than fourteen (14) days prior to the shoot and satisfy the requirements to obtain such permit. The City may limit production of these activities at any time it believes it may create disruption on the beach or pose a health/safety risk to the public.

However, a commercial photographer who is not soliciting on the beach, beach accesses, public parking lots, or the Breach Inlet Bridge, will not be required to obtain a permit to implement a prior contract to take still photographs on the beach for a fee. The use of the beach to take still photographs for a fee shall be limited to no more than one (1) hour on the beach per day for this activity.

- (c) A commercial surf instructor may provide surf lessons on the beach by obtaining permission from City Council and a business license. Permission from City Council will only be considered **upon application** and with following conditions:
 - (i.) Area where surf lessons are allowed shall be dictated by the current boundary restrictions **provided in Title 7, Chapter 3 of the City Code**.

- (ii.) At least one instructor attending each lesson must be lifeguard, CPR, and first aid certified, with current certifications on file with the City. There must be a first aid kit on site.
- (iii.) Each surf instructor provider must carry liability insurance of at least \$1,000,000 that names the City of Isle of Palms as an additional insured. Proof of insurance shall be submitted to City with the application.
- (iv.) Surf instruction shall be limited to groups of four (4) or fewer students and at least one instructor, with a maximum of twelve (12) students and three (3) instructors per day per provider.
- (v.) Surf instruction shall not exceed more than two (2) hours per day per provider.
- (vi.) Surf instruction providers may not advertise on the beach. All signs, merchandise or other articles that violate Title 5, Chapter 4, Article 7 of the City Code are prohibited.
- (vii.) Surf instruction providers may not solicit for students on the beach, beach accesses, public parking lots, or the Breach Inlet Bridge parking lot.
- (viii.) Surf instruction providers must indicate on the application the location where the lessons will be provided.
- (ix.) Surf instruction providers shall execute an indemnification agreement to be submitted with the application.
- (x.) Failure to adhere to these standards will result in automatic revocation of permission to conduct surfing instruction on the beach by City Council.
- (xi.) City Council shall have the authority to limit the number of permissions issued for commercial surfing instruction on the beach.
- (xii.) Permission shall be granted for one year which may be renewed annually upon application.”

SECTION 2. That should any part of this Ordinance be held invalid by a Court of competent jurisdiction, the remaining parts shall be severable therefrom and shall continue to be in full force and effect.

SECTION 3. That all ordinances or parts of ordinances conflicting with the provisions of this Ordinance are hereby repealed insofar as the same affect this Ordinance.

SECTION 4. That this Ordinance shall take effect on January 1, 2022.

PASSED AND APPROVED BY THE CITY COUNCIL FOR THE CITY OF ISLE OF
PALMS, ON THE _____ DAY OF _____, 2021.

Jimmy Carroll, Mayor

(Seal)

Attest:

Nicole DeNeane, City Clerk

First Reading:

Second Reading:

Ratification:

ORDINANCE 2021-14

AN ORDINANCE TO REPEAL CHAPTER 1, BUSINESS LICENSES, ARTICLE A, GENERAL PROVISIONS, OF TITLE 7, LICENSING AND REGULATION, OF THE CITY OF ISLE OF PALMS CODE OF ORDINANCES AND TO ENACT A NEW CHAPTER 1, ARTICLE A, TO PROVIDE FOR THE STANDARDIZATION OF THE METHODS OF ADMINISTERING THE BUSINESS LICENSE TAX IN ACCORDANCE WITH THE SOUTH CAROLINA BUSINESS LICENSE TAX STANDARDIZATION ACT.

BE IT ORDAINED AND ENACTED BY THE MAYOR AND COUNCIL MEMBERS OF THE CITY OF ISLE OF PALMS, SOUTH CAROLINA, IN CITY COUNCIL ASSEMBLED:

SECTION 1. That Chapter 1, Article A of Title 7 is hereby repealed and deleted in its entirety and replaced with a new Chapter 1, Article A, titled "General Provisions," to state as follows:

"ARTICLE A. – GENERAL PROVISIONS

Section 7-1-1. License Required. Every person engaged or intending to engage in any business, calling, occupation, profession, or activity engaged in with the object of gain, benefit, or advantage, in whole or in part within the limits of the **City of Isle of Palms, South Carolina**, is required to pay an annual license tax for the privilege of doing business and obtain a business license as herein provided.

Section 7-1-2. Definitions. The following words, terms, and phrases, when used in this ordinance, shall have the meaning ascribed herein. Defined terms are not capitalized when used in this ordinance unless the context otherwise requires.

"*Business*" means any business, calling, occupation, profession, or activity engaged in with the object of gain, benefit, or advantage, either directly or indirectly.

"*Charitable Organization*" means an organization that is determined by the Internal Revenue Service to be exempt from Federal income taxes under 26 U.S.C. Section 501(c)(3), (4), (6), (7), (8), (10) or (19).

"*Charitable Purpose*" means a benevolent, philanthropic, patriotic, or eleemosynary purpose that does not result in personal gain to a sponsor, organizer, officer, director, trustee, or person with ultimate control of the organization.

"**City**" means the **City of Isle of Palms, South Carolina**.

"*Classification*" means that division of businesses by NAICS codes subject to the same license rate as determined by a calculated index of ability to pay based on national averages, benefits, equalization of tax burden, relationships of services, or other basis deemed appropriate by the Council.

"**Council**" means the **City Council of the City of Isle of Palms**.

"*Domicile*" means a principal place from which the trade or business of a licensee is conducted, directed, or managed. For purposes of this ordinance, a licensee may be deemed to have more than one domicile.

"*Gross Income*" means the gross receipts or gross revenue of a business, received or accrued, for one calendar or fiscal year collected or to be collected from business done within the City. If the licensee has a domicile within the City, business done within the City shall include all gross receipts or revenue received or accrued by such licensee. If the licensee does not have a domicile within the City, business done within the City shall include only gross receipts or revenue received or accrued within the City. In all cases, if the licensee pays a business license tax to another county or municipality, then the licensee's gross income for the purpose of computing the tax within the City must be reduced by the amount of revenues or receipts taxed in the other county or municipality and fully reported to the City. Gross income for business license

tax purposes shall not include taxes collected for a governmental entity, escrow funds, or funds that are the property of a third party. The value of bartered goods or trade-in merchandise shall be included in gross income. The gross receipts or gross revenues for business license purposes may be verified by inspection of returns and reports filed with the Internal Revenue Service, the South Carolina Department of Revenue, the South Carolina Department of Insurance, or other government agencies. In calculating gross income for certain businesses, the following rules shall apply:

- A. Gross income for agents shall be calculated on gross commissions received or retained, unless otherwise specified. If commissions are divided with other brokers or agents, then only the amount retained by the broker or agent is considered gross income.
- B. Except as specifically required by S.C. Code § 38-7-20, gross income for insurance companies shall be calculated on gross premiums written.
- C. Gross income for manufacturers of goods or materials with a location in the City shall be calculated on the lesser of (i) gross revenues or receipts received or accrued from business done at the location, (ii) the amount of income allocated and apportioned to that location by the business for purposes of the business's state income tax return, or (iii) the amount of expenses attributable to the location as a cost center of the business. Licensees reporting gross income under this provision shall have the burden to establish the amount and method of calculation by satisfactory records and proof. Manufacturers include those taxpayers reporting a manufacturing principal business activity code on their federal income tax returns.

“*License Official*” means a person designated by the City Administrator to administer this ordinance. Notwithstanding the designation of a primary license official, the City may designate one or more alternate license officials to administer particular types of business licenses, including without limitation for business licenses issued to businesses subject to business license taxes under Article 20, Chapter 9, Title 58, and Chapters 7 and 45, Title 38, of the South Carolina Code.

“*Licensee*” means the business, the person applying for the license on behalf of the business, an agent or legal representative of the business, a person who receives any part of the net profit of the business, or a person who owns or exercises control of the business.

“*NAICS*” means the North American Industry Classification System for the United States published under the auspices of the Federal Office of Management and Budget.

“*Person*” means any individual, firm, partnership, limited liability partnership, limited liability company, cooperative non-profit membership, corporation, joint venture, association, estate, trust, business trust, receiver, syndicate, holding company, or other group or combination acting as a unit, in the singular or plural, and the agent or employee having charge or control of a business in the absence of the principal.

Section 7-1-3. Purpose and Duration. The business license required by this ordinance is for the purpose of providing such regulation as may be required for the business subject thereto and for the purpose of raising revenue for the general fund through a privilege tax. The license year ending on April 30, 2022, shall commence on January 1, 2021 and shall run for a 16-month period. Thereafter, the license periods shall be established as follows. Except as set forth below for business licenses issued to contractors with respect to specific construction projects, each yearly license shall be issued for the twelve-month period of May 1 to April 30. A business license issued for a construction contract may, at the request of the licensee, be stated to expire at the completion of the construction project; *provided*, any such business license may require that the licensee file, by each April 30 during the continuation of the construction project, a statement of compliance, including but not limited to a revised estimate of the value of the contract. If any revised estimate of the final value of such project exceeds the amount for which the business license was issued, the licensee shall be required to pay a license fee at the then-prevailing rate on the excess amount. The provisions of this ordinance and the rates herein shall remain in effect from year to year as amended by the Council.

Section 7-1-4. Business License Tax, Refund.

- A. The required business license tax shall be paid for each business subject hereto according to the applicable rate classification on or before the due date of the 30th day of April in each year, except for those businesses in Rate Class 8 for which a different due date is specified. Late payments shall be subject to penalties as set forth in Section 7-1-12 hereof, except that admitted insurance companies may pay before June 1 without penalty.
- B. A separate license shall be required for each place of business and for each classification or business conducted at one place. Each housing unit shall be deemed to be a separate place of business for purposes of determining the number of different licenses required by lessors of residential housing units. If gross income cannot be separated for classifications at one location, the business license tax shall be computed on the combined gross income for the classification requiring the highest rate. The business license tax must be computed based on the licensee's gross income for the calendar year preceding the due date, for the licensee's twelve-month fiscal year preceding the due date, or on a twelve-month projected income based on the monthly average for a business in operation for less than one year, except for lessors of residential housing units which shall have a license fee based on gross income for the period of January 1 to December 31. The business license tax for a new business must be computed on the estimated probable gross income for the balance of the license year. The initial business license tax for an annexed business shall be prorated for the number of months remaining in the license year. A business license related to construction contract projects may be issued on a per-project basis, at the option of the taxpayer. No refund shall be made for a business that is discontinued.
- C. A licensee that submits a payment greater than the amount owed may request a refund. To be considered, a refund request must be submitted in writing to the City before the June 1 immediately following the April 30 on which the payment was due and must be supported by adequate documentation supporting the refund request. The City shall approve or deny the refund request, and if approved shall issue the refund to the business, within thirty days after receipt of the request.

Section 7-1-5. Registration Required.

- A. The owner, agent, or legal representative of every business subject to this ordinance, whether listed in the classification index or not, shall register the business and make application for a business license on or before the due date of each year; *provided*, a new business shall be required to have a business license prior to operation within the City, and an annexed business shall be required to have a business license within thirty (30) days of the annexation. A license for a bar (NAICS 722410) must be issued in the name of the individual who has been issued the corresponding state alcohol, beer, or wine permit or license and will have actual control and management of the business.
- B. Application shall be on the then-current standard business license application as established and provided by the Director of the South Carolina Revenue and Fiscal Affairs Office and shall be accompanied by all information about the applicant, the licensee, and the business deemed appropriate to carry out the purpose of this ordinance by the license official. Applicants may be required to submit copies of portions of state and federal income tax returns reflecting gross receipts and gross revenue figures.
- C. The applicant shall certify under oath that the information given in the application is true, that the gross income is accurately reported (or estimated for a new business) without any unauthorized deductions, and that all assessments, personal property taxes on business property, and other monies due and payable to the City have been paid.
- D. The City shall allow application, reporting, calculation, and payment of business license taxes through the business license tax portal hosted and managed by the South Carolina Revenue and

Fiscal Affairs Office, subject to the availability and capability thereof. Any limitations in portal availability or capability do not relieve the applicant or Licensee from existing business license or business license tax obligations.

Section 7-1-6. Deductions, Exemptions, and Charitable Organizations.

- A. No deductions from gross income shall be made except income earned outside of the City on which a license tax is paid by the business to some other municipality or county and fully reported to the City, taxes collected for a governmental entity, or income which cannot be included for computation of the tax pursuant to state or federal law. Properly apportioned income from business in interstate commerce shall be included in the calculation of gross income and is not exempted. The applicant shall have the burden to establish the right to exempt income by satisfactory records and proof.
- B. No person shall be exempt from the requirements of the ordinance by reason of the lack of an established place of business within the City, unless exempted by state or federal law. The license official shall determine the appropriate classification for each business in accordance with the latest issue of NAICS. No person shall be exempt from this ordinance by reason of the payment of any other tax, unless exempted by state law, and no person shall be relieved of liability for payment of any other tax or fee by reason of application of this ordinance.
- C. Wholesalers are exempt from business license taxes unless they maintain warehouses or distribution establishments within the City. A wholesale transaction involves a sale to an individual who will resell the goods and includes delivery of the goods to the reseller. It does not include a sale of goods to a user or consumer.
- D. A charitable organization shall be exempt from the business license tax on its gross income unless it is deemed a business subject to a business license tax on all or part of its gross income as provided in this section. A charitable organization, or any affiliate of a charitable organization, that reports income from for-profit activities or unrelated business income for federal income tax purposes to the Internal Revenue Service shall be deemed a business subject to a business license tax on the part of its gross income from such for-profit activities or unrelated business income.
- E. A charitable organization shall be deemed a business subject to a business license tax on its total gross income if (1) any net proceeds of operation, after necessary expenses of operation, inure to the benefit of any individual or any entity that is not itself a charitable organization as defined in this ordinance, or (2) any net proceeds of operation, after necessary expenses of operation, are used for a purpose other than a charitable purpose as defined in this ordinance. Excess benefits or compensation in any form beyond fair market value to a sponsor, organizer, officer, director, trustee, or person with ultimate control of the organization shall not be deemed a necessary expense of operation.
- F. Licenses shall be waived for vendors who are not otherwise required to hold a valid business license and who are invited by the City to participate in City-hosted, City-sponsored, or City-sanctioned special events. Such vendors shall submit a written application for a special events license waiver on a form prescribed and dispensed by the license official upon such terms as indicated on the temporary waiver.

Section 7-1-7. False Application Unlawful. It shall be unlawful for any person subject to the provisions of this ordinance to make a false application for a business license or to give or file, or direct the giving or filing of, any false information with respect to the license or tax required by this ordinance.

Section 7-1-8. Display and Transfer.

- A. All persons shall display the license issued to them on the original form provided by the license official in a conspicuous place in the business establishment at the address shown on the license. A

transient or non-resident shall carry the license upon his person or in a vehicle used in the business readily available for inspection by any authorized agent of the City.

- B. A change of address must be reported to the license official within ten (10) days after removal of the business to a new location and the license will be valid at the new address upon written notification by the license official and compliance with zoning and building codes. Failure to obtain the approval of the license official for a change of address shall invalidate the license and subject the licensee to prosecution for doing business without a license. A business license shall not be transferable, and a transfer of controlling interest shall be considered a termination of the old business and the establishment of a new business requiring a new business license, based on old business income.

Section 7-1-9. Administration of Ordinance. The license official shall administer the provisions of this ordinance, collect business license taxes, issue licenses, make or initiate investigations and audits to ensure compliance, initiate denial or suspension and revocation procedures, report violations to the City attorney, assist in prosecution of violators, produce forms, undertake reasonable procedures relating to the administration of this ordinance, and perform such other duties as may be duly assigned.

Section 7-1-10. Inspection and Audits.

- A. For the purpose of enforcing the provisions of this ordinance, the license official or other authorized agent of the City is empowered to enter upon the premises of any person subject to this ordinance to make inspections and to examine and audit books and records. It shall be unlawful for any such person to fail or refuse to make available the necessary books and records. In the event an audit or inspection reveals that the licensee has filed false information, the costs of the audit shall be added to the correct business license tax and late penalties in addition to other penalties provided herein. Each day of failure to pay the proper amount of business license tax shall constitute a separate offense.
- B. The license official shall have the authority to make inspections and conduct audits of businesses to ensure compliance with the ordinance. Financial information obtained by inspections and audits shall not be deemed public records, and the license official shall not release the amount of business license taxes paid or the reported gross income of any person by name without written permission of the licensee, except as authorized by this ordinance, state or federal law, or proper judicial order. Statistics compiled by classifications are public records.
- C. Any person managing a business or occupation for another person who is required to hold a business license pursuant to this chapter shall maintain a current list of all such businesses or occupations, which list shall contain all information used by the City in determining the annual license tax for such businesses or occupations for each license year in which the manager performed management duties at any time during such license year. Such manager shall maintain on file with the license official a current copy of all such businesses' or occupations' business licenses and the information required in this subsection, including the business or occupation owner's name, mailing address and location of each business.

Section 7-1-11. Assessments, Payment under Protest, Appeal.

- A. Assessments, payments under protest, and appeals of assessment shall be allowed and conducted by the City pursuant to the provisions of S.C. Code § 6-1-410, as amended. In preparing an assessment, the license official may examine such records of the business or any other available records as may be appropriate and conduct such investigations and statistical surveys as the license official may deem appropriate to assess a business license tax and penalties as provided herein.
- B. The license official shall establish a uniform local procedure consistent with S.C. Code § 6-1-410 for hearing an application for adjustment of assessment and issuing a notice of final assessment;

provided that for particular types of business licenses, including without limitation for business licenses issued to businesses subject to business license taxes under Article 20, Chapter 9, Title 58, and Chapters 7 and 45, Title 38, of the South Carolina Code, the City, by separate ordinance, may establish a different procedure and may delegate one or more rights, duties, and functions hereunder to the Municipal Association of South Carolina.

Section 7-1-12. Delinquent License Taxes, Partial Payment.

- A. For non-payment of all or any part of the correct business license tax, the license official shall impose and collect a late penalty of five (5%) percent of the unpaid tax for each month or portion thereof after until paid. Penalties shall not be waived. If any business license tax remains unpaid for sixty (60) days after its due date, the license official shall report it to the City attorney for appropriate legal action. Penalties on license taxes for those businesses in Rate Class 8 due at a date other than April 30th shall run from the due date or as otherwise provided in Appendix A.
- B. Partial payment may be accepted by the license official to toll imposition of penalties on the portion paid; *provided*, however, no business license shall be issued or renewed until the full amount of the tax due, with penalties, has been paid.

Section 7-1-13. Notices. The license official may, but shall not be required to, mail written notices that business license taxes are due. If notices are not mailed, there shall be published a notice of the due date in a newspaper of general circulation within the City three (3) times prior to the due date in each year. Failure to receive notice shall not constitute a defense to prosecution for failure to pay the tax due or grounds for waiver of penalties.

Section 7-1-14. Denial of License. The license official may deny a license to an applicant when the license official determines:

- A. The application is incomplete or contains a misrepresentation, false or misleading statement, or evasion or suppression of a material fact;
- B. The activity for which a license is sought is unlawful or constitutes a public nuisance *per se* or *per accidens*;
- C. The applicant, licensee, prior licensee, or the person in control of the business has been convicted within the previous ten years of an offense under a law or ordinance regulating business, a crime involving dishonest conduct or moral turpitude related to a business or a subject of a business, or an unlawful sale of merchandise or prohibited goods;
- D. The applicant, licensee, prior licensee, or the person in control of the business has engaged in an unlawful activity or nuisance related to the business or to a similar business in the City or in another jurisdiction;
- E. The applicant, licensee, prior licensee, or the person in control of the business is delinquent in the payment to the City of any tax or fee;
- F. A licensee has actual knowledge or notice, or based on the circumstances reasonably should have knowledge or notice, that any person or employee of the licensee has committed a crime of moral turpitude on the business premises, or has permitted any person or employee of the licensee to engage in the unlawful sale of merchandise or prohibited goods on the business premises and has not taken remedial measures necessary to correct such activity; or
- G. The license for the business or for a similar business of the licensee in the City or another jurisdiction has been denied, suspended, or revoked in the previous license year.

A decision of the license official shall be subject to appeal as herein provided. Denial shall be written with reasons stated.

Section 7-1-15. Suspension or Revocation of License. When the license official determines:

- A. A license has been mistakenly or improperly issued or issued contrary to law;
- B. A licensee has breached any condition upon which the license was issued or has failed to comply with the provisions of this ordinance;
- C. A licensee has obtained a license through a fraud, misrepresentation, a false or misleading statement, or evasion or suppression of a material fact in the license application;
- D. A licensee has been convicted within the previous ten years of an offense under a law or ordinance regulating business, a crime involving dishonest conduct or moral turpitude related to a business or a subject of a business, or an unlawful sale of merchandise or prohibited goods;
- E. A licensee has engaged in or allowed an unlawful activity or nuisance related to the business, or the licensee has demonstrated an inability or unwillingness to prevent the licensee's tenants from engaging in unlawful activities or creating nuisances related to the business;
- F. A licensee has had five (5) or more complaints of unlawful activity within a single calendar year that are determined to be founded by the Police Department;
- G. A licensee is delinquent in the payment to the City of any tax or fee,

the license official may give written notice to the licensee or the person in control of the business within the City by personal service or mail that the license is suspended pending a single hearing before Council or its designee for the purpose of determining whether the suspension should be upheld and the license should be revoked.

The written notice of suspension and proposed revocation shall state the time and place at which the hearing is to be held, which shall be at a regular or special Council meeting within ten (10) days from the date of service of the notice, unless continued by agreement, and shall contain a brief statement of the reasons for the suspension and proposed revocation and a copy of the applicable provisions of this ordinance.

Section 7-1-16. Appeals to Council or its Designee.

- A. Except with respect to appeals of assessments under Section 7-1-11 hereof, which are governed by S.C. Code § 6-1-410, any person aggrieved by a determination, denial, or suspension and proposed revocation of a business license by the license official may appeal the decision to the Council or its designee by written request stating the reasons for appeal, filed with the license official within ten (10) days after service by mail or personal service of the notice of determination, denial, or suspension and proposed revocation.
- B. A hearing on an appeal from a license denial or other determination of the license official and a hearing on a suspension and proposed revocation shall be held by the Council or its designee within ten (10) business days after receipt of a request for appeal or service of a notice of suspension and proposed revocation. The hearing shall be held upon written notice at a regular or special meeting of the Council, or, if by designee of the Council, at a hearing to be scheduled by the designee. The hearing may be continued to another date by agreement of all parties. At the hearing, all parties shall have the right to be represented by counsel, to present testimony and evidence, and to cross-examine witnesses. The proceedings shall be recorded and transcribed at the expense of the party so requesting. The rules of evidence and procedure prescribed by Council or its designee shall govern the hearing. Following the hearing, the Council by majority vote of its members present, or the designee of Council if the hearing is held by the designee, shall render a written decision based on findings of fact and conclusions on application of the standards herein. The written decision shall be served, by personal service or by mail, upon all parties or their representatives and shall constitute the final decision of the City.

- C. Timely appeal of a decision of Council or its designee does not effectuate a stay of that decision. The decision of the Council or its designee shall be binding and enforceable unless overturned by an applicable appellate court after a due and timely appeal.
- D. For business licenses issued to businesses subject to business license taxes under Article 20, Chapter 9, Title 58, and Chapters 7 and 45, Title 38, of the South Carolina Code, the City may establish a different procedure by ordinance.

Section 7-1-17. Consent, franchise, or license required for use of streets.

- A. It shall be unlawful for any person to construct, install, maintain, or operate in, on, above, or under any street or public place under control of the City any line, pipe, cable, pole, structure, or facility for utilities, communications, cablevision, or other purposes without a consent agreement or franchise agreement issued by the Council by ordinance that prescribes the term, fees, and conditions for use.
- B. The annual fee for use of streets or public places authorized by a consent agreement or franchise agreement shall be set by the ordinance approving the agreement and shall be consistent with limits set by state law. Existing franchise agreements shall continue in effect until expiration dates in the agreements. Franchise and consent fees shall not be in lieu of or be credited against business license taxes unless specifically provided by the franchise or consent agreement.

Section 7-1-18. Confidentiality. Except in accordance with proper judicial order or as otherwise provided by law, no official or employee of the City may divulge or make known in any manner the amount of income or any financial particulars set forth or disclosed in any report or return required under this ordinance. Nothing in this section shall be construed to prohibit the publication of statistics so classified as to prevent the identification of particular reports or returns. Any license data may be shared with other public officials or employees in the performance of their duties, whether or not those duties relate to enforcement of this ordinance.

Section 7-1-19. Violations.

- A. Any person violating any provision of this ordinance shall be deemed guilty of an offense and shall be subject to a fine of up to \$500.00 or imprisonment for not more than thirty (30) days or both, upon conviction. Each day of violation shall be considered a separate offense. Punishment for violation shall not relieve the offender of liability for delinquent taxes, penalties, and costs provided for in this ordinance.
- B. It shall be unlawful for any person to manage a business or occupation for another person who does not have a current business license as required under this chapter. Any person violating any provision of this subsection shall be deemed guilty of an offense and upon conviction shall be subject to a fine of up to \$500.00 or imprisonment for not more than thirty (30) days, or both. Each day of violation shall be considered a separate offense.

Section 7-1-20. Severability. A determination that any portion of this ordinance is invalid or unenforceable shall not affect the remaining portions. To the extent of any conflict between the provisions of this ordinance and the provisions of the South Carolina Business License Tax Standardization Act, as codified at S.C. Code §§ 6-1-400 *et seq.*, the standardization act shall control.

Section 7-1-21. Classification and Rates.

- A. The business license tax for each class of businesses subject to this ordinance shall be computed in accordance with the current business license rate schedule, designated as Appendix A to this ordinance, which may be amended from time to time by the Council.
- B. The current business license class schedule is attached hereto as Appendix B. Hereafter, no later than December 31 of each odd year, the City shall adopt, by ordinance, the latest standardized business license class schedule as recommended by the Municipal Association of South Carolina

and adopted by the Director of the South Carolina Revenue and Fiscal Affairs Office. Upon adoption by the City, the revised business license class schedule shall then be appended to this ordinance as a replacement Appendix B.

C. The classifications included in each rate class are listed with NAICS codes, by sector, sub-sector, group, or industry. The business license class schedule (Appendix B) is a tool for classification and not a limitation on businesses subject to a business license tax. The classification in the most recent version of the business license class schedule adopted by the Council that most specifically identifies the subject business shall be applied to the business. The license official shall have the authority to make the determination of the classification most specifically applicable to a subject business.

D. A copy of the class schedule and rate schedule shall be filed in the office of the City clerk.”

SECTION 2. That should any part of this Ordinance be held invalid by a Court of competent jurisdiction, the remaining parts shall be severable therefrom and shall continue to be in full force and effect.

SECTION 3. That all ordinances or parts of ordinances conflicting with the provisions of this Ordinance are hereby repealed insofar as the same affect this Ordinance.

SECTION 4. That this Ordinance shall become effective on May 1, 2022.

PASSED AND APPROVED BY THE CITY COUNCIL FOR THE CITY OF ISLE OF PALMS,
ON THE _____ DAY OF _____, 2021.

Jimmy Carroll, Mayor

(Seal)

Attest:

Nicole DeNeane, City Clerk

First Reading: _____

Public Hearing: _____

Second Reading: _____

Ratification: _____

APPENDIX A: BUSINESS LICENSE RATE SCHEDULE

	INCOME: \$0 - \$2,000	INCOME OVER \$2,000
<u>RATE CLASS</u>	<u>BASE RATE</u>	<u>RATE PER \$1,000 OR FRACTION</u>
<u>THEREOF</u>		
1	\$75.00	\$2.00
2	\$80.00	\$2.05
3	\$85.00	\$2.10
4	\$90.00	\$2.15
5	\$95.00	\$2.20
6	\$100.00	\$2.25
7	\$105.00	\$2.30
8	See individual businesses in Class 8 listed below in Appendix A.	
9	See individual businesses in Class 9 listed below in Appendix A.	

NON-RESIDENT RATES

Unless otherwise specifically provided, all taxes and rates shall be doubled for nonresidents and itinerants having no fixed principal place of business within the City.

CLASS 8 RATES

Each NAICS number designates a separate subclassification. The businesses in this section are treated as separate and individual subclasses due to provisions of state law, regulatory requirements, service burdens, tax equalization considerations, and other factors that are deemed sufficient to require individually determined rates. In accordance with state law, the City also may provide for reasonable subclassifications for rates, described by an NAICS sector, subsector, or industry, that are based on particularized considerations as needed for economic stimulus or for the enhanced or disproportionate demands on municipal services or infrastructure.

Non-resident rates do not apply except where indicated.

8.1 NAICS 230000 – Contractors, Construction, All Types: [Non-resident rates apply].

Resident rates, for contractors having a permanent place of business within the City:

Minimum on first \$2,000 \$110.00 PLUS
 Each additional 1,000..... \$2.35

Non-resident rates apply to contractors that do not have a permanent place of business within the City. A trailer at the construction site or structure in which the contractor temporarily resides is not a permanent place of business under this ordinance.

No contractor shall be issued a business license until all state and municipal qualification examination and trade license requirements have been met. Each contractor shall post a sign in plain view on each job identifying the contractor with the job.

Sub-contractors shall be licensed on the same basis as general or prime contractors for the same job. No deductions shall be made by a general or prime contractor for value of work performed by a sub-contractor.

No contractor shall be issued a business license until all performance and indemnity bonds required by the Building Code have been filed and approved. Zoning permits must be obtained when required by the Zoning Ordinance.

Each prime contractor shall file with the License Official a list of sub-contractors furnishing labor or materials for each project.

For licenses issued on a per-job basis, the total tax for the full amount of the contract shall be paid prior to commencement of work and shall entitle the contractor to complete the job without regard to the normal license expiration date. An amended report shall be filed for each new job and the appropriate additional license fee per \$1,000 of the contract amount shall be paid prior to commencement of new work. Only one base tax shall be paid in a license year. Licensees holding a per-job license shall file, by each April 30 during the continuation of the construction project, a statement of compliance, including but not limited to a revised estimate of the value of the contract. If any revised estimate of the final value of such project exceeds the amount for which the business license was issued, the licensee shall be required to pay a license fee at the then-prevailing rate on the excess amount.

8.2 NAICS 482 – Railroad Companies: Set by statute; see S.C. Code § 12-23-210.

8.3 NAICS 517311, 517312 – Telephone Companies:

Notwithstanding any other provisions of this chapter, business license taxes for retail telecommunications service as defined in S.C. Code 1976, § 58-9-2200, including but not limited to those services described in Standard Industrial Classification (SIC) 481 and North American industry Classification System (NAICS) 5133, shall pay an annual business license fee based on gross income.

Pursuant to S.C. Code 1976, § 58-9-2220, the following business license tax schedule shall apply to the gross income from retail telecommunications services for the preceding calendar or fiscal year which either originate or terminate in the City and which are charged to a service address within the City regardless of where these amounts are billed or paid and on which a business license tax has not been paid to another municipality. The measurement of the amounts derived from the retail of mobile telecommunications services shall include only revenues from the fixed monthly recurring charge of customers whose service address is within the boundaries of the City.

Rate for license taxes due in the years 1999 through 2003: three tenths of one percent (0.3%) of gross income for the preceding year.

Rate for license taxes due in the year 2004 and each year thereafter: seventy-five hundredths of one percent (0.75%) of gross income for the preceding year.

For a business in operation for less than one (1) year, the amount of business license tax authorized by this section shall be computed on a twelve (12) month projected income.

The rate for business licenses for retail telecommunications service for 1999 shall be three tenths of one percent (0.3%) of 1998 gross income, due on October 1, 1999, and payable by January 31, 2000, without penalty.

The telecommunications business license tax shall be due on January 1 in each year, beginning in the year 2000. Declining rates shall not apply. Taxes are payable without penalty by January 31 following the due date. After January 31, the delinquent penalty shall be five percent (5%) of the tax due for each month, or portion thereof, after the due date until paid.

Exemptions in this chapter for income from business in interstate commerce are hereby repealed. Properly apportioned gross income from interstate commerce shall be included in the gross income for every business subject to a business license tax.

Nothing in this chapter shall be interpreted to interfere with a franchise agreement or contractual agreement entered into with a telecommunications provider prior to December 31, 1997.

Fees imposed by a franchise or contractual agreement with a telecommunications provider entered into prior to December 31, 1997, which expires prior to December 31, 2003, shall continue in effect until December 31, 2003.

All fees collected under such franchise agreement or contractual agreement shall be in lieu of fees or taxes which might otherwise be authorized by this chapter.

A business license tax ordinance, adopted prior to December 31, 1997, which levied a business license tax paid by a telecommunications company higher than that levied under this chapter, shall remain in effect through December 31, 2003.

As authorized by S.C. Code 1976, § 5-7-300, the agreement with the Municipal Association of South Carolina for collection of current and delinquent license taxes from telecommunications companies pursuant to S.C. Code 1976, § 58-9-2200 shall continue in effect.

8.4 NAICS 5241 – Insurance Companies:

Except as to fire insurance, "gross premiums" means gross premiums written for policies for property or a risk located within the City. In addition, "gross premiums" shall include premiums written for policies that are sold, solicited, negotiated, taken, transmitted, received, delivered, applied for, produced or serviced by (1) the insurance company's office located in the City, (2) the insurance company's employee conducting business within the City, or (3) the office of the insurance company's licensed or appointed producer (agent) conducting business within the City, regardless of where the property or risk is located, provided no tax has been paid to another municipality in which the property or risk is located based on the same premium.

Solicitation for insurance, receiving or transmitting an application or policy, examination of a risk, collection or transmitting of a premium, adjusting a claim, delivering a benefit, or doing any act in connection with a policy or claim shall constitute conducting business within the City, regardless of whether or not an office is maintained in the City.

As to fire insurance, "gross premiums" means gross premiums (1) collected in the City, and/or (2) realized from risks located within the limits of the City.

Gross premiums shall include all business conducted in the prior calendar year.

Gross premiums shall include new and renewal business without deductions for any dividend, credit, return premiums or deposit. Declining rates shall not apply.

NAICS 52411 - Life, Health and Accident. 0.75% of Gross Premiums.

NAICS 524126 - Fire and Casualty. Two percent (2%) of Gross Premiums.

NAICS 524127 - Title Insurance. Two percent (2%) of Gross Premiums.

Notwithstanding any other provisions in this Chapter, license taxes for insurance companies shall be payable on or before May 31 in each year without penalty. The penalty for delinquent payments shall be five percent (5%) of the tax due per month, or portion thereof, after the due date until paid.

As authorized by S.C. Code 1976, § 5-7-300, the agreement with the Municipal Association of South Carolina for collection of current and delinquent license taxes from insurance companies shall continue in effect.

8.51 NAICS 713120 – Amusement Machines, coin operated (except gambling): Music machines, juke boxes, kiddie rides, video games, pin tables with levers, and other amusement machines with or without free play feature licensed by SC Department of Revenue pursuant to S.C. Code §12-21-2720(A)(1) and (A)(2) [Type I and Type II].

For operation of all machines (not on gross income), pursuant to S.C. Code §12-21-2746:

Per Machine \$12.50 PLUS
Business license \$12.50

Distributors that sell or lease machines and are not licensed by the state as an operator pursuant to §12-21-2728 are not subject to Subclass 8.51.

8.52 NAICS 713290 – Amusement Machines, coin operated, non-payout: Amusement machines of the non-payout type or in-line pin game licensed by SC Department of Revenue pursuant to S.C. Code §12-21-2720(A)(3) [Type III].

For operation of all machines (not on gross income), pursuant to S.C. Code §12-21-2720(B):

Per Machine \$180.00 PLUS
Business license \$12.50

Distributors that sell or lease machines and are not licensed by the state as an operator pursuant to §12-21-2728 are not subject to Subclass 8.52.

8.6 NAICS 713990 – Billiard or Pool Rooms, all types:

(A) Pursuant to SC Code § 12-21-2746, license tax of \$5.00 per table measuring less than 3½ feet wide and 7 feet long, and \$12.50 per table longer than that; PLUS, (B) with respect to gross income from the entire business in addition to the tax authorized by state law for each table:

Minimum on first \$2,000 \$110.00 PLUS
Per \$1,000, or fraction, over \$2,000 \$2.35

CLASS 9 RATES

9.1 NAICS 423930 – Junk or Scrap Dealers [Non-resident rates apply].

Minimum on first \$2,000 \$110.00 PLUS
Per \$1,000, or fraction, over \$2,000 \$3.00

9.2 NAICS 522298 – Pawn Brokers [All Types].

Minimum on first \$2,000 \$110.00 PLUS

Per \$1,000, or fraction, over \$2,000 \$3.00

9.3 NAICS 4411, 4412 – Automotive, Motor Vehicles, Boats, Farm Machinery or Retail.

(except auto supply stores - see 4413)

Minimum on first \$2,000 \$75.00 PLUS

Per \$1,000, or fraction, over \$2,000 \$2.00

One sales lot not more than 400 feet from the main showroom may be operated under this license provided that proceeds from sales at the lot are included in gross receipts at the main office when both are operated under the same name and ownership.

Gross receipts for this classification shall include value of trade-ins. Dealer transfers or internal repairs on resale items shall not be included in gross income.

NAICS 454390 – Peddlers, Solicitors, Canvassers, Door-To-Door Sales.

Direct retail sales of merchandise. [Non-resident rates apply]

9.41 Regular activities [more than two sale periods of more than three days each per year]

Minimum on first \$2,000 \$110.00 PLUS

Per \$1,000, or fraction, over \$2,000 \$2.35

9.42 Seasonal activities [not more than two sale periods of not more than three days each year, separate license required for each sale period]

Minimum on first \$2,000 \$15.00 PLUS

Per \$1,000, or fraction, over \$2,000 \$2.35

Applicants for a license to sell on private property must provide written authorization from the property owner to use the intended location.

9.6 NAICS 711190 – Carnivals and Circuses.

Minimum on first \$2,000 \$110.00 PLUS

Per \$1,000, or fraction, over \$2,000 \$2.35

9.7 NAICS 722410 – Drinking Places, bars, lounges, cabarets (Alcoholic beverages consumed on premises).

Minimum on first \$2,000 \$110.00 PLUS

Per \$1,000, or fraction, over \$2,000 \$3.00

License must be issued in the name of the individual who has been issued a State alcohol, beer or wine permit or license and will have actual control and management of the business.

9.8 NAICS 53111 – Lessors of Residential Housing Units – Less than Ninety (90) Days

(Non-resident rates do not apply):

Minimum on first \$2,000.00 \$175.00 PLUS

Per \$1,000.00, or fraction, over \$2,000.00 \$4.60

The licensee shall sign a written acknowledgment that a violation of this Code, either by the licensee, the licensee's property manager, or the licensee's rental guests, may result in the suspension or revocation of the license.

The licensee shall maintain on file with the City Business License Office the current telephone number, if any, of the residence and current twenty-four (24) hour per day telephone numbers at which the City may contact the licensee and, if applicable, the licensee's property manager.

Deleted: Notwithstanding any other provision of this chapter, license taxes for lessors of residential housing units-less than ninety (90) days shall be payable on or before September 1 in each year without penalty.¶

**APPENDIX B: BUSINESS LICENSE CLASS SCHEDULE
BY NAICS CODE**

[MASC to provide updated class schedules]

This appendix will be updated every odd year based on the latest available IRS statistics. The 2022 Business License Class Schedule may be accessed at: <https://www.iop.net/building-and-planning/business-licenses>



City of Isle of Palms, South Carolina

**A Resolution
2021-06**

**AUTHORIZING THE CONSUMPTION OF BEER AND WINE ONLY, AMPLIFIED
MUSIC AND STREET CLOSURE AT THE LOWVELO BIKE RIDE ON NOVEMBER 6,
2021**

WHEREAS, the MUSC Hollings Cancer Center LOWVELO is hosting the 2021 LOWVELO Bike Ride on Saturday, November 6, 2021 on Ocean Boulevard from JC Long Boulevard to 14th Avenue; and,

WHEREAS, On February 23, 2021, City Council approved the Lowvelo Bike Ride as a City-sponsored event; and,

WHEREAS, the MUSC Hollings Cancer Center LOWVELO is requesting permission for the temporary closing and use from 9:00 am on Thursday, November 4, 2021 through 12:00 pm on Sunday, November 7, 2021 of Ocean Boulevard (southbound traffic lane) from 14th Avenue to JC Long Boulevard for set up, kick-off, clean up, staging of the event and the post-ride celebration event to be held on Saturday, November 6, 2021 from 7:00 a.m. to 6:00 p.m.; for participants to consume beer and wine beverages only 8:00 a.m. to 6:00 p.m.; and for the use of amplified noise throughout the event on Saturday, November 6, 2021 between 8:00 a.m. to 6:00 p.m.; and,

WHEREAS, it has been determined that such an event would be in the public interest;

NOW, THEREFORE, BE IT RESOLVED by the Mayor and Council this ____ day of _____, 2021, that possession and consumption of beer and wine beverages only and the use of amplified noise is authorized in the event space on Ocean Boulevard between 14th Avenue and JC Long Boulevard on Saturday, November 6, 2021 between 8:00 a.m. and 6:00 p.m.; and,

BE IT FURTHER RESOLVED that the closure of the southbound lane of traffic on Ocean Boulevard between 14th Avenue and JC Long Boulevard is authorized between the hours of 9:00 a.m. on Thursday, November 4, 2021 and 12:00 p.m. on Sunday, November 7, 2021; and,

BE IT FURTHER RESOLVED that possession and consumption of alcoholic liquors or alcoholic beverages other than beer and/or wine beverages within the event area is prohibited; and,

BE IT FURTHER RESOLVED that outdoor possession and consumption of beer and wine

beverages only, all outdoor musical performances and use of sound-amplifying devices shall end by 6:00 p.m. due to the proximity of the event to residential properties; and,

BE IT FURTHER RESOLVED that all vendors be restricted to stationary location; and;

BE IT FURTHER RESOLVED that only pedestrian traffic will be allowed in the area. All other traffic including, but not limited to, automobiles, trucks, motorcycles, mopeds, bicycles, skateboards, golf carts, LSVs, except police and fire LSVs, is prohibited; and,

BE IT FURTHER RESOLVED that during the designated times the closed portion of Ocean Blvd between 14th Ave and JC Long Blvd is deemed to be the site of a public event at which only beer and wine beverages may be consumed and the prohibition against possession or consumption of alcoholic beverages set forth in Section 7-2-1 shall not apply as to the possession and consumption of beer and/or wine beverages only.

City Administrator

Mayor

ATTEST:

City Clerk



City of Isle of Palms, South Carolina

**A Resolution
2021-07**

**AUTHORIZING DISCHARGE OF WEAPONS USING BLANK AMMUNITION, AND
AMPLIFIED NOISE AT THE BLESSING OF THE VETERANS AND FIRST
RESPONDERS ON NOVEMBER 6, 2021**

WHEREAS, the St. Mark's Lutheran Church is hosting the 2021 Blessing of the Veteran and First Responders on Saturday, November 6, 2021 at 300 Palm Boulevard; and,

WHEREAS, the St. Mark's Lutheran Church is requesting permission for the temporary use of amplified noise and the discharge of weapons using blank ammunition as a part of a Honor Volley to those veterans past and living from 11:00 a.m. to 12:00 p.m. at 300 Palm Boulevard on Saturday November 6, 2021; and,

WHEREAS, it has been determined that such an event would be in the public interest;

NOW, THEREFORE, BE IT RESOLVED by the Mayor and Council this _____ day of _____, 2021, that the use of amplified noise and discharge of weapons using blank ammunition is authorized at 300 Palm Blvd between the hours of 11:00 a.m. and 12:00 p.m. on Saturday, November 6, 2021.

City Administrator

Mayor

ATTEST:

City Clerk