



**SPECIAL CITY COUNCIL MEETING**  
**5:00pm, Tuesday, December 9, 2025**  
**1207 Palm Boulevard, Isle of Palms, SC and**  
**broadcasted live on YouTube: <https://www.youtube.com/user/cityofisleofpalms>**

**Agenda**

1. **Call to order** and acknowledgement that the press and public were duly notified of the meeting accordance with the Freedom of Information Act.
2. **Special Presentations**
  - A. FY25 Audit Presentation [p42-154]
  - B. Recognition of outgoing council members Jan Anderson and Blair Hahn
3. **Consideration of nominations for Standing Committees for 2026 [p3]**
4. **Consideration of nominations for Boards and Commissions**
  - A. Planning Commission
  - B. Accommodations Tax Advisory Committee
  - C. Environmental Advisory Committee
  - D. Beach Preservation Committee
5. **Consideration of nominations for City Judges, City Attorney, and City Prosecutor**
  - A. Michael Molony for City Judge
  - B. Christopher Skipper for Associate Judge
  - C. Mac McQuillin of Haynsworth, Sinkler, Boyd, PA for City Attorney
  - D. Culver Kidd for City Prosecutor
6. **Consideration of nominations for CARTA Board of Directors**
7. **Consideration of nominations for the Charleston Visitors Bureau**
8. **Consideration of nominations for the Charleston, Berkeley, Dorchester Council of Governments**
9. **Consideration of nominations for liaison for the Environmental Advisory Committee**
10. **Consideration of nominations for liaison for the Beach Preservation Committee**

11. **Consideration of proposal from Thomas and Hutton to provide bidding and construction administration services for phase 2 of Waterway Boulevard flood barrier project for \$75,000 (FY26 Capital Projects Fund) [p4-9]**
12. **Consideration of responses to RFQ 2025-02 to provide beach management-alternatives analysis services [p10-39]**
13. **Second Reading** – Ordinance 2025-12 – to update the class schedule for Business Licenses as required by Act 176 of 2020 [p40-41]
14. **Adjournment**

## **2026 Boards and Commissions Appointments and Re-Appointments**

The Administration Committee makes the following recommendations to City Council for their consideration:

**-to the Environmental Advisory Committee:**

- reappoint Laura Lovins and Todd Murphy
- appoint Britton Foy and Susan Smith
- appoint Charlotte Webster to the student position

**-to the Planning Commission:**

- reappoint Ron Denton, Suzanne Nagelski, Jeffrey Rubin, Rich Steinert
- appoint Bill Laughlin

**-to the Accommodations Tax Advisory Committee:**

- reappoint Barb Bergwerf, Chrissy Lorenz, Mike Boykin, Margaret Miller

**-to the Beach Preservation Committee:**

- appoint Dan Slotchiver, Wendi Pasterik, Alice Bova, Dieter Ostermann, and John Shilling

December 5, 2025

Mr. Douglas Kerr  
City of Isle of Palms  
P.O. Drawer 508  
Isle of Palms, SC 29451

Re: Waterway Boulevard Pathway  
Tidal Inundation Mitigation Project  
City of Isle of Palms, South Carolina  
T&H J-27670.0010  
Letter Agreement for Additional Services  
(CO#5)

Dear Mr. Kerr:

Thank you for requesting additional service from Thomas & Hutton (T&H) to continue to assist the City with the implementation of this very important and impactful project for City residents. As you are aware, the City will be bidding and constructing the portion of the project along the Waterway Blvd. pathway (within the SCDOT rights-of-way) and other miscellaneous areas. This portion of the project will complete the tidal inundation mitigation project.

Our original design and permitting contract (October 1, 2023), and our previous additional services agreements (CO#1, CO#2, CO#3, and CO#4) did not include the services listed under this change order (CO#5).

Please see the attached table for the current project/contract fee and the proposed fee for this additional services request.

If acceptable, please indicate your authorization to proceed with this additional work by signing and initialing where designated below and returning a copy to us for our files. This Proposal will be open for acceptance for 90 days, unless changed by us in writing. Please note that no work will be performed without prior written authorization to proceed. This extra work is subject to the terms and conditions of the Contract executed for this Project dated October 1, 2023.

This Proposal between The City of Isle of Palms (Owner), and Thomas & Hutton Engineering Co. (Consultant), consisting of the Consulting Services on a Time & Expense Basis Rate Sheet, and Exhibit "A," represent the entire understanding between you and us with respect to the Scope change. This agreement may only be modified in writing if signed by both of us.

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CLIENT'S INITIALS

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CONSULTANT'S INITIALS




Mr. Douglas Kerr  
City of Isle of Palms  
Letter Agreement for Additional Services  
December 5, 2025  
Page 2

We appreciate this opportunity to be of service to you on this Project. Should you have any questions or need further information, please do not hesitate to call us.

Very truly yours,

**THOMAS & HUTTON ENGINEERING CO.**

By   
Richard Karkowski, PE, PH, D.WRE  
Water Resources Department Manager

RPK/

Enclosures: Exhibit "A" – Additional Services  
Fee Table  
2025 Consulting Services Rate Sheet

**CITY OF ISLE OF PALMS**

ACCEPTED: \_\_\_\_\_, 2025

By \_\_\_\_\_

\_\_\_\_\_  
TITLE

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CLIENT'S INITIALS

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CONSULTANT'S INITIALS

**EXHIBIT "A"**

**1. ADDITIONAL SERVICES OF CONSULTANT (CO#4)**

**A. General Consulting Phase**

None.

**B. Survey Phase**

**1. Survey**

None.

**2. Easement Plat(s)**

None.

**C. Design Phase**

None.

**D. Permit Phase**

Due to extenuating circumstances, a portion of the project's permitting effort (SCDES critical area impact permit and USACOE wetlands impact permit) was separated from the overall project. This has created additional work. The Consultant's sub-consultant will continue to assist the City in pursuing these permits.

**E. Bidding Phase**

Consultant will assist Client during the Bidding Phase. The service will be provided on a Time and Expense basis. Services provided during this phase may include preparation of contract documents, assembling bid packages, attending, or conducting pre-bid meetings, responding to contractor questions, and preparation of Consultant's recommendation letter for award of bid.

**F. Construction Phase**

Consultant will review material data, shop drawings, and construction schedules provided by the Contractor. Consultant will periodically observe construction of the project to ensure compliance with construction drawings and intent of the project. Construction observation and monitoring does not include exhaustive or continuous on-site inspections. However, it does include visits to the Project site at intervals appropriate to the various stages of construction to review general compliance with approved plans and intent of the project. The Consultant shall address the Contractors questions, requests for additional information, etc. The Consultant shall visit the site as needed to address potential field changes. The Consultant shall advise the City as to suitability of the work and percent completion of the work.

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**D. Exclusions**

Items not included in the additional Scope of Services are as follows:

- Accessibility construction compliance verification
- Archaeological survey and report
- Easement plat recording
- Phase One or Phase Two environmental assessments
- Endangered species survey and report
- Materials Testing
- Off-site work unless specifically covered in the Scope of Services
- As-built surveys
- Approvals or permits other than those related to the Scope of Work covered by this Contract
- Act as an expert witness for legal activities

These items can be coordinated or provided, if requested by the Owner in writing.

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**Waterway Boulevard  
Pathway Widening and Tidal Inundation Mitigation Project  
Additional Services Request No. 5 - Bidding and Construction for Pathway (SCDOT Right-of-way)  
Proposed Fee**

Original Proposal (August 2023)			Add. Serv. No. 1		Add. Serv. No. 2		Add. Serv. No. 3		Add. Serv. No. 4		Project Budget as of October 25, 2025			Add. Serv. No. 5		Potential Fut. Add. Serv.*	
Phase	Fee Structure	Fee or Time & Expense Budget	Feasibility Add. Serv. (April 2024)	Total Revised Budget	Design Add. Serv.	Total Revised Budget	Design Add. Serv.	Total Revised Budget	Design, Survey, Bid, and CE&I Add. Serv.	Total Revised Budget	Previous Invoiced	Pending Nov. 2025 Invoice	Budget Remaining	Add. Serv. Fee	Total Revised Budget	Design Add. Serv.	Total Revised Budget
General Consulting	Time & Expense - Budget	\$ 22,400	\$ 1,000	\$ 23,400	\$ 20,000	\$ 43,400		\$ 43,400	\$ 5,000	\$ 48,400	\$ 34,464.60	\$ 2,600.00	\$ 11,335.40		\$ 48,400	\$ 3,000	\$ 51,400
Survey	Lump Sum	\$ 50,000		\$ 50,000		\$ 50,000		\$ 50,000	\$ 7,500	\$ 57,500	\$ 57,500.00		\$ -		\$ 57,500	\$ 5,000	\$ 62,500
Survey - Easement Plats	Lump Sum (3 easements)	\$ 4,100		\$ 4,100		\$ 4,100	\$ 2,500	\$ 6,600	\$ 3,500	\$ 10,100	\$ 9,940.00		\$ 160.00		\$ 10,100	\$ 15,000	\$ 25,100
Design	Lump Sum	\$ 44,600		\$ 44,600	\$ 45,000	\$ 89,600		\$ 89,600	\$ 35,000	\$ 124,600	\$ 124,600.00		\$ -		\$ 124,600	\$ 25,000	\$ 149,600
SW Mang. (Feasibility)	Lump Sum		\$ 13,500	\$ 13,500		\$ 13,500		\$ 13,500		\$ 13,500	\$ 13,500.00		\$ -		\$ 13,500		\$ 13,500
Permitting	Time & Expense - Budget	\$ 35,600		\$ 35,600		\$ 35,600	\$ 2,500	\$ 38,100		\$ 38,100	\$ 38,100.00		\$ -	\$ 5,000	\$ 43,100	\$ 20,000	\$ 63,100
Bidding (and Cont. Neg.)	Time & Expense - Budget							\$ -	\$ 7,500	\$ 7,500	\$ 7,500.00		\$ -	\$ 15,000	\$ 22,500	\$ 15,000	\$ 37,500
Construction Services	Time & Expense - Budget							\$ -	\$ 25,000	\$ 25,000	\$ 4,248.25	\$ 1,965.00	\$ 18,786.75	\$ 55,000	\$ 80,000	\$ 25,000	\$ 105,000
Reimbursable Expenses	Time & Expense - Budget				\$ 2,000	\$ 2,000		\$ 2,000		\$ 2,000	\$ 115.63		\$ 1,884.37		\$ 2,000	\$ 2,000	\$ 4,000
<b>TOTAL:</b>		<b>\$ 156,700</b>	<b>\$ 14,500</b>	<b>\$ 171,200</b>	<b>\$ 67,000</b>	<b>\$ 238,200</b>	<b>\$ 5,000</b>	<b>\$ 243,200</b>	<b>\$ 83,500</b>	<b>\$ 326,700</b>	<b>\$ 289,968</b>	<b>\$ 4,565</b>	<b>\$ 32,166.52</b>	<b>\$ 75,000</b>	<b>\$ 401,700</b>	<b>\$ 110,000</b>	<b>\$ 511,700</b>

\* Potential future additional services include planning, survey, design, easement acquisition, permitting, bidding and construction services associated with the final phase are the Waterway Blvd. Pathway tidal mitigation project. This phase would provide tidal protection to elevation 7.0 ft. NAVD88 in the area of 3607, 3609, 3611, 3613 and 3615 Waterway Blvd.

Thomas & Hutton provides services on a time and expense basis as follows:

1. This basis includes allowance for direct salary expenses and for direct non-salary expenses. It also provides for services we may subcontract to others.
2. Direct salary expenses are generally based upon our payroll costs. The payroll costs include the cost of salaries and wages (including sick leave, vacation, and holiday pay) for time directly chargeable to the project; plus, unemployment, excise, payroll taxes, and contributions for social security, employment compensation insurance, retirement benefits, and medical and insurance benefits.

The current hourly rate charges for each skill position for 2025 are as follows:

Hourly Rate	Engineer	Survey	Landscape	GIS	Quality Control	Business/ Administrative
\$ 320.00	Consultant	Consultant	Consultant	Consultant	Consultant	
\$ 290.00	Senior Manager	Senior Manager Survey Party (3–Men)	Senior Manager	Senior Manager	Senior Manager	Senior Manager
\$ 265.00	Project Manager V Project Engineer V	Survey Manager V Project Surveyor V	Landscape Architect V LA Project Manager V	GIS Manager V		
\$ 240.00	Project Manager IV Project Engineer IV	Survey Manager IV Project Surveyor IV	Landscape Architect IV LA Project Manager IV	GIS Manager IV		Senior Application Developer IV, Software/Computer Consultant IV
\$ 230.00	Project Manager III Project Engineer III	Survey Manager III Project Surveyor III	Landscape Architect III LA Project Manager III	GIS Manager III		Senior Application Developer III, Software/Computer Consultant III
\$ 215.00	Project Manager II Project Engineer II Designer VI	Survey Manager II Project Surveyor II Survey Party (2–Men)	Landscape Architect II LA Project Manager II	GIS Manager II	Construction Administrator II	Senior Application Developer II, Software/Computer Consultant II
\$ 200.00	Project Manager I Project Engineer I Designer V Engineering Technician V	Survey Manager I Project Surveyor I	Landscape Architect I LA Project Manager I	GIS Manager I	Construction Administrator I Field Representative V	Grant Administrator, Senior Application Developer I, Software/Computer Consultant I
\$ 180.00	Designer IV Engineering Technician IV	Staff Surveyor V Survey Field Supervisor	Landscape Designer IV	GIS Analyst IV	Field Representative IV	Application Developer IV
\$ 170.00	Designer III Engineering Technician III	Staff Surveyor IV	Landscape Designer III	GIS Analyst III	Field Representative III	Application Developer III Permit Coordinator III Project Coordinator III
\$ 160.00	Designer II Engineering Technician II	Staff Surveyor III Survey Party (1–Man)	Landscape Designer II	GIS Analyst II	Field Representative II	Application Developer II Permit Coordinator II, Project Coordinator II, Admin IV
\$ 145.00	Designer I Engineering Technician I	Staff Surveyor II	Landscape Designer I	GIS Analyst I		Application Developer I Permit Coordinator I Project Coordinator I
\$ 125.00	CADD Technician III	Staff Surveyor I Survey Technician III	Landscape Technician III	GIS Technician III		
\$ 115.00	CADD Technician II	Survey Technician II	Landscape Technician II	GIS Technician II	Field Representative I	Admin III
\$ 110.00	CADD Technician I	Survey Technician I	Landscape Technician I	GIS Technician I		
\$ 105.00						Admin II
\$ 100.00						Admin I
\$ 485.00	Expert Witness					

3. When warranted, overtime will be charged for any non-salary employees. Overtime hours will be billed at 1.5 times the individual's charge rate.
4. Direct non-salary (reimbursable) expenses, including printing, reproduction, air travel, lodging, and meals are billed at cost. Travel in company or private vehicles will be billed at the IRS Standard Mileage Rate and may be revised based on fuel pricing. Outside consultant fees will be billed at 1.15 times the cost.
5. All rates and charges are effective through December 31<sup>st</sup>, 2025, including printing, reproductions, materials, and travel and are subject to change at that time. New rates and costs will become immediately effective to contracts in effect at the time of rate changes.

City of Isle of Palms  
Request for Qualifications (RFQ 2025-02) for  
Beach Management- Alternatives Analysis

**BACKGROUND**

The city is requesting qualifications from firms that specialize in managing beaches that suffer from erosion to provide City Council with guidance on specific beach erosion and management practices, plans and policies. This analysis will inform council's long-range planning as it considers ways to preserve the planned 2026 major renourishment project.

The city has engaged with multiple professional firms already and those firms have identified a number of options that could be considered to help slow down erosion on the two ends of the island. Based on prior experience of dealing with eroded conditions and the future cost of beach renourishment, the city would like to have a comprehensive analysis performed on specific beach management practices and methods including, but not limited to:

- Stepping away from active beach management on all or part of the island's beaches
- Beach renourishment only
- Beach renourishment plus adding shore perpendicular groins at key locations
- Beach renourishment plus adding breakwaters at key locations
- Beach renourishment plus adding geo-tubes at key locations
- Beach renourishment plus creative shoal manipulation to minimize damage of future approaching shoals
- Projects focused on modifying the conditions within Breach Inlet and/or Dewee's Inlet to alleviate erosional currents (channel realignment, forced bypassing or other effort to physically change inlet)
- Any combination of the above methods and any others deemed worthy of consideration

Each of the items listed above has considerations including but not limited to physically changing the look and feel of the beach, initial cost, ongoing maintenance cost, likelihood of being granted state and federal permits, likelihood of being successfully implemented, impacts to wildlife and habitat, impacts to tourism, legal ramifications and negative downdrift impacts.

The city would like to engage a firm to analyze and provide guidance on each of the identified methods, and others deemed viable but not listed. This request for qualifications is the first step in the process of engaging a firm to provide such a report.

**SCOPE AND DELIVERABLE OF ALTERNATIVES ANALYSIS**

The chosen firm will be expected to:

1. Review of existing data and information, including:
  - a. Reports and recommendations from Beach Ad Hoc Committee
  - b. Second Opinion from Foth Olson dated 9/29/2025
  - c. Prior beach management efforts
  - d. Planned future projects, including USACE projects on the southern end
  - e. Beach monitoring reports and surveys
  - f. Existing imagery to understand inlet shoal bypass events
  - g. See more here: <https://www.iop.net/administration/beach-restoration>

- h. Meet with the US Army Corps of Engineers and gain an understanding of future plans
2. Provide a written report that includes:
  - a. Opinions on the feasibility of each practice and method listed above
  - b. Opinions on possible benefits and detriments of each of the identified alternatives
  - c. Opinions on the probability of successfully permitting and constructing
  - d. Opinions on the probable cost (initial and 20 years into the future) of each of the identified alternatives
  - e. Opinions on lifespan of each of the identified alternatives before complete replacement is necessary
  - f. Conceptual renderings or photographs of real-life examples of what the alternatives would look like from the ground
  - g. Expected financial benefit or expense each alternative would achieve over the course of ten years or other meaningful timeline
3. Present the findings, opinions, and recommendations to City Council and be prepared to answer questions (expectation would be that this would be an in-person meeting and last up to two hours, possibly longer).

#### REQUEST FOR QUALIFICATIONS SUBMITTAL INSTRUCTIONS

Consistent with the purchasing procedures specified in Section 1-10-7 of the city code, the city is requesting qualifications based on demonstrated competence and qualifications.

By the close of business on **Friday, December 5<sup>th</sup>, 2025**, please provide a document via email to [dkerr@iop.net](mailto:dkerr@iop.net) that illustrates the firm's qualifications and includes:

- No more than 6 pages
- A cover letter introducing the firm
- A description of the firm's qualifications
- A description of the key personnel that would be involved in the project and a description of their areas of expertise
- Examples of similar projects including references

#### EVALUATION PROCESS AND CRITERIA

To choose a firm to provide these services, a city committee (expected to be the Beach Preservation Committee) or City Council will evaluate the qualifications of each firm that responds and develop a method to determine an order of preference of which firm to engage. The city may choose to interview firms as part of the process. The preferred firm will be contacted, and an attempt will be made to negotiate a fair and reasonable cost for the project. If a satisfactory cannot be negotiated with the firm considered to be most qualified, negotiations with that firm shall be formally terminated and negotiations with the next most preferred firm will begin and this process will repeat until an agreement is reached or the process is terminated or modified.



## COASTAL SCIENCE & ENGINEERING

Coastal Science & Engineering, Inc. (CSE) is pleased to present this statement of qualifications to the City of Isle of Palms for an alternatives analysis for beach management options in response to chronic erosion affecting both ends of the island.

The City seeks a consultant to evaluate coastal management approaches proposed by multiple firms and to prepare a report assessing the feasibility of each alternative. The analysis will include the determination of the benefits and drawbacks of recommended strategies, the anticipated permitting requirements, and ranges of probable costs over varying time periods, with examples from comparable sites. The consultant will also present the summarized study findings and recommendations to the City Council.

### **How We Can Help**

CSE's 40 years of experience supporting the Isle of Palms with coastal planning, beach nourishment, and beach-profile monitoring make our team uniquely suited for this work. Our decades of local knowledge stem from (1) on-site data collection; (2) preparation of theses, dissertations, and research articles; (3) studies and reports prepared for various local and state groups; and (4) consulting work for the City on beach nourishment, disaster recovery, and emergency erosion management. CSE also maintains an extensive in-house database of survey data, imagery, and geotechnical information that provides a solid foundation for the alternatives analysis.

### **Why We Are Well-Positioned to Perform Feasibility Analysis Services for the City**

CSE has served South Carolina beach communities for over 40 years, working across every developed beach in the state. We bring the longest and most comprehensive expertise in beach restoration and management to the project. Our team pioneered innovative coastal restoration projects in South Carolina, including the first nourishment using an offshore dredge, the first large-scale inlet relocation project, and the first use of 'template' groins, and has continued to establish a standard of excellence for locally-managed beaches in the state.

We routinely guide communities through complex logistical and political challenges, including permit appeals and/or coordination with NGOs and regulatory agencies. CSE is deeply familiar with the state's regulatory and political landscape, which often drives the feasibility of management options. The strength of our work is reflected in long-term partnerships with communities such as Edisto Beach (25+ years), the SC Department of Parks, Recreation & Tourism (30+ years), Seabrook Island (40 years), and Kiawah Island (20+ years).

CSE has had the pleasure of assisting the Isle of Palms for 40 years and is committed to continuing that relationship by providing the services described herein to support the City's coastal management goals. We look forward to continuing to serve the Council, residents, and visitors of the Isle of Palms.

Thank you for your consideration.

Steven Traynum





# About Us

## 1.0 Coastal Science & Engineering Company Background

Coastal Science & Engineering Inc. operates in the State of South Carolina as a registered Engineering firm with the LLR South Carolina State Board of Registration for Professional Engineers and Surveyors, with current registration from 2024 to 2026 (COA #1950). Mr. Joseph Huggins (PE Lic #23875) is a licensed engineer, and Scott Finnis is an engineering intern certified by the NC Board of Engineers and Surveyors (Cert #A-30769). Dr. Patrick Barrineau (Lic #2773) and Dr. Jyothi Palaparathi (Lic #2953) are registered professional geologists with the LLR South Carolina Board of Registration for Geologists.

CSE provides integrated engineering, planning, and scientific services for coastal environments. Since 1984, our team of coastal and environmental engineers, geomorphologists, oceanographers, numerical modelers, and surveyors has delivered innovative solutions to shoreline management challenges. We have the in-house capabilities and experience to provide turn-key beach management services that include the following engineering tasks:

- Shoreline erosion assessment & feasibility studies
- Developing local & regional short-term and long-term beach management plans
- Coastal structures
- Shoreline numerical modeling & alternatives analysis
- Topographic mapping & bathymetric surveys from the beach zone to deep water
- Sand searches & geotechnical studies
- Project cost analysis to assist the client with public financing & planning
- State & federal permitting, environmental compliance, and documentation
- FEMA coordination & cost estimation for public assistance funds
- Development of plans & specifications for construction
- Bidding & negotiating with contractors
- Construction administration
- Community outreach & education
- Post-project monitoring to evaluate project performance

### *Among CSE's Milestones Are:*

- A total of 55 large-scale nourishment projects (~42 million cubic yards) via hydraulic dredge, hopper dredge, truck hauling from inland and offshore sources, sand transfers from accreting zones, and inlet relocation/realignment. These projects have helped protect property worth over \$15 billion.
- Five projects recognized as Best Restored Beaches by the American Shore & Beach Preservation Association (ASBPA), including Sagaponack– Bridgehampton, NY (awarded 2018), Seabrook Island, SC (2016), Folly Beach County Park, SC (2015), Nags Head, NC (2013), and Isle of Palms, SC (2011).
- The 2011 Nags Head (NC) project was the largest locally funded nourishment project ever constructed in the US at 4.6 million cubic yards and received an ACEC National Engineering Excellence Award in 2013.
- CSE's innovative relocation of Captain Sams Inlet (SC) was recognized by the National Academy of Sciences as *"both environmentally sensitive and cost-effective, indicating the benefits of combining fundamental research on coastal processes with coastal engineering practices."*
- Developed methodology for establishing objective setback lines for development in South Carolina (enacted as part of the State's Beach Management Act in 1988).
- Consultant to the federal government (eg – US Army Corps of Engineers, US Environmental Protection Agency), state government (South Carolina, North Carolina, Georgia, and New York), and numerous municipal governments throughout the Carolinas.

### South Carolina Coastal Expertise

CSE is the most experienced beach nourishment design firm in South Carolina, with more completed project experience than the USACE-Charleston District. Since 1984, our team has provided engineering or consulting services for every developed beach in South Carolina.

CSE maintains the largest database of volumetric and linear erosion measurements in South Carolina, developed over decades of firsthand field data collection and aerial photo analysis. Our team has conducted over 55 engineering projects along the South Carolina coastline and is intimately familiar with the erosion challenges, regulatory requirements, and funding hurdles that local coastal communities face.



### Feasibility Studies

A shoreline erosion assessment and feasibility study is the first step in planning any beach management project because it defines the site's erosion dynamics, sediment needs, and environmental constraints before design even begins. It ensures that the chosen approach is technically sound, cost-effective, and suited to local conditions. Our team has assessed hundreds of beaches across diverse wave, tide, and sediment conditions, enabling us to quickly place a project site in context and apply relevant experience. *Highlighted feasibility studies include:*

- **Seabrook Island, SC** – Channel/Inlet Relocation & Long-term Sand Management (5 studies, 1983-2024)
- **Dare County, NC** – Nourishment and Groin Construction to Protect NC Highway 12 (7 studies, 2013-2025)
- **Deveaux Bank, SC** – Habitat Restoration (2025)
- **Kiawah Island, SC** – Channel Realignment & Long-term Sand Management (3 studies, 2004-2025)
- **Sullivan's Island, SC** – Land Management Plan (2009), Beach Nourishment, Breakwater Maintenance (2024)
- **Jeremy Cay, SC** – Condition Assessment and Beach Stabilization Alternatives (2024)
- **Georgetown County, SC** – Feasibility Studies at Litchfield Beach (2019) and Garden City (2014, 2023)
- **SC Parks Recreation Tourism** – Hunting Island Nourishments & Groin Construction (2 studies, 2004-2019)
- **Sea Island, GA** – Beach Nourishment (2017)
- **Edisto Island, SC** – Beach Nourishment & Groin Lengthening (2 studies, 2004-2016)
- **Debidue Island, SC** – Beach Nourishment, Groin Construction (5 studies, 1989-2018), 30-year Plan (2015)

### Beach Management and Coastal Zone Management Experience

Since 1984, CSE has assisted municipalities with state and local beach management plans. Our initial Myrtle Beach shoreline-erosion assessment served as a model for studies in Horry, Georgetown, and Charleston Counties, introducing an objective method for estimating natural shoreline position and projecting 25- and 50-year setbacks. Beyond Isle of Palms, CSE has prepared Beach Management Plans for North Myrtle Beach, Myrtle Beach, Pawleys Island, Folly Beach, Kiawah Island, Seabrook Island, and Edisto Beach, and has served as a technical consultant to numerous other coastal communities and agencies, including:

- **State of New York** – Governor's Task Force on Coastal Erosion and Inlet Management following the storms of 1991-1992 along the south shore of Long Island
- **State of North Carolina** – Advisor to NC Division of Coastal Management in the review of sediment quality standards for beach nourishment projects (2010-2011)
- **State of South Carolina** – Advisor to the 1997-1998 Blue Ribbon Committee for the Beach Management Act
- **State of South Carolina** – Committee Member for Beachfront Jurisdiction and Line Stabilization Workgroup
- **State of South Carolina** – Member of the 2022 South Carolina Beach Preservation Stakeholder Workgroup
- **Georgetown County, SC** – 2025 County-wide Local Comprehensive Beach Management Plan

## *Beach Nourishment*

CSE's shore protection philosophy emphasizes soft engineering solutions to erosion in conformance with recommended best-management practices along sandy beaches and islands. When conditions require and allow, CSE also uses coastal structures to support sustainable beach management. Our success with 55+ projects stems from completing hundreds of shoreline erosion assessments worldwide, enabling us to quickly identify key signatures and causes of erosion at each site. The volume of completed projects, the range of shoreline studies conducted, and our long record in the coastal zone make CSE uniquely qualified to deliver sound coastal engineering solutions.

## *Proven Coastal Engineering Expertise Across Diverse Environments*

- **Proven geographic versatility:** Successfully completed projects across barrier islands, developed beaches, inlet-adjacent coastlines, and high-energy North Atlantic shorelines, demonstrating unmatched adaptability to diverse coastal environments.
- **Deep inlet-system expertise:** Extensive experience with tidal-inlet and inlet-influenced nourishment projects—including multiple inlet relocations—highlights CSE's ability to manage complex sediment transport challenges.
- **Capacity for projects of all scales:** Proven success delivering projects ranging from tens of thousands to millions of cubic yards, including high-profile sites such as the Hamptons (NY), the Outer Banks (NC), Kiawah Island, and Sea Island (GA).
- **Decades of demonstrated experience:** A long-standing portfolio of beach-nourishment, inlet-relocation, and sediment-placement projects across SC, NC, GA, and NY, demonstrating decades of applied experience and insight dating back to the early 1980s.
- **Flexible, cost-effective construction approaches:** Expertise with dredge, truck-haul, scraper, and inlet-relocation methods allows CSE to select the most efficient and technically appropriate solution for each site.
- **Longstanding client relationships:** Continued project work for communities such as Seabrook Island, Isle of Palms, Dare County, Pawleys Island, Debidue Island, and Myrtle Beach, demonstrating sustained trust and performance.
- **Balanced management:** CSE understands that many stakeholders use the beach and develops solutions that sustain the natural, recreational, and economic resources that a healthy beach provides.

## *Coastal Structures*

Some coastal sites require structural measures to ensure permanent protection, safe access, or extend the life of nourishment projects. Our process-based approach treats the shoreline as a dynamic zone, anticipating natural processes such as erosion, storm surges, longshore transport, and sedimentation that affect the performance of structures.

### *CSE's Coastal Structures Experience Includes:*

#### Groins:

Debidue Island, South Carolina (3)  
Kuwait Waterfront Project (10)  
Hunting Island, South Carolina (8)  
Edisto Beach, South Carolina (36)  
Folly Beach, South Carolina (1)  
Pawleys Island, South Carolina (23)  
Fripp Island, South Carolina (1)  
Isle of Palms, South Carolina (1)  
Sea Island, Georgia (1)  
Buxton, North Carolina (permitting)

#### Detached Breakwaters:

Hilton Head Island (SC)  
Isle of Palms (SC)  
Debidue Island (SC)  
Edingsville Beach (SC)  
Sullivan's Island (SC)  
Cancun (Mexico)  
Jumby Bay (Antigua)

#### Seawalls and Revetments:

Lake Ontario (NY)  
Seabrook Island (SC)  
Jumby Bay (Antigua)  
Fripp Island (SC)  
Sullivan's Island (SC)

#### Bulkheads:

Debidue Creek (SC)  
Seabrook Island (SC)

#### Marinas and Breakwaters:

Stamford (CT)  
Davids Island (NY)  
Jumby Bay (Antigua)  
Doha Al Shaab (Kuwait)  
Gulf Marina, Jubail (Saudi Arabia)

#### Artificial Island:

Kuwait City, Kuwait



## 2.0 Key Personnel

CSE employs graduates from leading programs, bringing broad technical expertise and decades of applied experience. We focus on practical, nature-based solutions guided by a common-sense approach, with more than 90% of our work involving beach erosion and nourishment projects.



**Steven Traynum**

- 20 years of experience in coastal management & engineering
- 22 beach nourishment projects
- 9 coastal structures projects
- >40 beach management projects
- Specialties: beach nourishment, sediment management, coastal structures & estuarine processes

### *Highlighted Projects*

- 2022 Debidue (SC) 718,246 cy nourishment with 3 terminal groins
- 2020 Hunting Island (SC) 644,000 cy nourishment and 4 terminal groins
- 2017 Edisto Beach (SC) nourishment: 1.1M cy of sand & 26 groin upgrades



**Patrick Barrineau, PhD, PG**

- 10 years of experience in coastal geology & project management
- 10 beach nourishment projects
- 20 beach management projects
- Specialties include elevation and geophysical data analysis, coastal sediment analysis, and modeling of coastal landscape evolution

### *Highlighted Projects*

- 2025 Bridgehampton-Sagaponack (NY) 1.2M cy nourishment
- 2025 Seabrook Island (SC) 5,500 lf seawall repair
- 2018 Arcadian Shores (SC) 465,000 cy nourishment & swash alignment



**Joseph Huggins, PE**

- 27 years of civil engineering and construction management experience
- SCDES certified Erosion Prevention and Sediment Control Inspector
- Managed over \$300 million of design and construction contracts

### *Highlighted Projects*

- 2025 Bridgehampton-Sagaponack (NY) 1.2M cy nourishment
- 2025 Seabrook Island (SC) ~5,500 lf seawall repair
- 2023 Edisto Beach (SC) groin rehabilitation project



**Scott Finnis**

- Junior coastal engineer
- Specialties include land and hydrographic surveying, water resource management, dredging, and coastal storm risk management

### *Highlighted Projects*

- 2026 Buxton (NC) terminal groin design project
- 2024 Topsail Beach (NC) 1.5M cy nourishment
- 2024 Surf City (NC) 800,000 cy beach nourishment
- 2024 North Topsail (NC) 400,000 cy nourishment
- 2024 Topsail Beach (NC) 30-year beach nourishment & dredging plan



**Trey Hair**

- 26 years of experience in coastal engineering design support focused on nourishment, erosion control structures & inlet relocations
- 150+ coastal management projects developing permit drawings and construction plans
- Specialties include profile analysis, historical shoreline mapping, and volume change calculations

### *Highlighted Projects*

- Bogue Banks (NC) survey collection & analysis (35 miles, ~160 stations)
- Isle of Palms (SC) 3D modeling of beach and offshore zone, including inlet shoals



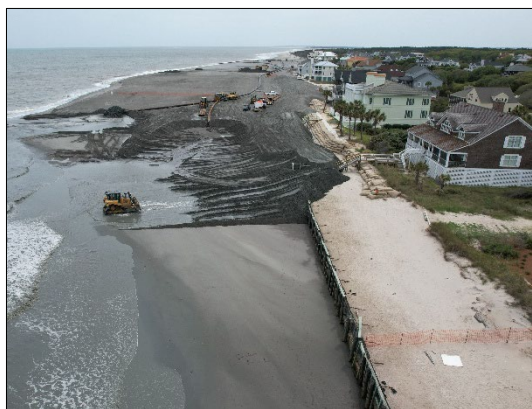
**Jyothirmayi Palaparthi, PhD, PG**

- Coastal geoscientist
- Specialties include mining geology, sediment quality analysis, numerical modeling, data management, and coastal systems

### *Highlighted Projects*

- 2025 Bridgehampton-Sagaponack (NY) 1.2M cy nourishment
- Buxton and Avon (NC) beach monitoring & geotechnical analyses for a planned 2026 renourishment project
- Authored geotechnical & monitoring reports for several SC sites, including Arcadian Shores, Isle of Palms, Kiawah Island & Edisto Island

### 3.0 Prior Relevant Project Experience



#### ***DeBordieu Colony (SC) Beach Nourishment & Groin Const.***

**2022 Project Volume: 718,346 cy — 2022 Groin Numbers: 3 Built**

CSE has supported DeBordieu Colony Community Association since 1984, providing programmatic shoreline and coastal management solutions that guide permitting, design, and long-term cost savings.

- Comprehensive feasibility studies include erosion assessments, modeling, and empirical measurements.
- Designed and permitted groin-based beach stabilization with a robust monitoring and mitigation plan.
- Optimized long-term performance, extending renourishment intervals from 5 to 10–15 years and saving over \$30 million in future costs.

***Blanche Brown, Community Manager — 843-527-4436***



#### ***Dare County (NC) Beach Erosion Assessments & Nourishment***

**Total Project Volume: 4,008,000 cy — Project Length: ~8.5 Miles**

Since 2013, CSE has studied shoreline erosion in Buxton, Avon, and Rodanthe, developing feasible beach restoration plans to protect community infrastructure. Studies include restoration alternatives, cost projections, and coordination with federal agencies, municipalities, property owners, and Dare County.

- Feasibility and cost analyses for 5-year and 10-year beach restoration plans.
- Designed and managed major beach-nourishment projects, including Buxton (2017 – 2.6 million cy; 2022 – 1.2 million cy) and Avon (2022 – 1.0 million cy along 13,200 lf).
- Permitting a groin restoration project and conducting an offshore sand search.

***Robert Outten, County Manager/Attorney — 252-475-5811***



#### ***Georgetown County (SC) Local Comprehensive Beach Mgt. Plan***

**Project Area: Five Beaches — Project Length: ~18 Miles**

CSE developed a county-wide beach management plan by defining the setting, erosion history, and shoreline trends, quantifying sand deficits, and projecting future change. We evaluated existing management practices and past project performance to identify effective strategies, providing clear, data-driven recommendations with associated costs and funding options to support sustainable, long-term management.

- Feasibility study for long-term beach management at Litchfield Beach and Garden City, Georgetown County, SC.
- Inventory of beach management policies, erosion rates, public access information, and coastal structures.
- Alternatives analysis centered on FEMA-eligible engineered beaches, incorporating community input and defining a potential USACE role.

***Darren Rolston, Capital Project Manager — 843-545-3243***



#### ***Seabrook Isl. (SC) Inlet Relocation & Long-term Sand Mgt.***

**2015 Project Volume: 165,000 cy**

CSE has managed Seabrook Island sand projects since 1984, using monitoring and feasibility studies to design beach preservation strategies that work with natural inlet dynamics. Projects have maintained dry-sand beaches, buried seawalls, and included cost-effective inlet relocations and channel realignment.

- Conducted long-term monitoring and feasibility studies to guide sustainable beach preservation.
- Implemented cost-effective sand-management projects, including inlet relocations and channel realignment.
- Currently permitting an Inlet Relocation for 2026-2027.

***Steve Hirsch, Director of Engineering — 843-768-0061***





CITY OF ISLE OF PALMS

# BEACH MANAGEMENT ALTERNATIVES ANALYSIS

RFQ 2025-02

December 5, 2025

December 5, 2025



Mr. Douglas Kerr, City Administrator  
City of Isle of Palms  
dkerr@iop.net

**Re: Response to RFQ 2025-02 for Beach Management—Alternatives Analysis**

Dear Mr. Kerr,

The engineering firm of Foth Infrastructure & Environment, LLC | Olsen Associates, Inc. (Foth | Olsen) is pleased to respond to this request for consulting services. We look forward to providing the City of Isle of Palms with a comprehensive analysis on specific beach management practices and methods intended to improve the performance of your upcoming major beach renourishment project. We are well-qualified to assist the City with this task, based on our years of experience providing comprehensive beach management services to governmental clients throughout the Southeast.

Foth | Olsen is an industry leader in beach management, beach and dune restoration, and the application of innovative shore protection measures to enhance project performance. We have successfully applied strategic shore-stabilizing structures, proactive inlet management strategies, and sand source conservation techniques in dozens of projects throughout the southeastern United States to improve project performance and manage program costs.

**Relevant example programs supported by Foth | Olsen expertise include:**

- Town of Hilton Head Island (SC)
- South Amelia Island (FL)
- Palm Beach County (FL)
- Village of Bald Head Island (NC)
- Broward County (FL)
- Town of Longboat Key (FL)

We also recently completed a comprehensive peer review of the City of Isle of Palms beach management program. Numerous innovative measures were identified to provide more consistent beach conditions, improve long-term project performance, and manage long-term program costs. Our recommendations were based upon our deep coastal engineering knowledge and relevant program expertise, as well as our successful application of similar techniques throughout the southeastern US over the past 40+ years.

Our professional staff is internationally recognized for contributions to comprehensive beach management. Serving as principal investigator, Christopher G. Creed, PE, has been with Foth | Olsen since 1992 and has focused his practice on comprehensive beach management for communities throughout the Southeast. Providing additional expertise, Dr. Albert E. Browder, PE is an industry-leading expert in beach management planning and project implementation with more than 30 years' experience. Mr. Creed and Dr. Browder will be supported by exceptional engineering staff, including Mr. Evan P. Heeg, EIT. All three members were deeply involved in the recent peer review of the City's beach management program.

We have provided comprehensive services to dozens of county and municipal clients requiring proactive, innovative, and efficient shoreline management, and we bring vigor, innovation, independence, and the qualifications necessary to successfully assist the City. We thank you for the favorable consideration of our firm.

Sincerely,

**Foth Infrastructure & Environment, LLC**

**Christopher G. Creed, PE, BCCE**  
Senior Coastal Engineer & Client Team Leader  
chris.creed@foth.com | (904) 612-7983

**Albert E. Browder, PhD, PE, BCCE**  
Senior Coastal Engineer & Client Team Leader  
al.browder@foth.com | (904) 860-5103



# FIRM QUALIFICATIONS



## KNOWLEDGE. EXPERIENCE. COMMITMENT.

The Foth | Olsen ports and harbors group of 65 coastal engineering and waterfront experts specializes in providing comprehensive coastal engineering and marine infrastructure solutions coast to coast. We bring extensive experience and expertise specific to beach and dune management, restoration, and maintenance to ensure the sustainability of shoreline improvements throughout the southeastern US, including the following key areas of expertise:

### Coastal Protection & Resilience Planning & Design

- Beach management planning
- Analyses of project effects to the coastal system
- Beach and dune restoration design
- Offshore sand borrow area design
- Studies of waves, currents, and coastal morphology
- Numerical modeling
- Beach evolution analysis and evaluation
- Coastal structure design (e.g., groins, breakwaters, seawalls, and revetments)
- Inlet management studies, including sediment budget development
- Integration of natural solutions for sustainable coastal resilience

### Environmental Permitting / Regulatory

- Environmental surveys
- State permitting—Florida, Georgia, South Carolina, North Carolina, Alabama
- Department of Army (USACE, federal) permitting
- National Environmental Policy Act (NEPA) compliance activities with all federal regulatory and resource agencies—US Army Corps of Engineers (USACE), US Fish and Wildlife Service (USFWS), National Marine Fisheries Service (NMFS), Bureau of Ocean Energy Management (BOEM), Federal Emergency Management Agency (FEMA)
- BOEM Lease Agreement Acquisition for use of sand from Federal Outer Continental Shelf (OCS)

### Contract Document Development

- Final design development
- Construction plans
- Technical specifications
- Construction cost estimating
- Bid assistance
- Construction contract management

### Bathymetric and Geophysical Surveys

- Single-beam and multi-beam sonar to capture high-resolution bathymetric surveys
- Seabed classification surveys and sub-aquatic vegetation surveys

### Strategic Funding

- General state funding program knowledge for all coastal states in the southeastern US
- Successful acquisition of State grants for clients in FL, SC, and NC
- Assistance in navigating reimbursement process
- Post-storm disaster funding

*Foth is by far the most analytically thorough engineering firm I have ever worked with. Their response time is immediate and they are fiscally conservative. They basically have become part of our team and family.*

Foth | Olsen Ports & Harbors Client



# FIRM QUALIFICATIONS

Our robust coastal engineering and ports and harbors team has successfully completed coastal and waterfront projects for private and public clients across the United States. Shoreline and waterfront design and engineering require a blend of coastal, hydrodynamic, structural, environmental and geotechnical engineering disciplines, along with a comprehensive understanding of environmental implications and permitting processes to meet project challenges. Foth I Olsen's experienced team of specialized engineers and scientists comprehensively addresses all aspects of beach management, shoreline restoration and stabilization, climatic and environmental issues.

## AN UNPARALLELED TRACK RECORD

Foth I Olsen's track record in regulatory permitting of complex coastal and marine projects is unparalleled in the southeastern United States. Our senior staff in Jacksonville, FL bring experience ranging from 20-40+ years. The local team includes 12 full-time coastal engineers, 10 of whom are licensed professional engineers. All hold master level coastal engineering degrees and three hold doctoral degrees. We also have full-time drafting and office administration staff, and field inspectors to provide construction observation services. The Jacksonville team brings considerable experience in beach management and restoration, inlet management and inlet interactions with adjacent shorelines, coastal stabilization works, marina and oceanfront resort development and shorefront management projects, navigation projects, and coastal construction regulation throughout the southeastern United States, the Caribbean, Mexico, Central America, Hawaii, Indian Ocean and the Middle East.

### Over the past 40+ years, our engineers have:

- Designed, permitted, and constructed over 140 separate beach and/or dune restoration projects, ranging in sand volume from less than 2,500 cubic yards to well over 7,300,000 cubic yards.
- Constructed more than 70 structural stabilization projects, including the implementation of seawalls, revetments, groins breakwaters, flushing canals, bulkheads, etc.
- Developed a strong reputation for innovative, timely and successful solutions to coastal engineering challenges.

Our firm owns and operates a complete suite of state-of-the-art numerical modeling software for the study of waves, currents, tides, salinity, sediment transport, and beach morphological changes, associated with the sandy coastal environment. These numerical models include the Delft3D and Delft UNIBEST-CL+ morphological and shoreline change modeling packages. The Delft-3D system is used to develop and evaluate 2- and 3-dimensional time-dependent simulations of hydrodynamic, sediment transport, storm surge, and morphologic (beach and seabed) changes associated with waves, tides, rivers, winds, coastal structures, dredging, and other natural or anthropogenic forces.

The firm also operates a variety of wave transformation (refraction/diffraction) models, the choice of which depends upon the project objective, budget, input wave data, bathymetry, ambient tidal currents, and end-use. Foth I Olsen routinely utilizes these model results to identify sediment transport and wave energy distributions along shorelines, primarily via SWAN/UNIBEST. Storm surge and beach profile response modeling is conducted through DELFT-3D, ADCIRC, and XBEACH/ SBEACH/EDUNE/CCCL models, respectively.

## LONG-TERM CLIENT RELATIONSHIPS

With the majority of our clientele, we have developed long-time relationships of a decade or more. Each of our clients will attest to our responsiveness to their needs and requests, ranging from the timely completion of engineering analyses/design and permitting tasks, to prompt reply to emails, phone calls, or meeting attendance. We conscientiously engage work with new clients with the intent to provide services for the long-term, developing partnerships, and serving as a seamless extension of their team.

### Client Relationships of Over 30 Years:

- Town of Hilton Head Island, SC
- Village of Bald Head Island, NC
- Broward County, FL
- Canaveral Port Authority, FL
- Brevard County, FL
- Nassau County, FL

# KEY PERSONNEL



BSCE, Civil Engineering,  
NC State University

MCE, Civil, Coastal &  
Oceanographic Engineering,  
University of Delaware

Professional Engineer:  
FL #49445; SC #23064; NC  
#037119; GA #044304

American Society of Civil  
Engineers: ACOPNE Board  
Certified Coastal Engineer

## CHRISTOPHER CREED, PE, BCCE | SENIOR COASTAL ENGINEER & CLIENT TEAM LEADER

Mr. Creed brings over 30 years of extensive experience in comprehensive beach management, restoration planning and implementation, as well as USACE Civil Works planning, funding, and project execution in coastal, marine, and insular environments. He has authored dozens of beach and inlet planning and management studies and USACE planning and project funding documents for local sponsors of both federal and non-federal projects. Mr. Creed specializes in significant comprehensive beach management projects, beach and dune restoration, and shore-stabilization projects. He has served as project manager, technical lead, permit agent and engineer-of-record for various community comprehensive beach management programs, including the Town of Hilton Head Island, SC. Additionally, he has extensive experience in integrating shore-stabilization structures into beach management programs and leading offshore sand search investigations, delineating, and successfully permitting offshore and upland borrow areas for beach restoration. Mr. Creed also collaborates with local governments to secure federal and state funding assistance for their projects.

### Relevant Project Experience

**Multiple Beach Renourishment Projects (Since 1992),**  
Town of Hilton Head Island, SC

**Multiple Beach Management and Restoration Projects,** Village of Bald Head Island, NC

**Flagler County Dune/Beach Restoration,**  
Flagler County, FL

**North County Comprehensive Shore Protection Project, Multiple Projects,** Palm Beach County, FL

**Federal Shore Protection Project, Ocean Ridge Reach,** Palm Beach County, FL

**Port Everglades Entrance Sand Bypass Project,**  
Broward County, FL

**Broward County Federal Shore Protection Project, Segments II and III, Multiple Projects,**  
Broward County, FL

**Comprehensive Inlet Management,**  
Hillsboro Inlet District, FL



BS, Mechanical Engineering,  
Clemson University

M Eng, Civil, Coastal &  
Oceanographic Engineering,  
University of Florida

PhD, Civil & Coastal  
Engineering,  
University of Florida

Professional Engineer:  
AL #26227; FL #57403

American Society of Civil  
Engineers: ACOPNE Board  
Certified Coastal Engineer

## ALBERT BROWDER, PhD, PE, BCCE | SENIOR COASTAL ENGINEER & CLIENT TEAM LEADER

Dr. Browder boasts over 30 years of experience in planning, engineering analyses, design, permitting, cost analysis, plans and specifications, and construction administration for large-scale civil works projects in coastal, marine, and insular environments. His expertise encompasses federal and non-federal beach and dune restoration projects throughout Florida and the southeastern United States. Dr. Browder serves as the designer, permit agent, principal investigator, and engineer-of-record for numerous beach projects across the southeastern US. He is widely recognized for his work in identifying inlet impacts on adjacent shorelines and the practical implementation of inlet sand management, tidal inlet dynamics, inlet impacts, sediment budgets, and sand management. His services as a technical peer reviewer are increasingly sought after, providing local communities with independent assessments of their beach management strategies.

### Relevant Project Experience

**Beach Nourishment and North End Structural Stabilization Project,** Longboat Key, FL

**Multiple Beach Nourishment Projects,**  
Pensacola Beach, FL

**Ponte Vedra Beach Restoration,** St. Johns County, FL

**South Amelia Island Shore Stabilization,**  
Nassau County, FL

**Comprehensive Beach Restoration and Management,**  
Orange Beach / Gulf State Park / Gulf Shores, AL

**Beach Access Relocation,** Nassau County, FL

**Post-Ian/ Nicole Emergency Berms Project,**  
St. Johns County, FL

**Santa Rosa Island Authority Dune Enhancement Project,** Pensacola Beach, FL

**Coastal Engineering Continuing Services,**  
City of Fernandina Beach, FL

# SIMILAR PROJECTS



## BEACH MANAGEMENT Town of Hilton Head, SC

The Town of Hilton Head Island has trusted us as its coastal engineering consultant since 1986. In the late 1980s, we worked with the Town to develop a beach management and restoration plan through a comprehensive, island-wide feasibility study that included a detailed review of island morphology, historical beach change, storm impacts, project alternatives, and offshore sand source availability. Our team has led all offshore and upland sand search investigations used to identify seven offshore and two upland sand borrow areas for use as beach fill, assisted with the development of a comprehensive beach management plan, the establishment of an island-wide development and beachfront setback policy, dune restoration projects,

post-storm assessments, FEMA public assistance funding requests, and environmental monitoring. We perform annual monitoring along more than 16 miles of island shoreline with twice annual beach profile surveys. The monitoring results continually refine future beach renourishment and shore protection projects for the island's comprehensive beach management. We have worked with the Town to complete five comprehensive beach restoration and renourishment projects, three emergency restoration projects, five FEMA Cat G actions, and one FEMA Cat B emergency dune project. We have also designed and implemented six strategic shore-stabilizing structures projects intended to improve performance of the overall beach restoration program. Currently, our team is leading the Town's effort to deliver the 2025 scheduled renourishment of the 16 miles of managed beach.

**Jeffrey Netzinger, PE, Engineering & Projects Director** | (843) 341-4775 | [jeffn@hiltonheadislandsc.gov](mailto:jeffn@hiltonheadislandsc.gov)



## BEACH MANAGEMENT

Village of Bald Head Island, SC

To address chronic shoreline erosion and coastal flooding along the Atlantic Ocean and Cape Fear River shorelines, we developed and managed a comprehensive beach management strategy consisting of beach restoration and renourishment, inlet management and structural stabilization solutions. Implementation of the strategy over the past 30 years has included the study, design, engineering, and construction oversight of multiple stabilization projects on the Island's interior and ocean-facing shorelines. To support project scoping and design, our team developed a fully coupled Delft3D hydraulic, sediment transport and morphological numerical model to simulate the inlet and riverine hydraulics and drive sediment transport in the vicinity of the Island's shoreline, project area, and federal navigation channel. The modeling effort has subsequently been used for multiple simulations for design and permitting.

**Chris McCall, Village Manager** | (910) 457-9700



## BEACH RESTORATION

Ponte Vedra Beach, FL

We conducted feasibility analyses, engineering, design, permitting, and construction management. As the engineer-of-record for the project, we managed the establishment of the Erosion Control Line; created the project technical specifications, construction drawings, and cost analysis for the beach nourishment project; provided contract management, construction review and administration; and will be performing the post-construction reporting services. The project placed over two million cubic yards of sand along the 8.9-mile length of Ponte Vedra Beach. The project borrow is located roughly four miles offshore in Federal Waters. Foth I Olsen designed and managed the borrow area development and coordinated with the Bureau of Ocean Energy Management to collect geotechnical data, complete an Environmental Assessment, and acquire a BOEM lease for St. Johns County for the use of the beach-compatible sand.

**Stephen Hammond, Deputy Director of Coastal Management**  
(904) 209-0272 | [shammond@sjcfl.us](mailto:shammond@sjcfl.us)



## SIMILAR PROJECTS

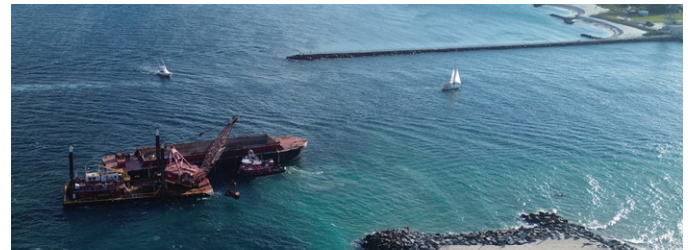


### BEACH RESTORATION AND STABILIZATION

Longboat Key, FL

We provide coastal engineering support including design, permitting, bidding, contract management, construction and post-construction observation/reporting for renourishment projects, as well as grant management assistance. In 2021, our team served as the engineer-of-record and permit agent for the Town's Beach Nourishment and North End Structural Stabilization Project, and for two different dredging and beach nourishment projects that excavated ebb shoal channels of the tidal inlets at either end of Longboat Key (New Pass and Longboat Pass). The combined projects placed over 1,005,000 cubic yards of sand along five different segments of the shoreline, and constructed five low-crested permeable rock groins along the northern terminus of the island at Greer Island to manage decades-long chronic erosion. We provided design, permitting, construction contract documents, bidding, contract management, construction observation, permit compliance, and post-construction reporting services for all aspects of the project, and assisted the Town to secure and manage grants and reimbursements from the Florida DEP, Florida DEM, and FEMA.

**Charles Mopps, PMP, Public Works Director**  
(941) 316-1988 ext. 2226 | [cmopps@longboatkey.org](mailto:cmopps@longboatkey.org)



### COMPREHENSIVE SHORELINE RESTORATION AND MANAGEMENT

Palm Beach County, FL

The North County Comprehensive Shore Protection Project (NCCSPP) combines two existing shore protection projects to facilitate economical and efficient regional management of the County's beach and sand resources. The 4.9-mile-long project area is divided into three segments: Segment I (Jupiter-Carlin), Segment II (dune only), and Segment III (Juno Beach). We prepared design reports detailing the current state of the project shorelines, the anticipated future sand needs, and recommendations for updating the previously constructed construction templates along the Segment I and III reaches. The resulting updated construction templates included a variable construction slope more favorable to marine turtle nesting and designed to meet the volumetric needs of this erosional shoreline, while maintaining the overall footprint established by previous projects.

**Andy Studt, Program Supervisor**  
(561) 233-2539 | [astudt@pbcgov.org](mailto:astudt@pbcgov.org)

### BEACH AND INLET MANAGEMENT

Broward County, FL

Our team worked with the County to formulate and implement comprehensive federal shore protection projects along the County's Segment II and III shoreline. This covers more than 18 miles of the County's Atlantic Ocean shoreline. Both projects have required detailed mapping, assessments, project impacts analyses and mitigation for nearshore hardbottom immediately adjacent to the sand beach. We have assisted with the permitting and construction of more than 17 acres of nearshore hardbottom mitigation. The team has also worked with the County to formulate an inlet sand bypass program that is essential to inlet management and the long-term resiliency and sustainability of the County's sand beaches. For all of these projects, we have led project planning and formulation, federal funding eligibility investigations, design, permitting, construction document and contract development, bidding, construction monitoring, and post-project monitoring.

**Jennifer L. Jurado, PhD, Deputy Director and Chief Resilience Officer** | (954) 519-1464 | [jjurado@broward.org](mailto:jjurado@broward.org)



2618 Herschel Street  
Jacksonville, FL 32204

[www.foth.com](http://www.foth.com)

Christopher G. Creed, PE, BCCE  
Client Team Leader  
Office: (904) 717-8376  
Cell: (904) 612-7983  
Email: [chris.creed@foth.com](mailto:chris.creed@foth.com)

**Request for Qualifications #2025-02  
Beach Management -  
Alternate Analysis**

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

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**Due: Friday, December 5, 2025, 5:00pm**





## SECTION 1. COVER LETTER

December 5, 2025

Douglas Kerr, City Administrator & Director of Building, Planning and Licensing  
City of Isle of Palms, P.O. Drawer 508, Isle of Palms, SC 29451

**Subject: Response to Request for Qualifications (RFQ 2025-02) for Beach Management – Alternatives Analysis City of Isle of Palms, South Carolina**

Dear Mr. Kerr,

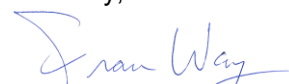
Applied Technology & Management (ATM) is proud to submit our proposal for consulting services for the City of Isle of Palms Beach Management – Alternatives Analysis. We are currently assisting the City with the upcoming marina dredging and have supported oceanfront property owners, including Wild Dunes Resort, on beach management improvements and regulatory compliance. As part of Geosyntec, ATM has been a trusted partner to the City, delivering planning, permitting, and construction support for public dock and marina projects, as well as recent feasibility studies and permitting for marina and waterway dredging.

On August 2, 2021, Geosyntec acquired ATM, an internationally recognized industry leader in the fields of coastal and marine engineering and waterfront consulting. ATM staff operate as a fully integrated branch of Geosyntec Consultants, Inc., hereafter collectively referred to as ATM in this proposal response. As you review our qualifications and capabilities, please consider the following success factors emphasized throughout our submittal:

- **Local, Responsive Team.** ATM has provided coastal engineering services from our Mount Pleasant office for over 35 years. Situated less than 15 minutes away, our team can readily support Isle of Palms and regularly engage with the City and other local stakeholders.
- **History of Performance for the City:** ATM has been providing waterfront and coastal engineering consulting services to the City for over 20 years on various projects related to coastal issues and planning on the oceanfront, inlet, and estuarine shorelines.
- **Familiarity with Site Conditions.** ATM has successfully undertaken numerous projects involving coastal resiliency and adaptation, shoreline restoration, erosional modeling, dredging, and regulatory permitting along the South Carolina coastline with additional project experience up and down the Atlantic coast. We understand United States Army Corps of Engineers (USACE) and South Carolina Department of Environmental Services (SCDES) regulations and their applicability to beach management, coastal structures, pilot projects and have served as expert witnesses both for and against the State.
- **Proven Support for Coastal Communities' Management Programs.** With decades of experience, ATM has consistently delivered expert, committed support to coastal management programs in communities where our staff live and work. Notably, we developed the Groin Masterplan for Folly Beach, guiding rehabilitation planning for all 50 groins, and have served as Holden Beach's coastal engineer since 2001, continually enhancing their beach management program. Our long-standing involvement underscores our dedication and expertise in effective coastal stewardship.
- **Demonstrated Ability to Think Outside of the Box.** ATM consistently delivers innovative beach management and shoreline stabilization solutions, such as the geotube installation protecting critical infrastructure at NASA's Kennedy Space Center. Our expertise in numerical modeling and coastal engineering enables us to design effective, well-analyzed projects that simplify permitting and regulatory approval.
- **Grant Funding Assistance.** Over the last 20+ years, we have helped our clients obtain more than 60 awards resulting in more than \$51 million of various grant funding in 12 states and territories.

The ATM team is available and committed to continue providing exceptional services to the City of Isle of Palms. Project Manager Fran Way, PE, CFM, and Coastal Engineering Principal Mike Jenkins, PhD, PE, will serve as the City's points of contact. Should you have any questions and/or concerns, please do not hesitate to contact us. Thank you in advance for your consideration of our qualifications.

Sincerely,



Fran Way, PE, CFM, Project Manager/Senior Engineer  
843.414.1050/fway@appliedtm.com



Mike Jenkins, PhD, PE, Coastal Engineering Principal  
561.472.2144/mjenkins@appliedtm.com

## SECTION 2. FIRM QUALIFICATIONS

### ABOUT US

Founded in 1983, Geosyntec is a specialized consulting and engineering firm that works with private and public-sector clients to address complex problems involving the environment, natural resources, and civil infrastructure. With headquarters in Boca Raton, FL, Geosyntec has a staff of more than 2,200 engineers, scientists, and related technical and project support staff located in more than 100 offices throughout the world, **including a local office in Mount Pleasant, SC.** The Geosyntec Team has **served municipalities across the United States, including Folly Beach, Charleston County and other local SC communities such as Daufuskie, Fripp, Dewees, and Sullivans Island**, with a wide range of coastal engineering, civil and environmental engineering, and stormwater management planning services.

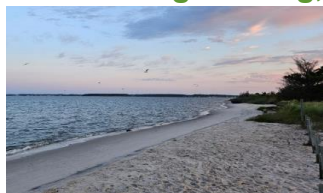
CELEBRATING  
**40**  
YEARS

In 2021, Geosyntec acquired ATM, an internationally recognized industry leader in the fields of water resources, waterfront services, and coastal engineering and consulting. A major factor in this acquisition was Geosyntec's desire to further expand its resources and ability to provide comprehensive waterfront and coastal services. ATM's experienced Mount Pleasant staff have supported the City's coastal initiatives over the last 20 years and are now part of Geosyntec and operate as a fully integrated branch of Geosyntec.

### PROFESSIONAL SERVICES

Geosyntec has served more than 300 municipalities across the U.S. Our business has grown around our ability to combine and leverage coastal engineering, water resources, construction management, and other professional engineering services to meet our clients' needs. Our experience for each professional service category is provided below.

#### Coastal Engineering, including Numerical Modeling and Dredging Analysis



ATM is at the forefront of quantitative analyses for coastal vulnerability and resilient design solutions. **For more than three decades, our professionals have used state-of-the-art tools to quantify storm surge, coastal wave impacts, living shorelines, and groins/breakwaters to improve coastal and shoreline design.** We have adapted these processes to analyze climate change and sea level rise impacts to maximize resiliency in coastal programs.

#### Beach Nourishment Experience

Our first beach nourishment project in the Carolinas and associated monitoring efforts occurred in 1989 following Hurricane Hugo. Since then, we have aided with **design, permitting, and construction phase services for beach restoration projects in Debidue Island, Daufuskie Island, Garden City, Surfside Beach, and Pawleys Island, SC;** Holden Beach, Mason Inlet and North Topsail Beach, NC; Jekyll Island and St. Simons Island, GA; and a myriad of projects in Florida. We have also conducted numerous borrow area studies.

#### Short-term and Long-term Planning

Our extensive experience in developing master plans and providing preliminary engineering services and alternatives analyses for coastal communities will serve the City well, as exhibited in Section 3: Related Project Experience. **Our preliminary engineering approach for coastal engineering projects focuses on developing design concepts that are feasible and improve coastal and oceanfront resiliency.** Solutions are conceptualized and prioritized based on implementation criteria to ensure recommended improvements are cost-effective based on relative benefit.

#### Peer Review and Recommendations

ATM has led numerous coastal peer reviews and developed recommendations. Recently, ATM has worked for the Town of Mount Pleasant in reviewing USACE plans to restore the Crab Bank bird habitat. **ATM developed a numerical model and provided several recommendations to improve the success of the restoration while also avoiding any impacts to Shem Creek. The USACE incorporated our recommendations and referred to this collaboration as a win-win following successful construction.** ATM also recently peer-reviewed the recent Drum Island mitigation marsh for the SC State Ports Authority and our recommendations saved costs while also developing a more resilient and effective mitigation marsh habitat.

#### Grant Writing, Applications, and Administration

ATM is uniquely qualified to help the City find long-term funding sources and grant support from state and federal entities. **We have an outstanding record of successfully securing grant funding (more than \$110 million) for our public-sector clients through a variety of sources.**



## Design, Plan and Specification Preparation

ATM develops designs, plans, and specifications to meet established goals set by our municipal clients with them heavily engaged and their feedback incorporated from conceptual planning to final design. Our approach during construction document development focuses on providing clarity, completeness, and technical accuracy. **Our experience in developing construction documents for complex projects in coastal South Carolina, such as our design of the Folly Groin Rehabilitation, will provide the City with the resources to avoid future change orders and claims during construction.** We have a detailed quality control and quality assurance review process to ensure defensible and constructible plans. This includes reviews by the engineer-of-record, with separate senior and peer reviews.

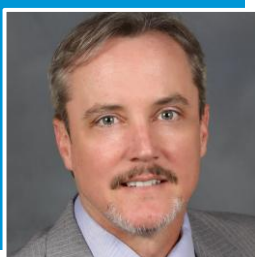
## Permitting (SCDES, South Carolina Department of Natural Resources (SCDNR), USACE, Federal Emergency Management Agency (FEMA), etc.)

ATM has comprehensive experience in regulatory consultation and permitting projects in South Carolina through regular, proactive engagement with the SCDES and USACE. In addition, ATM works closely with a range of ancillary regulatory entities including SCDNR, the U.S. Fish and Wildlife Service, the State Historic Preservation Office, and the National Marine Fisheries Service. ATM has established relationships with regulatory staff through permitting a wide spectrum of engineering initiatives ranging from beach stabilization, channel maintenance, dredging, and coastal structures.



## SECTION 3. KEY PERSONNEL QUALIFICATIONS

ATM has carefully assembled a team of highly qualified professionals to provide the most innovative and cost-effective solutions for the project that will be performed under this contract. Our approach will be to thoroughly analyze available data, engage City staff and stakeholders to understand expected outcomes, and provide solutions in the short and long term. The qualifications of our key personnel are provided in the brief summaries below.



### FRAN WAY, PE, CFM PROJECT MANAGER

#### Overall Experience

Mr. Way specializes in coastal, environmental and water resources engineering. He applies his background in coastal and water resources to flood hazard risk assessments, wave and current modeling, beach nourishment, dredging and navigation studies, alternatives analyses, as well as shoreline stabilization projects. Mr. Way provides hydrodynamic, water quality, flushing, watershed, sedimentation, acoustic, artificial neural network, shoreline, and wave modeling and completes field data collection, data mining, statistical, and time series analyses. He is proficient in various surface water hydrodynamic, hydrologic, hydraulic, and water quality models. **He has worked directly with South Carolina coastal communities for more than 19 years.**

#### Similar Project Experience

- North Topsail Beach Terminal Groin Analysis and Modeling, NTB, NC
- Central Reach Reimbursement Nourishment Project and FEMA Mitigation, Holden Beach, NC
- North Topsail Beach Hurricane Florence Beach Assessment and Dune Mitigation, NTB, NC
- Oceanfront Groin Phase 1/2 Rehabilitation, Folly Beach, SC
- Bridge Abutment Shoreline Stabilization Alternatives, Fripp Island, SC
- Pine Island Inlet Restoration and Beneficial Use of Dredged Material, Hilton Head Island, SC
- Pawleys Inlet Erosion Assessment and Attorney Support, Pawleys Island, SC
- Crab Bank Restoration Peer Review and Numerical Modeling, Mount Pleasant, SC
- Drum Island Marsh Mitigation Peer Review, Cost Analysis, and Numerical Modeling, Charleston, SC

#### Education

MS, Ocean Engineering  
BS, Biology

#### Certifications/Licenses

PE: NC, SC  
Association of Floodplain  
Management (ASFPM) Certified  
Floodplain Mgr.

#### Areas of Expertise

- Coastal and Ocean Engineering
- Coastal Processes and Sediment Transport Modeling
- Shoreline Erosion Modeling
- Hydrodynamic Modeling
- Water Quality Modeling
- FEMA Flood Zone Analysis and Remapping
- Permitting and Comprehensive Environmental Studies
- EIS and NEPA support

#### Years of Experience

Total: 27 | With ATM: 25



**MIKE JENKINS, PHD, PE**  
COASTAL ENGINEERING PRINCIPAL

**Overall Experience**

Dr. Jenkins is a recognized expert in the field of coastal engineering and has an extensive background in modeling dynamic coastal systems. Over his career he has directed the placement of more than 15 million cubic yards of cumulative volume through multiple nourishment and maintenance dredging efforts. He has served as the engineer-of-record for numerous coastal and estuarine projects involving inlet management, structure design, evaluation and permitting. Projects include beach nourishment, dredging, and structures such as rock groins and revetments, composite groin structures, breakwaters and geotube structures. Dr. Jenkins maintains successful proactive relationships with multiple federal, state, and international regulatory agencies within the coastal field.

**Similar Project Experience**

- Terminal Groin, North Topsail Beach, NC
- South Siesta Key Beach Repair, Sarasota County, FL
- Shoreline Management and Comprehensive Coastal Engineering Services, Town of Palm Beach, FL
- Peer Review of Coastal Structure Modifications, Town of Palm Beach, FL
- 3000 South Condominium Coastal Construction Control Line Review, Boca Raton, FL
- Rutherford Park and Lake Wyman Park Restoration, Boca Raton, FL
- Coastal Program Management, Town of Jupiter Island, FL
- Hollywood Beach Renourishment, Broward County, FL

**Education**

PhD, Ocean Engineering  
MS, Ocean Engineering  
BS, Ocean Engineering

**Certifications/Licenses**

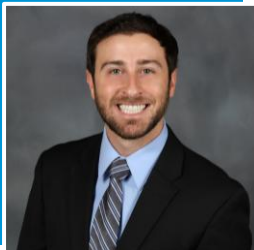
PE: FL

**Areas of Expertise**

- Coastal Engineering
- Coastal Structures
- Coastal Analysis and Numerical Modeling
- Beach Nourishment Design and Permitting
- Environmental Restoration
- Project Management and Construction Administration

**Years of Experience**

Total: 34 | With ATM: 21



**MARC GOLD, PE, CFM**  
PROFESSIONAL ENGINEER

**Overall Experience**

Mr. Gold specializes in the analysis of processes along coasts, wetlands and estuarine environments including sediment transport and nearshore hydrodynamics. His experience includes permitting, numerical modeling, statistical and time series analysis, and international field data collection. Mr. Gold utilizes his coastal engineering background to perform assessments and design of coastal structures, FEMA flood zone and risk analysis remapping, beach nourishment design and monitoring, and coastal conditions assessments for various coastal and waterfront projects. Additionally, he has experience with aerial mapping and is a licensed drone operator.

**Similar Project Experience**

- Solomon Oceanfront Jurisdiction Analysis, Isle of Palms, SC
- Oceanfront Letters of Map Revision, Isle of Palms, SC
- Central Reach Reimbursement Renourishment and Coastal Engineering Services, Holden Beach, NC
- Groin Rehabilitation Master Plan, Folly Beach, SC
- Crab Bank Sedimentation Study, Mount Pleasant, SC
- DeBordieu Beach Nourishment monitoring, Debidue, SC
- Fripp Island Living Shoreline and Numerical Modeling, Fripp, SC
- Sullivans Island Oceanfront Letters of Map Revision, Sullivans Island, SC
- Garfinkel Dune Restoration and Permit Application, Sullivans Island, SC
- Patriot's Point Living Shoreline, Mount Pleasant, SC

**Education**

MS, Coastal and Oceanographic Engineering  
BS, Physics

**Areas of Expertise**

- Coastal Processes and Sediment Transport
- Assessment of Coastal Structures
- Wave Modeling
- Sediment Transport and Shoreline Modeling
- Oceanographic Engineering
- Field Data Collection
- Data Analysis and GIS

**Years of Experience**

Total: 10 | With ATM: 10



**ROBERT SEMMES, MS**  
SENIOR PROFESSIONAL

**Overall Experience**

Mr. Semmes has extensive experience in waterfront and water resources projects. He specializes in waterfront development and revitalization, financial performance projection modeling for developments, waterfront market segmentation, and specialty environmental issues related to port and harbor development, and ecosystem assessment, restoration, and mitigation. He provides business planning assistance on waterfront developments using ATM's proprietary financial projection models. He has comprehensive permit preparation and negotiation experience for projects with complex environmental issues, including open water and ocean disposal of dredged material and the larger issues related to harbor deepening and expansion. His experience further includes beach restoration projects in Florida, Georgia, South Carolina, and the Turks and Caicos. Mr. Semmes' skills are varied and inclusive. He can manage all aspects of comprehensive development projects, including planning, siting, permitting, economic development and feasibility, environmental studies, mitigation, development of plans and specifications, construction supervision, permit compliance, modeling, and monitoring.

**Education**

MS, Agricultural Engineering  
BS, Agricultural Operations  
Management

**Areas of Expertise**

- Marina and Port Engineering
- Marina Financial Planning, Economics and Financial Projection Modeling
- Dredged Material Management Studies including Environmental Effects Evaluations
- Beach Nourishment Design and Construction Supervision

**Years of Experience**

Total: 36 | With ATM: 36

**Similar Project Experience**

- City Marina Expansion Financial Projection Update, Charleston, SC
- Marina Master Planning, Virginia Key Redevelopment Project, Miami, FL
- South Street Seaport Marina Planning, Feasibility and Engineering Services, Manhattan, NY

## SECTION 4. SIMILAR PROJECTS AND REFERENCES

ATM has a successful record of executing multiple concurrent projects and contracts. This record reflects the capacity and ability of our staff to multitask while providing high-quality deliverables within established budgets and timeframes. Our repeat business rate of 80% is a testament to our capabilities, commitment, and dedication to client satisfaction. The following similar projects and applicable references will attest to our expertise and quality of deliverables.

### Groin Rehabilitation, Dune and Beach Restoration | Folly Beach, South Carolina



ATM assisted the City of Folly Beach in the development of a long-term beach preservation strategy to ensure that the restored beach and dune system are not lost between periodic renourishments. This involved a comprehensive beach and dune stabilization strategy that includes beach nourishment, dune and vegetation restoration, sand fencing, and the rehabilitation of nine existing groins along an approximately mile-long shoreline reach susceptible to historically severe erosion rates.

ATM performed an initial field assessment of existing beach conditions and groin structures as well as baseline surveying services. A coastal analysis of historic shorelines, beach profiles, erosional trends, and structural influences was completed as a basis for nourishment preliminary design and permitting.

ATM developed and submitted a joint federal and state permit application package that included an alternatives analysis, downdrift impact analysis, and biological assessment. ATM worked closely with state and federal agencies to align the federal nourishment on Folly Beach with concurrent project efforts. ATM developed a comprehensive project manual, including construction drawings and technical specifications, for bidding, contracting, and constructing the beach and dune stabilization project.

**Reference**

Eric Lutz, Director of Building and Public Works  
843.708.9982  
elutz@follybeach.gov

**Services Provided**

- ◆ Shoreline Protection Design Alternatives
- ◆ Construction Cost Estimates
- ◆ Regulatory Permitting
- ◆ Final Design and Development of Construction Documents
- ◆ Construction Contract Administration and Survey Services



## Inlet Alternatives, Post-Hurricane Assessments and FEMA Mitigation | Town of North Topsail Beach, North Carolina



The Town initially engaged ATM in 2017 for the design, modeling, engineering, and permitting of a New River Inlet terminal groin. In addition to terminal groin design, modeling, and analysis, ATM assessed several other alternatives (channel realignment, beach fill-only, etc.). This project represents only a fraction of the Town's entire shoreline, yet it is critically important because the inlet strongly affects this section of oceanfront where sandbags are currently deployed. In 2018, the

Town contracted ATM as the coastal engineer for all 11.1 miles of the Town shoreline.

Since then, ATM has been involved in FEMA mitigation for Hurricane Florence (2018) and Hurricane Dorian (2019). FEMA mitigation includes developing sand volume losses, cost estimates, project design/permitting and working with FEMA to advance the project, followed by project bidding and construction phase services. In 2020/2021, ATM directed the truck haul for the Hurricane Florence Category B dune restoration for over six miles of shoreline. In addition to Category B mitigation, a Category G engineered beach mitigation was also just completed for 3.5 miles of shoreline. ATM is assisting the Town with USACE shallow draft inlet/AIWW dredging projects. This work will support safe and reliable inlet navigation by coordinating with USACE and attending quarterly state/USACE shallow draft dredging meetings. The Town requires several solutions for its different sections of oceanfront and inlet shorelines. These solutions require careful cost considerations, alternatives analysis and long-term planning.

### Reference

Alice Derian, Town Manager  
910.328.1349  
aderian@northtopsailbeachnc.gov

### Services Provided

- Beach Renourishment
- Inlet Management Alternatives Analysis
- FEMA Mitigation
- Permitting, Bidding and Contracting

## Coastal Engineering Consulting Services | Town of Holden Beach, North Carolina



Since 2001, ATM has provided coastal engineering services that include field investigations, geotechnical sand source identification and dredge planning, long-term management planning, annual beach monitoring, and environmental and permitting tasks. Our staff has assisted on numerous beach nourishment projects, emergency storm response management activities, and shore protection engineering. ATM assisted with erosion control measures and mitigation projects in response to Hurricanes Florence (2018, including FEMA "engineered beach" mitigation), Michael (2018), Dorian (2019), and Isaias (2020).

### Reference

David Hewett, Town Manager  
910.842.6488  
david.hewett@hbtownhall.com

### Services Provided

- Beach Renourishment
- Permitting and Bid Documents
- Coastal and Inlet Management
- Coastal Stabilization

ATM developed a long-term, comprehensive beach management strategy for the island, including investigations and delineation of offshore, inshore, and inland sand sources, nourishment engineering and design, dune and vegetation planting enhancements, and coordination with USACE regarding federal project initiatives. A total of 22 federal and Town beach nourishment projects, totaling more than 3,600,000 cubic yards of sediment, have been successfully completed. Most recently, in 2022/2023, we successfully performed a 1.5 million cubic yard hopper dredge project which was largely paid for by FEMA hurricane mitigation (bundling Michael, Dorian, Florence, and Isaias storm loss volumes). We continue to provide annual monitoring, shoreline and volumetric analyses, and proactive management strategies for the Town.

We also provided coastal engineering services in support of an environmental impact statement and project delivery team process for a separate beach nourishment and terminal groin project at the island's east end. Despite successful beach management, inlet-related erosion is chronic and can be severe at this location. ATM conducted an extensive alternatives analysis of various dredge, nourishment, and shore protection schemes using numerical modeling of regional and nearshore hydrodynamics and coastal geomorphology to produce final recommendations.



*Recommendation Letter from the  
Town of Holden Beach*



Geosyntec<sup>®</sup>  
consultants

ATM  
A Geosyntec Company

We are  
engineers, scientists  
and innovators.



December 5, 2025

Douglas Kerr, Deputy City Administrator  
City of Isle of Palms  
P.O. Drawer 508  
Isle of Palms, SC 29451

**Subject:** Request for Qualifications (RFQ 2025-02): Beach Management – Alternatives Analysis

Dear Mr. Kerr and Evaluation Committee:

Coastal Protection Engineering LLC (CPE) appreciates the opportunity to submit our qualifications for RFQ 2025-02, *Beach Management – Alternatives Analysis*. The City is seeking experienced coastal professionals to provide to evaluate a full range of shoreline management alternatives, including evaluations of project feasibility, permitting pathways, long-term maintenance, environmental considerations, and overall suitability for Isle of Palms. This type of alternative-based coastal management analysis lies squarely within CPE's core competence. It is central to our business and one of the foundational services our firm was built around.

For decades, CPE has assisted coastal communities across the U.S. East and Gulf Coasts in evaluating nourishment strategies, structural and hybrid coastal protection approaches, channel and shoal management concepts, and inlet modification and relocation options, often in settings dominated by waves and tidal currents and complex sediment transport pathways such as inlets and adjacent beaches. Understanding shoreline behavior, storm response, and long-term maintenance implications associated with coastal projects is central to our work and aligns directly with the needs described in the RFQ.

While the City anticipates a qualitative comparison of alternatives in this phase, many of the options under consideration including - groins, breakwaters, geotextile systems, ebb and flood shoal modifications, and/or modification of Breach Inlet and Dewees Inlet - will ultimately require state-of-the-art numerical modeling before advancing into design or permitting. CPE is widely recognized for our morphology modeling expertise of complex coastal settings such as tidal inlets and inlet-adjacent shorelines using Delft3D and XBeach, and we routinely apply these tools to evaluate the concepts included in this RFQ. Engaging a team with this technical depth from the outset ensures a smooth transition into later phases where quantitative analysis will be essential for reducing risk, optimizing designs, and meeting regulatory requirements.

To further strengthen this effort, CPE has partnered with Dr. Duncan Fitzgerald, a world-renowned coastal geomorphologist whose research on tidal inlets, barrier island evolution, and storm-driven morphology is among the most respected in the field. Dr. Fitzgerald has studied both Breach Inlet and Dewees Inlet extensively, offering scientific insight into long-term inlet behavior, sediment budgets, and the physical constraints relevant to inlet-focused management strategies.

CPE also brings a long-standing reputation for objective, transparent evaluations that help coastal communities make informed, defensible decisions. Our team has been recognized by ASBPA, NCBIWA, and FSBPA for contributions to coastal engineering and science, and we are frequently engaged by municipalities seeking unbiased technical guidance on complex coastal management challenges.

Enclosed is our submittal outlining our firm's qualifications, introducing key personnel for this assignment, and highlighting relevant experience evaluating alternatives for inlet-adjacent beaches. We appreciate your consideration and welcome the opportunity to support the City of Isle of Palms as it evaluates these shoreline management alternatives and prepares for the next phase of planning, design, and implementation

Sincerely,  
**Tara Marden**  
Senior Coastal Geologist & Project Manager



## Description of CPE Qualifications

CPE has carefully reviewed the City’s Request for Qualifications for *Beach Management: Alternatives Analysis*. The RFQ calls for high-level professional input on a suite of shoreline management alternatives, including considerations of feasibility, permitting, implementation complexity, and long-term shoreline implications. Providing objective, technically informed evaluations of beach management strategies lies squarely in CPE’s core competence.

CPE specializes in inlet-influenced beach systems and the assessment of management strategies for beaches and inlets. For decades, our engineers and coastal scientists have assisted municipalities along the U.S. East and Gulf Coasts in interpreting coastal processes, evaluating shoreline response, and assessing the implications of structural and non-structural management options under both average conditions and storm conditions. This experience prepares us to provide the insight the City is seeking about different beach management strategies.

Our firm was established specifically to support coastal communities with the management of beaches and inlets. Because our practice is dedicated entirely to coastal systems, our staff has extensive experience evaluating, designing, and permitting coastal protection projects shaped by inlet dynamics, shoal evolution, longshore sediment gradients, sediment budgets, and storm-driven geomorphic change. This background provides a strong foundation for understanding how the alternatives identified in the RFQ tend to perform in highly dynamic coastal settings like Isle of Palms.

A defining strength of CPE and one that distinguishes our team within the Southeast, is our depth of expertise in numerical modeling of inlet and beach morphology. The behavior of beaches, inlets, shoals, and adjacent shorelines is governed by complex, time-varying processes that are often impossible to evaluate reliably without quantitative tools. This is particularly true for Isle of Palms, where inlet-driven sediment transport, shoal bypassing cycles and localized erosion patterns strongly influence long-range management success.

CPE is an industry leader in the application of Delft3D, a state-of-the-art process-based model used globally for hydrodynamics, sediment transport, and morphological change. Delft3D resolves the interaction of waves, currents, sediment pathways, and shoreline evolution under both everyday and storm conditions. Our team has applied Delft3D extensively in inlet-dominated systems like Isle of Palms, producing multiyear simulations that evaluate structural alternatives, nourishment strategies, channel alignments, and bypassing concepts.

To complement these capabilities, CPE also specializes in XBeach, a storm-response model that simulates dune erosion, runup, overtopping, and rapid cross-shore sediment transport during high-energy events. Because a single storm can dramatically reshape an inlet-adjacent shoreline, storm-focused modeling is often essential to evaluating the long-term viability of different beach management strategies.

While the City anticipates a qualitative-level evaluation for this phase, our modeling capabilities demonstrate the strength of the technical foundation supporting our professional judgment. These tools will be critical in later phases when alternatives are refined, compared quantitatively, optimized and advanced through State and Federal permitting. Advanced numerical modeling of coastal morphology provides the basis for evaluating performance of different alternatives under varying conditions, identifying unintended impacts, estimating maintenance needs, and developing defensible long-term shoreline management strategies.

As these tools are applied, numerical modeling supports informed decision-making by providing:

- Quantitative comparisons of beach performance associated with multiple project design alternatives
- Predictions of inlet and shoal response to structural and non-structural interventions
- Evaluation of storm resilience and post-storm recovery
- Assessments of long-term maintenance requirements
- Technical justification for permitting, funding, and engineering design

CPE’s reputation within the coastal engineering community reflects our longstanding commitment to technical rigor, transparency, and objective analysis. Our staff has been recognized by ASBPA, NCBIWA, and FSBPA for

contributions to coastal engineering and science, and coastal municipalities across the Southeast routinely rely on our team for strategic guidance and alternatives-level evaluations involving inlet-dominated shorelines.

For these reasons, CPE is exceptionally well qualified to assist the City of Isle of Palms with the alternatives analysis described in RFQ 2025-02. Our combination of inlet management expertise, process-based coastal understanding, and advanced numerical modeling capability provides a strong foundation for clear, defensible professional evaluations and positions the City for success in the more detailed technical and permitting phases that will follow.

### **Key Personnel**

Our team is a highly skilled, close-knit group of professionals who have worked together across disciplines to meet the needs of dozens of coastal communities. We are united by a strong commitment to our clients and an unwavering focus on technical excellence, value and the consistent delivery of high-quality work products. Organized as a passionate and dedicated team of coastal engineers, numerical modelers, marine biologists, coastal geologists and technical specialists, we bring a comprehensive and collaborative approach to every project. Importantly, our firm's exclusive focus on coastal projects ensures that each member of our multidisciplinary team has direct, hands-on experience with the types of projects and services the City requires. Our integrated approach, combining multiple scientific and technical disciplines, has allowed us to deliver exceptional value to our clients and successfully navigate some of the most complex coastal management challenges.

Based on our understanding of your program and the services listed in the RFQ, we offer an interdisciplinary team with the relevant beach and inlet management experience needed to effectively evaluate the data and related project information to provide an informed and honest second opinion. Below, we have outlined the experience of five key team members who are expected to play a central role in the work described in the RFQ.

#### **Ken Willson, M.S. – Senior Program Manager**



Mr. Willson is a senior program manager and has assisted coastal clients throughout the southeastern U.S. for over 20 years. Mr. Willson has managed a significant number of large-scale beach and inlet management programs including inlet realignment projects, large scale city-wide beach nourishment programs and multi-town cooperative beach nourishment programs. He has led interdisciplinary teams of engineers, scientists, modelers, and other professional staff through concept development, design, permitting, construction, monitoring, and project performance analysis for a wide variety of beach and inlet management projects. His broad knowledge base of coastal geology, engineering, environmental science, policy, and finance has allowed him to effectively manage and communicate information to diverse

groups of stakeholders. Mr. Willson serves on the Executive Committee of the Boards of Directors of the American Shore and Beach Preservation Association (ASBPA) and the North Carolina Beach, Inlet, and Waterways Association advocating for funding and policy changes at the State and federal level.

#### **Tara Marden, M.S., - Senior Coastal Geologist**



Ms. Marden brings nearly 30 years of expertise in coastal geology and engineering to the project. She has successfully led dozens of beach management and tidal inlet initiatives and has established many successful public-private partnerships for regional dredging and beach nourishment programs benefiting both municipalities and private homeowners. With over 100 successfully managed projects, she has extensive experience in coastal engineering, resilience, regulatory permitting at local, state, and federal levels, project management, and financing. Ms. Marden managed CPE's work at Breach Inlet and managed a high-profile 160-year-old boundary dispute on the Belle Baruch Foundation property in Georgetown County, SC. She

coordinated experts and worked with legal teams to assess the effects of inlet migration on property boundaries. Her testimony provided vital data on shoreline change, tidal inlet migration and sediment deposition, playing a key role in the legal proceedings.





**Lindino Benedet, Ph.D. – Principal Coastal Scientist**

Dr. Benedet is a coastal scientist specializing in numerical modeling with over 25 years of professional experience. He was one of the first coastal scientists to utilize the advanced numerical model Delft3D to support the evaluation and design of coastal projects and has participated in dozens of numerical modeling globally with his unique qualifications. His expertise includes process-based numerical modeling of coastal processes, coastal sediment transport, hydrology and water quality, meteorological and oceanographic measurements, vulnerability analysis and evaluation of flood mitigation/SLR adaptation strategies, dredging, beach nourishment, and marsh restoration.



**Thomas Pierro, PE, BC. CE – Principal Coastal Engineer**

Since 2001, Mr. Pierro has designed, permitted, and supervised construction of numerous beach nourishment and coastal structure projects throughout the Eastern U.S. with a focus on inlet management. He excels at representing the local sponsor and coordinating with state and federal agencies for construction of both non-federal and federal projects. As Principal Engineer for CPE, he directs complex analysis of beach/inlet processes, designs programs that control high erosion near coastal inlets, and promotes forward thinking throughout his team to support sustainable coastal programs. Mr. Pierro is a Board-Certified Coastal Engineer (BC. CE) by the American Society of Civil Engineers and recipient of the distinguished FSBPA Engineering Award for outstanding contributions to field of coastal engineering.



**Morjana Signorin, M.S. – Sr. Coastal Modeler**

Ms. Signorin is a Sr. Coastal Modeler at CPE with 15 years of experience supporting and managing multiple coastal engineering projects, including numerical modeling, beach nourishment, inlet management, and dredging projects. Her diverse coastal experience includes leading over 40 numerical modeling projects in the U.S., including modeling of water levels, currents, waves, sediment transport, morphology, shoreline changes, water quality, and storm surge. She has also managed the development of feasibility studies, inlet management studies, beach preservation plans, sediment budgets, data collection and analysis of meteoceanographic data, in depth engineering data analysis, technical reports, and permit applications.



**Dr. Duncan M. FitzGerald, Ph.D. – Senior Advisor**

Dr. FitzGerald brings nationally recognized expertise in tidal inlet dynamics, barrier island evolution, and sediment transport processes. He earned his Ph.D. from the University of South Carolina, where his graduate research included an analysis of the geomorphology and long-term evolution of Dewees Inlet. Over his four decades in the field, Dr. Fitzgerald has authored several landmark books on barrier beaches and inlets and has written hundreds of peer-reviewed papers on coastal geomorphology, storm impacts, and inlet behavior. His scientific insight into inlet morphology, shoal dynamics, and sediment budgets provides exceptional value to the City's evaluation of alternatives involving inlet realignment, forced bypassing, and other inlet-focused management strategies.

**Examples of Similar Projects and References**

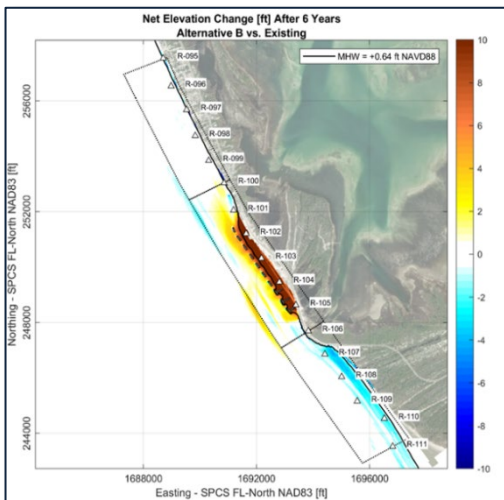
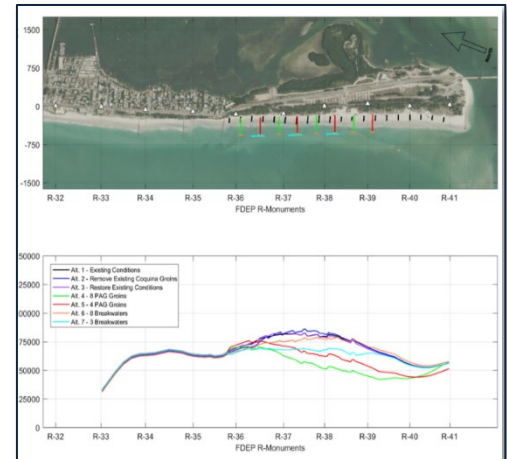
As a specialized coastal engineering firm with core competencies in beach and inlet management, much of CPE's project history aligns closely with the needs outlined in this RFQ. Over the past 25 years, our team has designed, permitted, evaluated, and implemented a wide range of inlet-influenced shoreline management projects, including tidal inlet channel realignment, terminal groins, beach nourishment, beneficial use of dredged material, and detailed alternatives analyses supported by numerical modeling.

To illustrate our relevant experience, we have highlighted three projects that best demonstrate our capability to assess shoreline processes, compare management strategies, and evaluate the feasibility and implications of various coastal interventions. Each project includes a reference, and we encourage the City to contact them to learn more about our technical expertise, responsiveness, and commitment to delivering sound, defensible coastal solutions:

**Coquina Beach Shoreline Stabilization & Longboat Pass Jetty Reconstruction Feasibility Study, Manatee County, FL:**

CPE recently completed a feasibility study for Coquina Beach that included a full Delft3D morphological modeling effort to evaluate shoreline stabilization strategies influenced by an adjacent tidal inlet. The work involved developing and calibrating regional and nested models to replicate waves, currents, sediment transport, and observed morphology changes, followed by an evaluation of ten conceptual alternatives. These scenarios included variations of groins, breakwaters, and jetty modifications, all compared against a no action baseline to understand performance, potential impacts, and effects on longshore sediment transport. The modeling results were then used to support engineering design refinements and the subsequent State and Federal permitting application for the selected alternative.

*REFERENCE: Charlie Hunsicker – Phone: (941) 737-4765 [charlie.hunsicker@mymanatee.org](mailto:charlie.hunsicker@mymanatee.org)*



**St. Joseph Peninsula Coastal Structures Numerical Modeling Study, Gulf County, FL:**

CPE completed a detailed Delft3D modeling study to evaluate structural alternatives for reducing severe erosion along the southern end of St. Joseph Peninsula. The work involved calibrating coupled wave, flow, and morphology models and developing an alternatives analysis that focused on improving stability while avoiding impacts north and south of the project area. Nineteen initial alternatives were screened, followed by a detailed evaluation of four shortlisted options under multi-year conditions and an extreme storm scenario. The modeling results were used to compare sand retention, potential downdrift effects, and storm protection benefits for each option. These findings directly supported State and Federal permitting documentation and informed design refinements for the selected alternative. *REFERENCE: Clay Smallwood – Cell: (850) 340-1488 [csmallwood@gulfcounty-fl.gov](mailto:csmallwood@gulfcounty-fl.gov).*

**Erosion Assessment of the South End of Isle of Palms (2025):**

CPE, in partnership with Dr. Duncan FitzGerald, completed a comprehensive erosion assessment of the southern end of Isle of Palms, a shoreline segment experiencing rapid retreat and dune loss due to the highly dynamic behavior of Breach Inlet. The study incorporated historical shoreline change analysis, inlet morphology evaluation, sediment transport assessment, field observations, and a detailed review of long-term inlet processes. The evaluation identified inlet-driven dynamics—including channel migration, shoal evolution, marginal flood channel development, and ebb-spillover lobe cycles as the primary drivers of recent erosion. The report provided the client with a clear explanation of causative mechanisms, documented risks to infrastructure,



and recommended a structured Alternatives Analysis to evaluate nourishment, dune restoration, hybrid strategies and structural options such as a permeable terminal groin. *REFERENCE: Paul Jorgensen – Phone: (704) 877-8818; Email: paulwj@me.com*



**Ocean Isle Beach Shoreline and Inlet Management Plan, NC:** CPE has been providing comprehensive coastal engineering services to the Town of Ocean Isle Beach for over 14 years. This work began as a feasibility study in 2011 to evaluate various strategies for managing high erosion rates along the east end of the Island associated with Shallotte Inlet. Ultimately the recommendation was to construct a terminal groin and beach fill to stabilize the east end. CPE managed the design, environmental permitting and ultimately the construction of the terminal groin project, which was completed in 2022. Over the past 14 years, the Town also relied on CPE to develop a comprehensive Shoreline Management Plan that serves as an adaptable 30-year plan for the

comprehensive management of the Town’s oceanfront. Since 2017, we have monitored the beaches and provided annual updates on the health of the beach and the performance of the projects implemented along the Town’s ocean and inlet shores. Most recently, our team was hired by the Town to design, permit, and implement a dune project along the easternmost portion of the island to reduce the risk of storm damage and flooding. *REFERENCE: Mayor Debbie S. Smith – Phone: (910) 443-4801; Email: mayor@oibgov.com*

**Manatee County Comprehensive Coastal Program, FL:** Our team has provided coastal engineering services to Manatee County for nearly 20 years in support of their highly successful coastal management program. We have assisted the County with feasibility studies, coastal engineering design, numerical modeling, permitting, construction services, hardbottom monitoring, mitigation planning, beach profile monitoring, funding assistance and public outreach. Our team has designed beach nourishment and coastal structure projects for Anna Maria Island and developed Inlet Management Studies for Passage Key Inlet and Longboat Pass.

In 2023, CPE completed the Inlet Management Study for Passage Key Inlet, the primary sand source for Anna Maria Island’s nourishment program. Passage Key Inlet functions as a sediment “sink,” with a large ebb shoal that has been dredged repeatedly since 2002 for nourishment on Anna Maria Island and Longboat Key. Continued reliance on the ebb shoal required an updated inlet management study to evaluate dredging impacts and assess its sustainability as a long-term sand source. CPE developed a sediment budget for Passage Key and adjacent beaches using aerial imagery, metocean and topobathymetric data, and numerical modeling. This analysis was used to identify and evaluate borrow area alternatives, balance sediment exchange between the inlet and adjacent beaches, and assess potential impacts to waves, currents, sediment transport, and morphology within the broader coastal system. *REFERENCE: Charlie Hunsicker – Phone: (941) 742-5923; Email: Charlie.hunsicker@mymanatee.org*



**ORDINANCE 2025-12**

**AMENDING THE BUSINESS LICENSE ORDINANCE OF THE CITY OF ISLE OF PALMS  
TO UPDATE THE CLASS SCHEDULE AS REQUIRED BY ACT 176 OF 2020.**

**WHEREAS**, the CITY of ISLE OF PALMS (the “Municipality”) is authorized by S.C. Code Section 5-7-30 and Title 6, Chapter 1, Article 3 to impose a business license tax on gross income;

**WHEREAS**, by Act No. 176 of 2020, known as the South Carolina Business License Tax Standardization Act and codified at S.C. Code Sections 6-1-400 to -420 (the “Standardization Act”), the South Carolina General Assembly imposed additional requirements and conditions on the administration of business license taxes;

**WHEREAS**, the Standardization Act requires that by December thirty-first of every odd year, each municipality levying a business license tax must adopt, by ordinance, the latest Standardized Business License Class Schedule as recommended by the Municipal Association of South Carolina (the “Association”) and adopted by the Director of the Revenue and Fiscal Affairs Office;

**WHEREAS**, following the enactment of the Standardization Act, the Municipality enacted Ordinance No. 2025-12 on **[INSERT DATE]**, in order to comply with the requirements of the Standardization Act (the “Current Business License Ordinance”);

**WHEREAS**, the CITY Council of the Municipality (the “Council”) now wishes to amend the Current Business License Ordinance to adopt the latest Standardized Business License Class Schedule, as required by the Standardization Act;

**NOW, THEREFORE, BE IT ORDAINED** by the Mayor and Council of the CITY of ISLE OF PALMS, as follows:

**SECTION 1. Amendments to Appendix B.** Appendix B to the Current Business License Ordinance, the “Business License Class Schedule,” is hereby amended and restated as set forth on the attached Exhibit A.

**SECTION 2. Repealer, Effective Date.** All ordinances in conflict with this ordinance are hereby repealed. This ordinance shall be effective with respect to the business license year beginning on May 1, 2026.

**ENACTED IN REGULAR MEETING**, this \_\_\_\_ day of \_\_\_\_\_, 20\_\_.

\_\_\_\_\_  
Mayor

ATTEST:

\_\_\_\_\_  
Clerk

First reading: \_\_\_\_\_

Final reading: \_\_\_\_\_



**Exhibit A: Amendment to Classes 1 – 8 in Appendix B of the  
Current Business License Ordinance**

**APPENDIX B**

**Classes 1 – 8: Business License Class Schedule by NAICS Codes**

<b>NAICS Sector/Subsector</b>	<b>Industry Sector</b>	<b>Class</b>
<b>11</b>	Agriculture, forestry, hunting and fishing	1
<b>21</b>	Mining	3
<b>22</b>	Utilities	1
<b>31 - 33</b>	Manufacturing	3
<b>42</b>	Wholesale trade	1
<b>44 - 45</b>	Retail trade	1
<b>48 - 49</b>	Transportation and warehousing	2
<b>51</b>	Information	4
<b>52</b>	Finance and insurance	7
<b>53</b>	Real estate and rental and leasing	6
<b>54</b>	Professional, scientific, and technical services	4
<b>55</b>	Management of companies	7
<b>56</b>	Administrative and support and waste management and remediation services	3
<b>61</b>	Educational services	3
<b>62</b>	Health care and social assistance	3
<b>71</b>	Arts, entertainment, and recreation	3
<b>721</b>	Accommodation	1
<b>722</b>	Food services and drinking places	2
<b>81</b>	Other services	3
<b>Class 8</b>	<b>Subclasses</b>	
<b>23</b>	Construction	8.1
<b>482</b>	Rail Transportation	8.2
<b>517111</b>	Wired Telecommunications Carriers	8.3
<b>517112</b>	Wireless Telecommunications Carriers (except Satellite)	8.3
<b>517122</b>	Agents for Wireless Telecommunications Services	8.3
<b>5241</b>	Insurance Carriers	8.4
<b>5242</b>	Insurance Brokers for non-admitted Insurance Carriers	8.4
<b>713120</b>	Amusement Parks and Arcades	8.51
<b>713290</b>	Nonpayout Amusement Machines	8.52
<b>713990</b>	All Other Amusement and Recreational Industries ( pool tables)	8.6

*2025 Class Schedule is based on a three-year average (2019 - 2021) of IRS statistical data.*

The Honorable Mayor and Members of City Council  
1207 Palm Boulevard  
Isle of Palms, South Carolina 29451

We have audited the financial statements of City of Isle of Palms as of and for the year ended June 30, 2025, and have issued our report thereon dated November 20, 2025. Professional standards require that we advise you of the following matters relating to our audit.

### **Our Responsibility in Relation to the Financial Statement Audit**

As communicated in our engagement letter dated June 24, 2025, our responsibility, as described by professional standards, is to form and express an opinion about whether the financial statements that have been prepared by management with your oversight are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America. Our audit of the financial statements does not relieve you or management of your respective responsibilities.

Our responsibility, as prescribed by professional standards, is to plan and perform our audit to obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement. An audit of financial statements includes consideration of internal control over financial reporting as a basis for designing 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 over financial reporting. Accordingly, as part of our audit, we considered the internal control of City of Isle of Palms solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

We are also responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures for the purpose of identifying other matters to communicate to you.

### **Planned Scope and Timing of the Audit**

We conducted our audit consistent with the planned scope and timing we previously communicated to you.

### **Compliance with All Ethics Requirements Regarding Independence**

The engagement team, others in our firm, as appropriate, our firm, and our network firms have complied with all relevant ethical requirements regarding independence.



## Qualitative Aspects of the Entity's Significant Accounting Practices

### *Significant Accounting Policies*

Management has the responsibility to select and use appropriate accounting policies. A summary of the significant accounting policies adopted by City of Isle of Palms is included in Note A to the financial statements. City of Isle of Palms implemented GASB Statement 101, *Compensated Absences* (GASB 101) during the year ended June 30, 2025, which changed how the City accounts for compensated absences. No matters have come to our attention that would require us, under professional standards, to inform you about (1) the methods used to account for significant unusual transactions and (2) the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

### *Significant Accounting Estimates*

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's current judgments. Those judgments are normally based on knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ markedly from management's current judgments.

The most sensitive accounting estimates affecting the financial statements are:

- The useful lives of capital assets and the resulting depreciation expense, which are based on historical data and industry standards,
- Property taxes receivable and the allowance for uncollectible property taxes, which are based on information provided by Charleston County and historical collection rates, and
- Net pension liabilities and deferred inflows/outflows of resources, which are based on the state's actuarial valuations which are based on accounting requirements, actuarial stands, historical data, and industry trends.
- The reasonable certain term of lease and subscription liabilities.
- The City's incremental borrowing rate used to measure lease and subscription liabilities.

We evaluated the key factors and assumptions used to develop these estimates and determined that it is reasonable in relation to the basic financial statements taken as a whole and in relation to the applicable opinion units.

### *Financial Statement Disclosures*

Certain financial statement disclosures involve significant judgment and are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting City of Isle of Palms' financial statements relate to: GASB 87, *Leases*, GASB 96, *Subscription-Based Information Technology Arrangements*, fair value estimates, pension liabilities, and property taxes receivable.

### **Significant Difficulties Encountered during the Audit**

We encountered no significant difficulties in dealing with management relating to the performance of the audit.

### **Uncorrected and Corrected Misstatements**

For purposes of this communication, professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that we believe are trivial, and communicate them to the appropriate level of management. Further, professional standards require us to also communicate the effect of uncorrected misstatements related to prior periods on the relevant classes of transactions, account balances or disclosures, and the financial statements as a whole and each applicable opinion unit. We identified no such misstatements during the course of the audit.

In addition, professional standards require us to communicate to you all material, corrected misstatements that were brought to the attention of management as a result of our audit procedures. None of the misstatements identified by us as a result of our audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole or applicable opinion units.

### **Disagreements with Management**

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter, which could be significant to City of Isle of Palms' financial statements or the auditor's report. No such disagreements arose during the course of the audit.

### **Representations Requested from Management**

We have requested certain written representations from management, which are included in the management representation letter dated November 20, 2025.

### **Management's Consultations with Other Accountants**

In some cases, management may decide to consult with other accountants about auditing and accounting matters. Management informed us that, and to our knowledge, there were no consultations with other accountants regarding auditing and accounting matters.

### **Other Significant Matters, Findings, or Issues**

In the normal course of our professional association with City of Isle of Palms, we generally discuss a variety of matters, including the application of accounting principles and auditing standards, operating and regulatory conditions affecting the entity, and operational plans and strategies that may affect the risks of material misstatement. None of the matters discussed resulted in a condition to our retention as City of Isle of Palms' auditors.

This report is intended solely for the information and use of the Mayor, City Council, and management of City of Isle of Palms and is not intended to be and should not be used by anyone other than these specified parties.

Respectfully,

*Veris LLC*

November 20, 2025



# City of Isle of Palms, South Carolina

Report on Financial Statements

Year Ended June 30, 2025







**City of Isle of Palms, South Carolina**  
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## 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, 2025**

**MAYOR**

Phillip Pounds

**CITY COUNCIL MEMBERS**

Jan Anderson

John Bogosian

Scott Pierce

Blair Hahn

Ashley Carroll

Katie Miars

Jimmy Ward

Rusty Streetman

**APPOINTED OFFICIALS**

City Administrator and  
Director of Building, Planning, and Zoning

Douglas Kerr

Finance Director

Debra Hamilton

City Clerk

Nicole DeNeane

Clerk of Court

Amy Lee

Building Official

William Seabrook

Fire Chief

Craig Oliverius

Chief of Police

Kevin Cornett

Public Works Director

Donnie Pitts

Recreation Director

Karrie Ferrell





## ***Independent Auditor's Report***

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

### **Report on the Financial Statements**

#### ***Opinions***

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Isle of Palms (the City), as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City, as of June 30, 2025, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### ***Basis for Opinions***

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

#### ***Responsibilities of Management for the Financial Statements***

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

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

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

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

In performing an audit in accordance with GAAS, we:

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

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

### ***Required Supplementary Information***

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

### ***Supplementary Information***

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

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

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated November 20, 2025 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

*Veris LLC*

Mount Pleasant, South Carolina  
November 20, 2025



**Required Supplementary Information (Unaudited)**



**City of Isle of Palms, South Carolina**  
**Required Supplementary Information (Unaudited)**  
**Management's Discussion and Analysis**  
**Year Ended June 30, 2025**

---

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, 2025 (FY 2025 or 2025) compared to fiscal year ended June 30, 2024 (FY 2024 or 2024). 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 \$71,401,000 (*net position*). Of this amount, approximately \$63,110,000 and \$8,292,000 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 \$14,272,000 for its governmental activities and approximately \$2,732,000 for its business-type activities.
- The City's total revenues of approximately \$34,196,000 exceeded total expenses of approximately \$23,153,000, resulting in an increase from the prior fiscal year of approximately \$11,042,000 in net position.
- At the close of 2025, the City's governmental funds reported combined ending fund balances of approximately \$48,617,000, an increase of approximately \$6,100,000 over the prior year's fund balances. Approximately 8% of the total fund balance, or roughly \$4,041,000, is available for spending at the City's discretion (*unassigned fund balance*).
- The City added capital assets of approximately \$4,449,000 and \$881,000 for governmental and business-type activities, respectively, during the current fiscal year. Capital asset additions included the completion of ADA compliant boardwalk beach access paths at 46th and 52nd Avenues, new boardwalks and footbridges on 26th and 36th Avenues, and improved emergency vehicle access to the county park. Additional projects included the renovation of the Marina T-Dock, construction of a public dock at the Marina, enhancements to stormwater and tidal drainage systems, acquisition of vehicles and equipment, installation of multi-age playground structures, and various other capital improvements. Capital asset additions were offset by depreciation expense of approximately \$1,401,000 and \$317,000 for governmental and business-type activities, respectively. As capital asset additions were greater than depreciation expense for the year, total capital assets increased by approximately \$2,081,000 (6%) from FY 2024.
- The City's total debt, lease liability, and subscription liability decreased by approximately \$1,276,000 (13%) due to principal payments made on the City's general obligation bonds being greater than subscription liabilities issued during the current fiscal year.
- The City continues to hold an "Aa1" rating from Moody's.

**OVERVIEW OF FINANCIAL STATEMENTS**

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

**City of Isle of Palms, South Carolina**  
**Required Supplementary Information (Unaudited)**  
**Management's Discussion and Analysis**  
**Year Ended June 30, 2025**

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**Financial Statements**

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

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

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

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

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

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

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

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

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

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

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

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**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
<b>Scope</b>	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.
<b>Required Financial Statements</b>	* 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
<b>Accounting Basis and Measurement Focus</b>	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.
<b>Type of Balance Sheet Information</b>	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.



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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, 2025 compared to June 30, 2024:

	Governmental Activities		Business-Type Activities		Total	
	2025	2024	2025	2024	2025	2024
<b>Assets</b>						
Current and Other Assets	\$ 55,864,668	\$ 48,245,754	\$ 10,086,131	\$ 9,703,729	\$ 65,950,799	\$ 57,949,483
Capital Assets, Net	28,050,552	25,011,221	8,529,570	9,488,095	36,580,122	34,499,316
<b>Total Assets</b>	<b>83,915,220</b>	<b>73,256,975</b>	<b>18,615,701</b>	<b>19,191,824</b>	<b>102,530,921</b>	<b>92,448,799</b>
Deferred Outflows of Resources:						
Deferred Outflows Related to Pensions	2,711,215	2,526,158	-	-	2,711,215	2,526,158
<b>Liabilities</b>						
Long-Term Obligations	5,680,464	7,186,777	2,970,000	3,234,000	8,650,464	10,420,777
Net Pension Liability	10,592,938	11,791,353	-	-	10,592,938	11,791,353
Other Liabilities	2,392,948	1,105,115	23,815	303,764	2,416,763	1,408,879
<b>Total Liabilities</b>	<b>18,666,350</b>	<b>20,083,245</b>	<b>2,993,815</b>	<b>3,537,764</b>	<b>21,660,165</b>	<b>23,621,009</b>
Deferred Inflows of Resources:						
Deferred Inflows Related to Pensions	1,240,595	133,209	-	-	1,240,595	133,209
Deferred Inflows Related to Leases	-	-	5,830,207	6,127,919	5,830,207	6,127,919
Unearned Grant Revenue	3,609,916	2,585,300	1,500,000	1,901,943	5,109,916	4,487,243
<b>Total Deferred Inflows of Resources</b>	<b>4,850,511</b>	<b>2,718,509</b>	<b>7,330,207</b>	<b>8,029,862</b>	<b>12,180,718</b>	<b>10,748,371</b>
<b>Net Position</b>						
Net Investment in Capital Assets	24,340,501	19,889,987	5,559,570	6,254,095	29,900,071	26,144,082
Restricted	24,496,936	20,748,583	-	-	24,496,936	20,748,583
Unrestricted	14,272,137	12,342,809	2,732,109	1,370,103	17,004,246	13,712,912
<b>Total Net Position</b>	<b>\$ 63,109,574</b>	<b>\$ 52,981,379</b>	<b>\$ 8,291,679</b>	<b>\$ 7,624,198</b>	<b>\$ 71,401,253</b>	<b>\$ 60,605,577</b>

The City had total assets of approximately \$102,531,000 as of June 30, 2025, an increase of \$10,082,000 for the year. The growth in non-capital assets resulted primarily from the City's strong fiscal performance with total revenues exceeding total expenses by \$11,042,000. Total liabilities as of June 30, 2025 decreased by approximately \$1,961,000 due primarily to a decrease in the City's Long-Term Obligations.

The City's assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by approximately \$71,401,000 as of June 30, 2025. Approximately 42% of total net position (\$29,900,000) reflects the City's investment in capital assets (i.e., land, buildings, furniture and equipment, infrastructure, etc.) less any related outstanding debt used to acquire those assets. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt generally must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Approximately 34% of net position (\$24,497,000) 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 (24% or \$17,004,000) is unrestricted and may be used to meet the City's ongoing obligations to citizens and creditors.

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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 2025 compared to 2024:

	<b>Governmental Activities</b>		<b>Business-Type Activities</b>		<b>Total</b>	
	<b>2025</b>	<b>2024</b>	<b>2025</b>	<b>2024</b>	<b>2025</b>	<b>2024</b>
<b>Revenues:</b>						
Program Revenues:						
Charges for Services	\$ 9,177,687	\$ 8,573,727	\$ 697,183	\$ 451,550	\$ 9,874,870	\$ 9,025,277
Capital Grants and Contributions	2,839,542	1,024,387	-	-	2,839,542	1,024,387
General Revenues:						
Taxes	17,096,695	15,490,679	-	-	17,096,695	15,490,679
Other	4,046,775	2,394,720	337,649	996,153	4,384,424	3,390,873
<b>Total Revenues</b>	<b>33,160,699</b>	<b>27,483,513</b>	<b>1,034,832</b>	<b>1,447,703</b>	<b>34,195,531</b>	<b>28,931,216</b>
<b>Expenses:</b>						
General Government	6,557,183	5,767,706	-	-	6,557,183	5,767,706
Public Safety	9,620,912	9,901,138	-	-	9,620,912	9,901,138
Building, Planning and Engineering	542,994	464,193	-	-	542,994	464,193
Public Works	3,533,944	2,953,874	-	-	3,533,944	2,953,874
Recreation	1,586,060	1,494,510	-	-	1,586,060	1,494,510
Non-Departmental	333,617	438,770	-	-	333,617	438,770
Interest on Long-Term Obligations	187,386	206,760	-	-	187,386	206,760
Marina	-	-	791,365	675,139	791,365	675,139
<b>Total Expenses</b>	<b>22,362,096</b>	<b>21,226,951</b>	<b>791,365</b>	<b>675,139</b>	<b>23,153,461</b>	<b>21,902,090</b>
Change in Net Position Before Transfers	10,798,603	6,256,562	243,467	772,564	11,042,070	7,029,126
Transfer In (Out)	(424,014)	(753,430)	424,014	753,430	-	-
Change in Net Position	10,374,589	5,503,132	667,481	1,525,994	11,042,070	7,029,126
<b>Net Position, Beginning of Year</b>	<b>52,981,379</b>	<b>47,478,247</b>	<b>7,624,198</b>	<b>6,098,204</b>	<b>60,605,577</b>	<b>53,576,451</b>
<b>Prior Period Restatement</b>	<b>(246,394)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(246,394)</b>	<b>-</b>
<b>Net Position, End of Year</b>	<b>\$ 63,109,574</b>	<b>\$ 52,981,379</b>	<b>\$ 8,291,679</b>	<b>\$ 7,624,198</b>	<b>\$ 71,401,253</b>	<b>\$ 60,605,577</b>

**Governmental Activities:**

Governmental activities had a net increase in net position of approximately \$11,042,000 in 2025.

Compared to the prior year, total governmental activities revenue increased by approximately \$5,677,000 or 21%. Key changes compared to the prior year were as follows:

- Revenue from business licenses and permits rose by \$756,000, a 27% increase, driven primarily by heightened local business activity and several major condominium renovation projects.
- Tourism revenue increased by approximately \$1,163,000, or 13%, primarily due to an increase in short-term rental activity, rising rental rates, and visitor demand. The City also received \$1,103,000 from an Airbnb settlement, which have been designated for the Beach Preservation Fund to support future beach renourishment initiatives.
- Grant income increased by \$1,819,000, representing a 177% rise, primarily due to the utilization of ARPA funds for the construction of the Marina public dock and the installation of multi-age playground equipment.

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Expenses related to total governmental activities increased by approximately \$1,135,000, or 5%, from the prior year. Significant changes compared to the prior year include emergency beach restoration efforts, the initiation of drainage improvement projects, and increased costs associated with general liability and health insurance, as well as rising payroll expenses.

***Business-Type Activities:***

Net position related to business-type activities (i.e., the marina) increased by approximately \$667,000. This increase is primarily attributed to higher excess lease rent payments, along with additional transfers made to support Marina debt service obligations.

**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, 2025, the City's governmental funds reported a combined ending fund balance of approximately \$48,617,000, an increase of approximately \$6,100,000, or 14%, over the prior year's combined fund balance.

Approximately 8% of the total governmental fund balance (\$4,041,000) 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 limited: (1) for tourism-related expenditures or operating expenses incurred to serve tourists (\$12,828,000), (2) for recovery efforts on future disasters (\$4,223,000), (3) for capital projects (\$12,218,000), (4) for debt service (\$839,000), (5) for beach preservation (\$10,543,000), (6) for drainage improvements (\$2,725,000), (7) \$750,000 for beach maintenance and (8) for other purposes primarily related to police department initiatives, island beautification, recreation center improvements, victim services, and inventories and prepaid items (\$450,000).

The General Fund is the primary operating fund of the City. At June 30, 2025, the total fund balance was approximately \$9,385,000. 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 (\$4,041,000) represents approximately 26% of total General Fund expenditures (\$15,682,000).

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

- Total General Fund revenues were up by approximately \$1,027,000 from the prior year. The most significant changes were:
  - Property tax revenue, including proceeds from the Local Option Sales Tax, increased by \$399,000, primarily driven by higher property assessment values.

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- Revenue from licenses and permits increased by approximately \$756,000, largely driven by a rise in local business activity and several significant condominium renovation projects.
- The \$87,000 increase in court revenue can be largely attributed to the involvement of a third-party collection agency in recovering past due fines.
- The City supplemented General Fund revenues with tourism-related funds where appropriate. In FY 2025, \$2,437,000 from accommodations and hospitality tax revenues was transferred into the General Fund to support public safety and public works services associated with tourism. This represents an increase of approximately \$952,000 compared to FY 2024.

Total General Fund expenditures of \$15,682,000 increased by \$1,025,000, or 7%, over FY 2024. Costs increased due to personnel-related expenses, including health insurance, as well as rising general liability insurance premiums and expanded IT services. The total also reflects Phase One of the transition to side-loader garbage carts.

The total fund balance of the remaining governmental funds (Capital Projects, Special Revenue, and Non-major Funds) increased by approximately \$4,933,000 from the prior year. Highlights for these funds were as follows:

- The Capital Projects Fund earned approximately \$713,000 in interest income from investments. During the fiscal year, the fund expended around \$2,948,000 on various initiatives, including drainage improvements, construction of the Marina public dock, installation of multi-age playground equipment, preliminary design work for City Hall construction, and the acquisition of equipment and other capital assets. Additionally, the General Fund transferred approximately \$2,524,000 into the Capital Projects Fund to support future capital expenditures.
- Revenues for the Special Revenue Funds—primarily tied to tourism—increased by approximately \$2,964,000 compared to the previous year. This growth was driven by grant funding for ADA-compliant boardwalks, emergency beach preservation efforts due to erosion, interest earned on investments, and a settlement received from Airbnb. The combined ending fund balances for these funds totaled approximately \$24,121,000.

**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 2025 amounted to approximately \$8,292,000. 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 \$36,000 at June 30, 2025.

**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 2025.



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**CAPITAL ASSETS AND DEBT ADMINISTRATION**

***Capital Assets***

The City's capital assets as of June 30, 2025 amounted to approximately \$36,580,000. 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, 2025 and 2024 were as follows:

	Governmental Activities		Business-Type Activities		Total	
	2025	2024	2025	2024	2025	2024
Land	\$ 4,272,896	\$ 4,272,896	\$ 3,035,786	\$ 3,035,786	\$ 7,308,682	\$ 7,308,682
Construction in Progress	722,538	344,128	-	886,413	722,538	1,230,541
Land Improvements	8,832,703	6,931,304	1,945,916	2,037,791	10,778,619	8,969,095
Buildings and Improvements	10,734,204	10,650,727	155,227	165,672	10,889,431	10,816,399
Vehicles and Vehicle Equipment	1,653,666	1,657,294	-	-	1,653,666	1,657,294
Equipment	1,714,229	1,033,507	363,734	391,713	2,077,963	1,425,220
Furniture and Fixtures	120,316	121,365	-	-	120,316	121,365
Docks	-	-	3,028,907	2,970,720	3,028,907	2,970,720
<b>Total</b>	<b>\$ 28,050,552</b>	<b>\$ 25,011,221</b>	<b>\$ 8,529,570</b>	<b>\$ 9,488,095</b>	<b>\$ 36,580,122</b>	<b>\$ 34,499,316</b>

The total increase in the City's capital assets for FY 2025 was approximately \$2,081,000 or 6%. The increase resulted because capital asset additions for the year were higher than depreciation expense for the year. Major capital asset events during FY 2025 included the following:

- Capital asset additions of approximately \$4,470,000 consisted primarily of:
  - Police, Recreation, and Public Works Vehicles: Approximately \$324,000 was invested in vehicle acquisitions to support operational needs across departments.
  - Furniture, Fixtures, and Equipment: Around \$912,000 was allocated for upgrades and replacements to enhance city facilities.
  - Drainage Improvements: Approximately \$400,000 was dedicated to stormwater infrastructure, including ongoing construction for the Waterway Boulevard project and drainage enhancements at 38th and 41st Avenues, as part of a broader initiative to improve tidal and stormwater management across the island.
  - Marina Public Dock Construction: Roughly \$1,522,000 was spent on building a new public dock at the Marina which includes roughly \$860,000 which was incurred during the prior year.
  - Building Improvements: About \$283,000 supported upgrades such as access control systems at the Public Safety Building, elevator restoration at Fire Station 2, and HVAC and flooring improvements at the Recreation Center.
  - Land Improvements: Approximately \$1,029,000 funded ADA-compliant beach access boardwalks at 46th and 52nd Avenues, new boardwalks and footbridges on 26th and 36th Avenues, and enhanced emergency vehicle access to the county park.
- Depreciation expense of approximately \$1,401,000 for governmental activities and \$317,000 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.

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**Right to Use Assets**

The City's right to use assets as of June 30, 2025 amounted to approximately \$1,970,000. Right to use assets primarily include vehicles, and equipment. The City's right to use assets as of June 30, 2025 and 2024 were as follows:

	Governmental Activities		Business-Type Activities		Total	
	2025	2024	2025	2024	2025	2024
Right of Use Vehicles and Vehicle Equipment	\$ 1,133,664	\$ 1,241,839	\$ -	\$ -	\$ 1,133,664	\$ 1,241,839
Right of Use IT Assets - SBITA	836,749	823,704	-	-	836,749	823,704
	<u>\$ 1,970,413</u>	<u>\$ 2,065,543</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,970,413</u>	<u>\$ 2,065,543</u>

- Right to use assets of approximately \$1,970,000 consisted primarily of
  - Approximately \$1,134,000 for fire vehicles and equipment.
  - Approximately \$836,000 for software used by the general government for technology and communication, public safety for scheduling and training, and the building department for short-term rental management.
- Amortization expense of approximately \$108,000 for right to use assets and amortization expense of approximately \$159,000 for right to use assets obtained through subscription-based information technology arrangements (SBITA), respectively.

**Debt Administration and Lease Liability**

As of June 30, 2025, the City had total outstanding debt of approximately \$8,650,000. This debt consisted of general obligation bonds (GOB) which are backed by the full faith and credit of the City, leases for a fire ladder truck and a fire engine and various SBITA lease liabilities including police body-worn and in-car camera system. The City's total debt as of June 30, 2025 and 2024 were as follows:

	Governmental Activities		Business-Type Activities		Total	
	2025	2024	2025	2024	2025	2024
General Obligation Bonds	\$ 4,001,000	\$ 4,859,000	\$ 2,970,000	\$ 3,234,000	\$ 6,971,000	\$ 8,093,000
Lease Liability	884,550	1,052,573	-	-	884,550	1,052,573
Subscription Liability	794,914	780,392	-	-	794,914	780,392
<b>Total</b>	<u>\$ 5,680,464</u>	<u>\$ 6,691,965</u>	<u>\$ 2,970,000</u>	<u>\$ 3,234,000</u>	<u>\$ 8,650,464</u>	<u>\$ 9,925,965</u>

The City's total debt, lease liability, and subscription liabilities for FY 2024 decreased by about \$1,276,000. This reduction is attributed to principal payments made during the fiscal year on debt and lease obligations.

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. As of June 30, 2025, the City's statutory debt limit was approximately \$28,209,000. With \$6,971,000 of bonded debt subject to the 8% limit, the City had an unused legal debt margin of about \$21,238,000.

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

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**ECONOMIC FACTORS AND NEXT YEAR'S BUDGET**

The City's elected officials and staff considered many factors when setting the fiscal year 2026 (FY 2026 or FY26) budget. The state of the economy, building activity, future capital needs and the best interests of the City's residents were all taken into account.

- **Millage and Property Tax Revenues:** The City's authorized millage rate of 20.1 decreased as a result of countywide reassessment and growth, while the Local Option Sales Tax credit factor was adjusted to 0.00019.
- **Business Licenses and Building Permits:** The City's 2026 budget anticipates a conservative increase in business licenses and decrease in revenues from building permits compared to 2025. This is due to a slowdown in construction activity, likely influenced by higher interest rates.
- **Tourism-Related Revenues:** Total revenues from the State Accommodations Tax, Municipal Accommodations Tax, Hospitality Tax Beach Preservation Fee are budgeted at 95% for Hospitality and 98% for the other tourism funds of the most recent collections. This in a moderate increase due to new revenue stream from company that was not previously paying accommodations taxes.
- **Salaries and Wages:** The 2026 budget includes a 3% merit-based salary increase and a 2.5% cost-of-living adjustment (COLA).
- **Capital Outlay:** A total of \$4,148,668 has been allocated for drainage projects identified in the Comprehensive Drainage Plan, including: general drainage contingency: \$100,000, repeat drainage/ditch maintenance: \$198,668, Palm Boulevard drainage improvements (38th–41st Avenues): \$1,850,000, Waterway Boulevard multi-use path elevation: \$2,000,000. Of this amount, \$3,230,000 is funded through grants: FEMA Hazard Mitigation (\$980,000), FEMA Stormwater (\$1,000,000), and State Budget Allocation (\$1,250,000). Additionally, the FY 2026 Budget includes, \$300,000 for the City's share of a Fire Department rescue boat, \$320,000 for a rear-loader garbage truck for Public Works, \$1,500,000 for Marina dredging, and \$855,000 for beach maintenance, including dune walkovers, design and permitting for the next large-scale offshore project, groin permitting, and ongoing shoreline monitoring.

**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](http://www.iop.net).





## **Basic Financial Statements**

## **Government-wide Financial Statements**

**City of Isle of Palms, South Carolina**  
**Statement of Net Position**  
**June 30, 2025**

	Governmental Activities	Business-Type Activities	Total
<b>Assets</b>			
Current Assets			
Cash and Cash Equivalents	\$ 25,380,994	\$ 3,738,239	\$ 29,119,233
Cash and Cash Equivalents - Restricted	23,234,236	-	23,234,236
Taxes Receivable, Net	130,993	-	130,993
Other Receivables, Net	4,739,728	-	4,739,728
Current Portion of Lease Receivables, Net	-	211,994	211,994
Interest Receivable	-	17,146	17,146
Due from Other Governments	379,803	-	379,803
Inventory	28,501	-	28,501
Total Current Assets	53,894,255	3,967,379	57,861,634
Noncurrent Assets			
Lease Receivables, Net of Current Portion	-	6,118,752	6,118,752
Right to Use Leased Assets, Net	1,133,664	-	1,133,664
Right to Use Leased SBIT Assets, Net	836,749	-	836,749
Capital Assets:			
Non-Depreciable	4,995,434	3,035,786	8,031,220
Depreciable, Net	23,055,118	5,493,784	28,548,902
Total Capital Assets	28,050,552	8,529,570	36,580,122
Total Noncurrent Assets	30,020,965	14,648,322	44,669,287
<b>Total Assets</b>	83,915,220	18,615,701	102,530,921
<b>Deferred Outflows of Resources</b>			
Deferred Outflows Related to Pensions	2,711,215	-	2,711,215
<b>Liabilities</b>			
Current Liabilities			
Accounts Payable	1,143,106	2,277	1,145,383
Other Accrued Liabilities	349,296	5,500	354,796
Compensated Absences	427,659	-	427,659
Court Assessments/Victim's Rights Liabilities	116,281	-	116,281
Accrued Interest	74,592	16,038	90,630
Long-Term Obligations:			
Due Within One Year	1,233,318	269,000	1,502,318
Total Current Liabilities	3,344,252	292,815	3,637,067
Noncurrent Liabilities			
Net Pension Liabilities	10,592,938	-	10,592,938
Compensated Absences, Net of Current Portion	282,014	-	282,014
Long-Term Obligations:			
Due In More Than One Year	4,447,146	2,701,000	7,148,146
Total Noncurrent Liabilities	15,322,098	2,701,000	18,023,098
<b>Total Liabilities</b>	18,666,350	2,993,815	21,660,165
<b>Deferred Inflows of Resources</b>			
Deferred Inflows Related to Pensions	1,240,595	-	1,240,595
Unearned Grant Revenue	3,609,916	1,500,000	5,109,916
Deferred Inflows Related to Leases	-	5,830,207	5,830,207
<b>Total Deferred Inflows of Resources</b>	4,850,511	7,330,207	12,180,718
<b>Net Position</b>			
Net Investment in Capital Assets	24,340,501	5,559,570	29,900,071
Restricted for:			
Tourism Related Expenditures	12,828,212	-	12,828,212
Beach Preservation	10,543,186	-	10,543,186
Debt Service	838,851	-	838,851
Victim Services	33,120	-	33,120
Beautification	253,567	-	253,567
Total Restrictions	24,496,936	-	24,496,936
Unrestricted	14,272,137	2,732,109	17,004,246
<b>Total Net Position</b>	\$ 63,109,574	\$ 8,291,679	\$ 71,401,253

See accompanying notes and independent auditor's report.

**City of Isle of Palms, South Carolina**  
**Statement of Activities**  
**Year Ended June 30, 2025**

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes In Net Position		
	Expenses	Charges for Services	Operating	Capital	Governmental Activities	Business-Type Activities	Total Primary Government
			Grants and Contributions				
Primary Government:							
Governmental Activities:							
General Government	\$ 6,557,183	\$ -	\$ -	\$ 2,839,542	\$ (3,717,641)	\$ -	\$ (3,717,641)
Public Safety	9,620,912	492,146	-	-	(9,128,766)	-	(9,128,766)
Building, Planning, and Engineering	542,994	7,306,639	-	-	6,763,645	-	6,763,645
Public Works	3,533,944	-	-	-	(3,533,944)	-	(3,533,944)
Recreation	1,586,060	328,543	-	-	(1,257,517)	-	(1,257,517)
Non-Departmental	333,617	1,050,359	-	-	716,742	-	716,742
Interest on Long-Term Obligations	187,386	-	-	-	(187,386)	-	(187,386)
Total Governmental Activities	22,362,096	9,177,687	-	2,839,542	(10,344,867)	-	(10,344,867)
Business-Type Activities:							
Marina	791,365	697,183	-	-	-	(94,182)	(94,182)
Total Primary Government	\$ 23,153,461	\$ 9,874,870	\$ -	\$ 2,839,542	(10,344,867)	(94,182)	(10,439,049)
General Revenues:							
Taxes:							
Property Taxes Levied for General Purposes					4,673,918	-	4,673,918
Property Taxes Levied for Debt Service Purposes					969,129	-	969,129
Local Option Sales Taxes					1,238,754	-	1,238,754
Hospitality Taxes					1,470,927	-	1,470,927
Accommodations Taxes					8,743,967	-	8,743,967
Total Taxes					17,096,695	-	17,096,695
Intergovernmental					162,923	-	162,923
Interest Income					2,082,970	337,649	2,420,619
Gain on Disposal of Capital Assets					38,331	-	38,331
Other Income					1,762,551	-	1,762,551
Total Other					4,046,775	337,649	4,384,424
Transfers (Out) In					(424,014)	424,014	-
Total General Revenues and Transfers					20,719,456	761,663	21,481,119
Changes In Net Position					10,374,589	667,481	11,042,070
Net Position, Beginning of Year					52,981,379	7,624,198	60,605,577
Prior Period Restatement (See Note I. E.)					(246,394)	-	(246,394)
Net Position, Beginning of Year (as Restated)					52,734,985	7,624,198	60,359,183
Net Position, End of Year					\$ 63,109,574	\$ 8,291,679	\$ 71,401,253

See accompanying notes and independent auditor's report.

## **Fund Financial Statements**



**City of Isle of Palms, South Carolina**  
**Balance Sheet**  
**Governmental Funds**  
**June 30, 2025**

	<b>General Fund</b>	<b>Capital Projects Fund</b>	<b>Municipal Accom- modations Fee Fund</b>
<b>Assets</b>			
Cash and Cash Equivalents	\$ 9,691,622	\$ 15,689,372	\$ -
Cash and Cash Equivalents - Restricted	116,572	-	4,838,685
Taxes Receivable, Net	130,993	-	-
Accounts Receivable	1,069,655	413,975	1,023,904
Due From:			
Other Governments	379,803	-	-
Other Funds	700,652	1,284,529	-
Inventory	28,501	-	-
<b>Total Assets</b>	<b>\$ 12,117,798</b>	<b>\$ 17,387,876</b>	<b>\$ 5,862,589</b>
<b>Liabilities</b>			
Accounts Payable	\$ 223,240	\$ 34,707	\$ 55,454
Other Accrued Liabilities	349,296	-	-
Court Assessments/Victim's Rights Liabilities	116,281	-	-
Due To:			
Other Funds	1,985,788	-	-
<b>Total Liabilities</b>	<b>2,674,605</b>	<b>34,707</b>	<b>55,454</b>
<b>Deferred Inflows of Resources</b>			
Unavailable Revenue - Property Taxes	58,366	-	-
Unavailable Revenue - Grants	-	2,410,119	-
<b>Total Deferred Inflows of Resources</b>	<b>58,366</b>	<b>2,410,119</b>	<b>-</b>
<b>Fund Balances</b>			
Nonspendable:			
Inventory and Prepaid Items	28,501	-	-
Restricted:			
Victim Services	-	-	-
Narcotics Program	-	-	-
Debt Service	838,851	-	-
Tourism Related Expenditures	-	-	5,557,135
Beach Preservation	-	-	-
Beautification	253,567	-	-
Committed:			
Recovery Efforts on Future Disasters	4,222,662	-	-
Assigned:			
Drainage Improvements	-	2,725,090	-
Beach Maintenance	-	-	250,000
Recreation Center	-	-	-
Capital Projects	-	12,217,960	-
Unassigned	4,041,246	-	-
<b>Total Fund Balances</b>	<b>9,384,827</b>	<b>14,943,050</b>	<b>5,807,135</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<b>\$ 12,117,798</b>	<b>\$ 17,387,876</b>	<b>\$ 5,862,589</b>

See accompanying notes and independent auditor's report.

**City of Isle of Palms, South Carolina**  
**Balance Sheet**  
**Governmental Funds**  
**June 30, 2025**

	State Accom- modations Tax Fund	Hospitality Tax Fund	Beach Preservation Fee Fund
<b>Assets</b>			
Cash and Cash Equivalents	\$ -	\$ -	\$ -
Cash and Cash Equivalents - Restricted	4,957,634	1,822,134	11,331,803
Taxes Receivable, Net	-	-	-
Accounts Receivable	1,215,110	207,240	809,844
Due From:			
Other Governments	-	-	-
Other Funds	-	-	-
Inventory	-	-	-
<b>Total Assets</b>	<b>\$ 6,172,744</b>	<b>\$ 2,029,374</b>	<b>\$ 12,141,647</b>
<b>Liabilities</b>			
Accounts Payable	\$ 417,857	\$ 13,184	\$ 398,664
Other Accrued Liabilities	-	-	-
Court Assessments/Victim's Rights Liabilities	-	-	-
Due To:			
Other Funds	-	-	-
<b>Total Liabilities</b>	<b>417,857</b>	<b>13,184</b>	<b>398,664</b>
<b>Deferred Inflows of Resources</b>			
Unavailable Revenue - Property Taxes	-	-	-
Unavailable Revenue - Grants	-	-	1,199,797
<b>Total Deferred Inflows of Resources</b>	<b>-</b>	<b>-</b>	<b>1,199,797</b>
<b>Fund Balances</b>			
Nonspendable:			
Inventory and Prepaid Items	-	-	-
Restricted:			
Victim Services	-	-	-
Debt Service	-	-	-
Tourism Related Expenditures	5,504,887	1,766,190	-
Beach Preservation	-	-	10,543,186
Beautification	-	-	-
Committed:			
Recovery Efforts on Future Disasters	-	-	-
Assigned:			
Drainage Improvements	-	-	-
Beach Maintenance	250,000	250,000	-
Recreation Center	-	-	-
Capital Projects	-	-	-
Unassigned	-	-	-
<b>Total Fund Balances</b>	<b>5,754,887</b>	<b>2,016,190</b>	<b>10,543,186</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<b>\$ 6,172,744</b>	<b>\$ 2,029,374</b>	<b>\$ 12,141,647</b>

**City of Isle of Palms, South Carolina**  
**Balance Sheet**  
**Governmental Funds**  
**June 30, 2025**

	<b>Total Non-Major Funds</b>	<b>Total Governmental Funds</b>
<b>Assets</b>		
Cash and Cash Equivalents	\$ -	\$ 25,380,994
Cash and Cash Equivalents - Restricted	167,408	23,234,236
Taxes Receivable, Net	-	130,993
Accounts Receivable	-	4,739,728
Due From:		
Other Governments	-	379,803
Other Funds	607	1,985,788
Inventory	-	28,501
<b>Total Assets</b>	<b>\$ 168,015</b>	<b>\$ 55,880,043</b>
<b>Liabilities</b>		
Accounts Payable	\$ -	\$ 1,143,106
Other Accrued Liabilities	-	349,296
Court Assessments/Victim's Rights Liabilities	-	116,281
Due To:		
Other Funds	-	1,985,788
<b>Total Liabilities</b>	<b>-</b>	<b>3,594,471</b>
<b>Deferred Inflows of Resources</b>		
Unavailable Revenue - Property Taxes	-	58,366
Unavailable Revenue - Grants	-	3,609,916
<b>Total Deferred Inflows of Resources</b>	<b>-</b>	<b>3,668,282</b>
<b>Fund Balances</b>		
Nonspendable:		
Inventory and prepaid items	-	28,501
Restricted:		
Victim Services	33,120	33,120
Debt Service	-	838,851
Tourism Related Expenditures	-	12,828,212
Beach Preservation	-	10,543,186
Beautification	-	253,567
Committed:		
Recovery Efforts on Future Disasters	-	4,222,662
Assigned:		
Drainage Improvements	-	2,725,090
Beach Maintenance	-	750,000
Recreation Center	134,895	134,895
Capital Projects	-	12,217,960
Unassigned	-	4,041,246
<b>Total Fund Balances</b>	<b>168,015</b>	<b>48,617,290</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<b>\$ 168,015</b>	<b>\$ 55,880,043</b>

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, 2025**

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<b>Total Fund Balances - Governmental Funds</b>	\$	48,617,290
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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.		58,366
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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 \$52,753,011 and the accumulated depreciation was \$24,702,459.		28,050,552
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Right to use assets used in governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds. The cost of the assets and their respective amortization is as noted below:

Right to use assets	1,556,639	
Accumulated amortization	(422,975)	
Right to use assets - SBITA	1,221,891	
Accumulated amortization - SBITA	<u>(385,142)</u>	
		1,970,413

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.		(9,122,318)
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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.		(74,592)
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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.

GOB Debt	(4,001,000)	
Subscription and Lease Liabilities	(1,679,464)	
Compensated Absences	<u>(709,673)</u>	

<b>Total Net Position - Governmental Activities</b>	<b>\$</b>	<b><u>63,109,574</u></b>
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**City of Isle of Palms, South Carolina**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Governmental Funds**  
**Year Ended June 30, 2025**

	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>Municipal Accom- modations Fee Fund</u>
<b>Revenues</b>			
Property Taxes	\$ 5,638,787	\$ -	\$ -
Local Option Sales Tax	1,238,754	-	-
Hospitality Taxes	-	-	-
Intergovernmental	376,153	-	2,883,091
Licenses and Permits	7,306,639	-	-
Fines and Forfeitures	481,026	-	-
Grant Revenue	12,988	1,853,814	-
Revenue from Use of Property	1,050,359	-	-
Interest	361,336	712,712	206,256
Other	374,718	-	-
<b>Total Revenues</b>	<u>16,840,760</u>	<u>2,566,526</u>	<u>3,089,347</u>
<b>Expenditures</b>			
Current:			
General Government	2,129,547	464,741	60,958
Public Safety	8,915,085	145,878	63,830
Building, Planning, and Engineering	542,643	11,636	-
Public Works	1,952,123	53,388	191,937
Recreation	1,193,328	119,534	9,088
Non-Departmental	72,741	39,841	89,271
Capital Outlay	9,250	2,948,139	292,545
Debt Service:			
Principal	725,544	-	130,753
Interest	141,985	-	28,704
<b>Total Expenditures</b>	<u>15,682,246</u>	<u>3,783,157</u>	<u>867,086</u>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<u>1,158,514</u>	<u>(1,216,631)</u>	<u>2,222,261</u>
<b>Other Financing Sources (Uses)</b>			
Transfers In	3,141,006	2,524,143	-
Transfers Out	(3,224,795)	-	(877,265)
SBITA Liabilities Issued	45,443	-	-
Sale of Capital Assets	46,690	-	-
<b>Total Other Financing Sources (Uses)</b>	<u>8,344</u>	<u>2,524,143</u>	<u>(877,265)</u>
<b>Net Changes In Fund Balances</b>	<u>1,166,858</u>	<u>1,307,512</u>	<u>1,344,996</u>
Fund Balances, Beginning of Year	<u>8,217,969</u>	<u>13,635,538</u>	<u>4,462,139</u>
<b>Fund Balances, End of Year</b>	<u>\$ 9,384,827</u>	<u>\$ 14,943,050</u>	<u>\$ 5,807,135</u>

See accompanying notes and independent auditor's report.



**City of Isle of Palms, South Carolina**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Governmental Funds**  
**Year Ended June 30, 2025**

	<u>State Accom-</u> <u>modations Tax Fund</u>	<u>Hospitality Tax</u> <u>Fund</u>	<u>Beach Preservation</u> <u>Fee Fund</u>
<b>Revenues</b>			
Property Taxes	\$ -	\$ -	\$ -
Local Option Sales Tax	-	-	-
Hospitality Taxes	-	1,470,927	-
Intergovernmental	3,576,371	-	2,067,091
Licenses and Permits	-	-	-
Fines and Forfeitures	-	-	-
Grant Revenue	4,184	-	972,740
Revenue from Use of Property	-	-	-
Interest	247,037	84,136	465,880
Other	-	-	1,703,089
<b>Total Revenues</b>	<u>3,827,592</u>	<u>1,555,063</u>	<u>5,208,800</u>
<b>Expenditures</b>			
Current:			
General Government	1,208,010	-	2,743,423
Public Safety	101,532	67,932	-
Building, Planning, and Engineering	-	66	-
Public Works	6,945	547,803	-
Recreation	14,881	44,674	-
Non-Departmental	162,104	9,501	-
Capital Outlay	117,876	184,616	896,627
Debt Service:			
Principal	83,947	198,715	-
Interest	7,967	16,222	-
<b>Total Expenditures</b>	<u>1,703,262</u>	<u>1,069,529</u>	<u>3,640,050</u>
<b>Excess (Deficiency) of</b>			
<b>Revenues Over Expenditures</b>	<u>2,124,330</u>	<u>485,534</u>	<u>1,568,750</u>
<b>Other Financing Sources (Uses)</b>			
Transfers In	-	-	-
Transfers Out	(1,331,421)	(528,642)	(127,040)
SBITA Liabilities Issued	-	13,047	-
Sale of Capital Assets	68,968	-	-
<b>Total Other Financing Sources (Uses)</b>	<u>(1,262,453)</u>	<u>(515,595)</u>	<u>(127,040)</u>
<b>Net Changes In Fund Balances</b>	<u>861,877</u>	<u>(30,061)</u>	<u>1,441,710</u>
Fund Balances, Beginning of Year	<u>4,893,010</u>	<u>2,046,251</u>	<u>9,101,476</u>
<b>Fund Balances, End of Year</b>	<u>\$ 5,754,887</u>	<u>\$ 2,016,190</u>	<u>\$ 10,543,186</u>

See accompanying notes and independent auditor's report.

**City of Isle of Palms, South Carolina**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Governmental Funds**  
**Year Ended June 30, 2025**

	<u>Total Non-Major Funds</u>	<u>Total Governmental Funds</u>
<b>Revenues</b>		
Property Taxes	\$ -	\$ 5,638,787
Local Option Sales Tax	-	1,238,754
Hospitality Taxes	-	1,470,927
Intergovernmental	-	8,902,706
Licenses and Permits	-	7,306,639
Fines and Forfeitures	11,120	492,146
Grant Revenue	-	2,843,726
Revenue from Use of Property	-	1,050,359
Interest	5,613	2,082,970
Other	13,287	2,091,094
	<u>30,020</u>	<u>33,118,108</u>
<b>Total Revenues</b>		
<b>Expenditures</b>		
Current:		
General Government	-	6,606,679
Public Safety	9,612	9,303,869
Building, Planning, and Engineering	-	554,345
Public Works	-	2,752,196
Recreation	13,784	1,395,289
Non-Departmental	-	373,458
Capital Outlay	-	4,449,053
Debt Service:		
Principal	-	1,138,959
Interest	-	194,878
	<u>23,396</u>	<u>26,768,726</u>
<b>Total Expenditures</b>		
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<u>6,624</u>	<u>6,349,382</u>
<b>Other Financing Sources (Uses)</b>		
Transfers In	3,000	5,668,149
Transfers Out	(3,000)	(6,092,163)
SBITA Liabilities Issued	-	127,458
Sale of Capital Assets	-	46,690
	<u>-</u>	<u>(249,866)</u>
<b>Total Other Financing Sources (Uses)</b>		
<b>Net Changes In Fund Balances</b>	<u>6,624</u>	<u>6,099,516</u>
Fund Balances, Beginning of Year	<u>161,391</u>	<u>42,517,774</u>
<b>Fund Balances, End of Year</b>	<u>\$ 168,015</u>	<u>\$ 48,617,290</u>

See accompanying notes and independent auditor's report.

**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, 2025**

<b>Total Net Change In Fund Balances - Governmental Funds</b>	<b>\$ 6,099,516</b>
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.	4,260
Bond principal and lease liability payments are expenditures in the governmental funds, but the repayment reduces long-term obligations in the Statement of Net Position.	1,138,959
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.	(127,458)
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.	7,492
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 (\$1,191,138) exceed employee contributions (\$1,467,224).	276,086
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.	31,533
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	4,449,053
Depreciation expense in the current period	(1,401,363)
Loss on disposal of assets	(8,359)
	3,039,331
In the Statement of Activities, the cost of right to use assets are considered intangible asset additions and are allocated over the lease term or the estimated useful lives of the lease asset as amortization expense.	
Right to use leased asset capital outlay expenditures - SBITA	171,614
Amortization expense in the current period	(108,175)
Amortization expense in the current period - SBITA	(158,569)
	(95,130)
<b>Total Change In Net Position - Governmental Activities</b>	<b>\$ 10,374,589</b>

**City of Isle of Palms, South Carolina**  
**Statement of Net Position**  
**Proprietary Fund**  
**June 30, 2025**

	<b><u>Marina</u></b> <b><u>Enterprise Fund</u></b>
<b>Assets</b>	
<b>Current Assets</b>	
Cash and Cash Equivalents	\$ 3,738,239
Current Leases Receivable	211,994
Interest Receivable	<u>17,146</u>
Total Current Assets	3,967,379
<b>Noncurrent Assets</b>	
Capital Assets:	
Land	3,035,786
Land Improvements	3,265,722
Building and Improvements	820,322
Docks	4,239,021
Equipment	626,794
Less: Accumulated Depreciation	<u>(3,458,075)</u>
Total Capital Assets, Net	8,529,570
Long-term Leases Receivable	<u>6,118,752</u>
Total Noncurrent Assets	<u>14,648,322</u>
<b>Total Assets</b>	<u>18,615,701</u>
<b>Liabilities</b>	
<b>Current Liabilities</b>	
Accounts Payable	2,277
Accrued Interest	16,038
Security Deposits	5,500
Bond Payable, Current Portion	<u>269,000</u>
Total Current Liabilities	292,815
<b>Noncurrent Liabilities</b>	
Bond Payable, Net of Current Portion	<u>2,701,000</u>
<b>Total Liabilities</b>	<u>2,993,815</u>
<b>Deferred Inflows of Resources</b>	
Unearned Grant Revenue	1,500,000
Deferred Inflows Related to Leases	<u>5,830,207</u>
<b>Total Deferred Inflows of Resources</b>	<u>7,330,207</u>
<b>Net Position</b>	
Net Investment in Capital Assets	5,559,570
Unrestricted	<u>2,732,109</u>
<b>Total Net Position</b>	<u>\$ 8,291,679</u>

See accompanying notes and independent auditor's report.

**City of Isle of Palms, South Carolina**  
**Statement of Revenues, Expenditures, and**  
**Changes in Net Position – Proprietary Fund**  
**Year Ended June 30, 2025**

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	<b>Marina</b>
	<b><u>Enterprise Fund</u></b>
<b>Operating Revenues</b>	
Lease Income	\$ 297,712
Variable Lease Income	<u>399,471</u>
<b>Total Operating Revenues</b>	697,183
<b>Operating Expenses</b>	
Depreciation	317,308
Insurance	226,315
Professional Services	170,790
Utilities	1,617
Maintenance and Service Contracts	<u>6,906</u>
<b>Total Operating Expense</b>	<u>722,936</u>
<b>Operating Loss</b>	(25,753)
<b>Non-Operating Revenues (Expenses)</b>	
Interest Income	337,649
Interest Expense	<u>(68,429)</u>
<b>Total Non-Operating Revenues</b>	<u>269,220</u>
<b>Income Before Transfers</b>	243,467
Transfers In	1,946,396
Transfers Out	<u>(1,522,382)</u>
<b>Change In Net Position</b>	<u>667,481</u>
Net Position, Beginning of Year	<u>7,624,198</u>
Net Position, End of Year	<u><u>\$ 8,291,679</u></u>



**City of Isle of Palms, South Carolina**  
**Statement of Cash Flows**  
**Proprietary Fund**  
**Year Ended June 30, 2025**

	<b><u>Marina</u></b> <b><u>Enterprise Fund</u></b>
<b>Cash Flows From Operating Activities</b>	
Cash Received from Customers	\$ 697,709
Cash Received from Grantors	(401,943)
Cash Paid to Miscellaneous Sources	(103,562)
Cash Payments to Suppliers for Goods and Services	<u>(684,151)</u>
Net Cash Used in Operating Activities	(491,947)
<b>Cash Flows From Non-Capital Financing Activities</b>	
Transfer from Other Funds	<u>1,946,396</u>
Net Cash Provided By Non-Capital Financing Activities	1,946,396
<b>Cash Flows From Capital and Related Financing Activities</b>	
Principal Paid on Bonds	(264,000)
Interest Paid on Bonds	<u>(69,855)</u>
Net Cash Used In Capital and Related Financing Activities	(333,855)
<b>Cash Flows From Investing Activities</b>	
Purchases of Capital Assets	(881,165)
Investment Earnings	<u>337,649</u>
Net Cash Used In Investing Activities	<u>(543,516)</u>
<b>Net Increase In Cash and Cash Equivalents</b>	<u>577,078</u>
Cash and Cash Equivalents, Beginning of Year	<u>3,161,161</u>
<b>Cash and Cash Equivalents, End of Year</b>	<u><u>\$ 3,738,239</u></u>
<b>Reconciliation of Operating Loss to Net Cash from Operating Activities:</b>	
Operating Loss	\$ (25,753)
Adjustments to Reconcile Operating Loss to Net Cash from Operating Activities:	
Depreciation Expense	317,308
Change in:	
Leases Receivable	194,676
Accounts Payable	(278,523)
Unearned Grant Revenue	(401,943)
Deferred Inflows Related to Leases	<u>(297,712)</u>
Net Cash Used in Operating Activities	<u><u>\$ (491,947)</u></u>
<b>Supplemental Schedule of Noncash Investing and Financing Activities</b>	
Transfer of Capital Improvements to the Capital Projects Fund	<u><u>\$ 1,522,382</u></u>

See accompanying notes and independent auditor's report.

**City of Isle of Palms, South Carolina**  
**Statement of Assets and Liabilities**  
**Fiduciary Fund – Agency Fund**  
**June 30, 2025**

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	<u><b>Volunteer Fire Department</b></u>
<b>Assets</b>	
Cash and Cash Equivalents	<u>\$ 36,136</u>
<b>Total Assets</b>	<u><u>\$ 36,136</u></u>
<b>Liabilities</b>	
Accounts Payable	\$ 1,457
Due to Volunteer Fire Department	<u>34,679</u>
<b>Total Liabilities</b>	<u><u>\$ 36,136</u></u>

## City of Isle of Palms, South Carolina

### Notes to the Financial Statements

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

#### **I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

##### **A. The Reporting Entity**

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

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

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

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

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

##### *Major Operations*

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

## City of Isle of Palms, South Carolina

### Notes to the Financial Statements

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#### 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

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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

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- 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

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#### 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

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

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

#### **2. Receivables and Payables**

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

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

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

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

#### **3. Inventories and Prepaids**

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

## City of Isle of Palms, South Carolina

### Notes to the Financial Statements

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#### 4. Capital Assets

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

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

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

#### 5. Right to Use Assets

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

#### 6. Compensated Absences

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

## City of Isle of Palms, South Carolina

### Notes to the Financial Statements

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The City reports compensated absences in accordance with the provisions of GASB Statement No. 101, *"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, and for the amount of sick leave benefits that are more likely than not to be settled through non cash means, if they are material.

#### **7. *Accrued Liabilities and Long-Term Obligations***

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

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

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

#### **8. *Deferred Outflows and Inflows of Resources***

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

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

## City of Isle of Palms, South Carolina

### Notes to the Financial Statements

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

#### 9. Fund Balance

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

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

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

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

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

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

## **City of Isle of Palms, South Carolina**

### **Notes to the Financial Statements**

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

#### **10. Net Position**

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

#### **11. Pensions**

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

#### **12. Encumbrances**

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



## City of Isle of Palms, South Carolina

### Notes to the Financial Statements

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#### **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. Adoption of Accounting Pronouncement**

In June 2022, the GASB issued GASB Statement 101, *Compensated Absences* (GASB 101). GASB 101 requires that liabilities for compensated absences be recognized for leave that has not been used if that leave is attributable to services already rendered, accumulates, and is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. The City adopted this Statement on July 1, 2024 using the full retrospective method. A restatement of net position of \$246,394 was recorded for the amount of sick leave that is estimated to be more likely than not to be settled through noncash means.

#### **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.

#### **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 of the audit report, which is the date the financial statements were available to be issued. Based upon this evaluation, there were no material adjustments to these financial statements.

## City of Isle of Palms, South Carolina

### Notes to the Financial Statements

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#### II. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

##### A. Budgetary Information

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

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

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

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

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

#### III. DETAILED NOTES ON ALL FUNDS AND ACTIVITIES

##### A. Deposits and Investments

###### *Deposits*

**Custodial Credit Risk for Deposits:** Custodial credit risk for deposits is the risk that, in the event of a bank failure, the City's deposits might not be recovered. The City does not have a deposit policy for custodial credit risk, but follows the investment policy statutes of the State of South Carolina. As of June 30, 2025 none of the City's bank balances were exposed to custodial credit risk.

# City of Isle of Palms, South Carolina

## Notes to the Financial Statements

### Investments

As of June 30, 2025, the City had the following investments:

Investment Type	Fair Value	Credit Rating	Weighted Average Maturity (In Years)
South Carolina Local Government Investment Pool	\$ 49,605,023	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, 2025 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	\$ 29,119,233
Cash and Cash Equivalents - Restricted	23,234,236
Statement of Assets and Liabilities - Fiduciary Funds - Agency Fund	
Cash and Cash Equivalents	36,136
Total Cash and Investments per Financial Statements	\$ 52,389,605
Notes	Amount
Carrying Value of Deposits	\$ 2,784,582
Investments	49,605,023
Total Deposits and Investments per Notes to the Financial Statements	\$ 52,389,605

# 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 2024 property taxes were levied on September 30, 2024 and were due beginning on this date based on the assessed valuation on real and personal property (including vehicles) of approximately \$352,617,430 for tax year 2024. Property taxes were considered late on January 15, 2025. 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 2024 property tax year was 22.3 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, 2025:

Description	General Fund	Capital Projects Fund	Municipal	State	Beach Preservation Fee Fund	Hospitality Tax Fund	Marina Enterprise Fund	Totals
			Accommodations Fee Fund	Tax Fund				
Property Taxes	\$ 135,662	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 135,662
Allowance for Uncollectible	(4,669)	-	-	-	-	-	-	(4,669)
Local Option Sales Tax	379,803	-	-	-	-	-	-	379,803
Accommodations Taxes	69,747	-	1,023,904	1,215,110	809,844	-	-	3,118,605
Hospitality Taxes	-	-	-	-	-	207,240	-	207,240
Franchise Fees	57,869	-	-	-	-	-	-	57,869
State Aid to Subdivisions	29,483	-	-	-	-	-	-	29,483
Other	912,556	413,975	-	-	-	-	-	1,326,531
Net Receivables	<u>\$ 1,580,451</u>	<u>\$ 413,975</u>	<u>\$ 1,023,904</u>	<u>\$ 1,215,110</u>	<u>\$ 809,844</u>	<u>\$ 207,240</u>	<u>\$ -</u>	<u>\$ 5,250,524</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**

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***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, 2025, the components of unavailable revenue (deferred inflows of resources) and unearned revenue (liability) were as follows:

Description	Fund	Unavailable	Unearned	Total
Property Taxes	General	\$ 58,366	\$ -	\$ 58,366
Grants	Capital Projects	-	2,410,119	2,410,119
Grants	Beach Preservation Fee	-	1,199,797	1,199,797
Total Unavailable/Unearned Revenue		<u>\$ 58,366</u>	<u>\$ 3,609,916</u>	<u>\$ 3,668,282</u>

**C. Interfund Receivables, Payables, and Transfers**

***Interfund Receivables and Payables***

Interfund balances at June 30, 2025, consisted of the following individual fund receivables and payables:

Fund	Receivables	Payables
Governmental Funds:		
General Fund	\$ 700,652	\$ (1,985,788)
Capital Projects Fund	1,284,529	-
Non-major Funds	607	-
	<u>\$ 1,985,788</u>	<u>\$ (1,985,788)</u>

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

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

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***Interfund Transfers***

Transfers between funds for the year ended June 30, 2025, consisted of the following:

Fund	Transfer In	Transfer Out
<b><u>Governmental Funds:</u></b>		
General Fund	\$ 3,141,006	\$ (3,224,795)
Capital Projects Fund	2,524,143	-
Municipal Accommodations Fee Fund	-	(877,265)
State Accommodations Tax Fund	-	(1,331,421)
Hospitality Tax Fund	-	(528,642)
Beach Preservation Fee Fund		(127,040)
Non-major Funds	3,000	(3,000)
<b><u>Proprietary Fund:</u></b>		
Marina Enterprise Fund	1,946,396	(1,522,382)
Totals	<u>\$ 7,614,545</u>	<u>\$ (7,614,545)</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, 2025 was as follows:

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
<b>Governmental Activities:</b>					
Capital Assets, Non-Depreciable:					
Land	\$ 4,272,896	\$ -	\$ -	\$ -	\$ 4,272,896
Construction in Progress	344,128	400,310	-	(21,900)	722,538
Total Capital Assets, Non-Depreciable	4,617,024	400,310	-	(21,900)	4,995,434
Capital Assets, Depreciable:					
Land Improvements	11,957,214	2,529,981	-	21,900	14,509,095
Buildings and Improvements	22,379,285	283,410	-	-	22,662,695
Vehicles and Vehicle Equipment	5,897,966	323,829	(179,212)	-	6,042,583
Equipment	3,425,930	911,523	-	-	4,337,453
Furniture and Fixtures	205,751	-	-	-	205,751
Total Capital Assets, Depreciable	43,866,146	4,048,743	(179,212)	21,900	47,757,577
Total Capital Assets	48,483,170	4,449,053	(179,212)	-	52,753,011
Less: Accumulated Depreciation for:					
Land Improvements	(5,025,910)	(650,482)	-	-	(5,676,392)
Buildings and Improvements	(11,728,558)	(199,933)	-	-	(11,928,491)
Vehicles and Vehicle Equipment	(4,240,672)	(319,098)	170,853	-	(4,388,917)
Equipment	(2,392,423)	(230,801)	-	-	(2,623,224)
Furniture and Fixtures	(84,386)	(1,049)	-	-	(85,435)
Total Accumulated Depreciation	(23,471,949)	(1,401,363)	170,853	-	(24,702,459)
Total Capital Assets, Depreciable, Net	20,394,197	2,647,380	(8,359)	21,900	23,055,118
Governmental Activities Capital Assets, Net	<u>\$ 25,011,221</u>	<u>\$ 3,047,690</u>	<u>\$ (8,359)</u>	<u>\$ -</u>	<u>\$ 28,050,552</u>

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

Functions/Programs	Capital Asset Additions	Depreciation Expense
Governmental Activities		
General Government	\$ 997,204	\$ -
Public Safety	663,098	389,735
Building, Planning, and Engineering	-	-
Public Works	663,677	806,292
Recreation	602,692	205,336
Marina Public Dock	1,522,382	-
Total - Governmental Activities	<u>\$ 4,449,053</u>	<u>\$ 1,401,363</u>

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

Capital asset activity for the City's business-type activities for the year ended June 30, 2025, was as follows:

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
<b>Business-Type Activities:</b>					
Capital Assets, Non-Depreciable:					
Land	\$ 3,035,786	\$ -	\$ -	\$ -	\$ 3,035,786
Construction in Progress	886,413	881,165	(1,522,382)	(245,196)	-
Total Capital Assets, Non-Depreciable	3,922,199	881,165	(1,522,382)	(245,196)	3,035,786
Capital Assets, Depreciable:					
Land Improvements	3,265,722	-	-	-	3,265,722
Buildings and Improvements	820,322	-	-	-	820,322
Docks	3,993,825	-	-	245,196	4,239,021
Equipment	626,794	-	-	-	626,794
Total Capital Assets, Depreciable	8,706,663	-	-	245,196	8,951,859
Less: Accumulated Depreciation for:					
Land Improvements	(1,227,931)	(91,875)	-	-	(1,319,806)
Buildings and Improvements	(654,650)	(10,445)	-	-	(665,095)
Docks	(1,023,105)	(187,009)	-	-	(1,210,114)
Equipment	(235,081)	(27,979)	-	-	(263,060)
Total Accumulated Depreciation	(3,140,767)	(317,308)	-	-	(3,458,075)
Total Capital Assets, Depreciable, Net	5,565,896	(317,308)	-	245,196	5,493,784
Business-Type Activities Capital Assets, Net	\$ 9,488,095	\$ 563,857	\$ (1,522,382)	\$ -	\$ 8,529,570

**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, 2025 are as follows:

	Principal Outstanding at Year End
<u>General Obligation Bonds</u>	
\$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.	\$ 1,325,000
\$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.	275,000
\$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.	2,970,000
\$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	<u>2,401,000</u>
<b>Total General Obligation Bonds</b>	<u><u>\$ 6,971,000</u></u>

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

Interest paid on the debt currently issued by the City is exempt from federal income tax. The City sometimes temporarily reinvests the proceeds of such tax-exempt debt in higher-yielding taxable securities (via the Pool), especially during construction projects. The federal tax code refers to this practice as arbitrage. Excess earnings (the difference between the interest on the debt and the investment earnings received) resulting from arbitrage must be rebated to the federal government. The City had no arbitrage liability at June 30, 2025.

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

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**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	
<b><u>Governmental Activities</u></b>			
2026	\$ 922,000	\$ 101,083	\$ 1,023,083
2027	676,000	74,520	750,520
2028	680,000	52,026	732,026
2029	234,000	29,464	263,464
2030	238,000	25,462	263,462
2031-2035	1,251,000	90,356	1,341,356
Totals	<u>\$ 4,001,000</u>	<u>\$ 372,911</u>	<u>\$ 4,373,911</u>
<b><u>Business-Type Activities</u></b>			
2026	\$ 269,000	\$ 64,152	\$ 333,152
2027	275,000	58,342	333,342
2028	281,000	52,402	333,402
2029	287,000	46,332	333,332
2030	293,000	40,132	333,132
2031-2035	1,565,000	102,838	1,667,838
Totals	<u>\$ 2,970,000</u>	<u>\$ 364,198</u>	<u>\$ 3,334,198</u>

**Leases**

At June 30, 2025, the City has recorded right to use lease assets related to vehicle and vehicle equipment leases. The right to use assets were initially measured at an amount equal to the initial measurement of the related lease liability. The right to use assets are amortized on a straight-line basis over the longer of the life of the asset or the life of the related leases. During the year ended June 30, 2025, the City recorded \$108,175 and \$16,337 of amortization expense and interest expense, respectively, related to these arrangements.

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

Right to use asset activity for the year ended June 30, 2025, was as follows:

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
<b>Governmental Activities:</b>					
Vehicle and Vehicle Equipment	\$ 1,556,639	\$ -	\$ -	\$ -	\$ 1,556,639
Total Right of Use Assets	1,556,639	-	-	-	1,556,639
Less Accumulated Amortization for:					
Vehicle and Vehicle Equipment	(314,800)	(108,175)	-	-	(422,975)
Total Accumulated Amortization	(314,800)	(108,175)	-	-	(422,975)
Total Right of Use Assets, Net	\$ 1,241,839	\$ (108,175)	\$ -	\$ -	\$ 1,133,664

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

Year Ended June 30,	Principal	Interest	Totals
<b>Governmental Activities</b>			
2026	\$ 170,794	\$ 15,078	\$ 185,872
2027	173,746	12,126	185,872
2028	176,750	9,122	185,872
2029	179,805	6,066	185,871
2030	91,000	2,957	93,957
2031	92,455	1,490	93,945
Totals	\$ 884,550	\$ 46,839	\$ 931,389

**Subscription-Based Information Technology Arrangements**

During the year ended June 30, 2025, the City entered into various contracts for subscription based information technology arrangements. This software is used in the City's administration, public safety, and building departments. Some of these subscriptions include variable payments that are based on usage and are expensed when incurred. The City recognized \$158,569 in amortization expense and \$54,407 in interest expense related to these arrangements.

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

Right to use asset activity for subscription-based information technology arrangements for the year ended June 30, 2025, was as follows:

	Beginning Balance	Increases	Decreases	Modifications and Remeasurements	Ending Balance
<b>Governmental Activities:</b>					
Equipment - SBITA	\$ 1,050,278	\$ 157,296	\$ -	\$ 14,318	\$ 1,221,892
Total Right of Use Assets - SBITA	1,050,278	157,296	\$ -	\$ 14,318	1,221,892
Less Accumulated Amortization for:					
Equipment - SBITA	(226,574)	(158,569)	-	-	(385,143)
Total Accumulated Amortization	(226,574)	(158,569)	-	-	(385,143)
Total Right of Use Assets - SBITA	\$ 823,704	\$ (1,273)	\$ -	\$ 14,318	\$ 836,749

A schedule of future minimum payments to be paid as of June 30, 2025 is shown below:

Year Ended June 30,	Principal	Interest	Totals
<b>Governmental activities:</b>			
2026	\$ 140,524	\$ 54,823	\$ 195,347
2027	148,062	43,606	191,668
2028	152,519	33,033	185,552
2029	87,038	22,162	109,200
2030	67,623	17,302	84,925
2031 - 2035	154,208	44,676	198,884
2036 - 2040	44,940	5,540	50,480
	<u>\$ 794,914</u>	<u>\$ 221,142</u>	<u>\$ 1,016,056</u>



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

Presented below is a summary of changes in long-term obligations for the year ended June 30, 2025, for the City's governmental and business-type activities.

Long-Term Obligations	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<b>Governmental Activities:</b>					
GOB Debt:					
GOB - Series 2008B	\$ 1,700,000	\$ -	\$ 375,000	\$ 1,325,000	\$ 425,000
GOB - Series 2016	540,000	-	265,000	275,000	275,000
GOB - Series 2021	2,619,000	-	218,000	2,401,000	222,000
Total GOB Debt	4,859,000	-	858,000	4,001,000	922,000
Accrued Compensated Absences	741,206	387,145	418,678	709,673	427,659
SBITA Liability	780,391	127,458	112,935	794,914	140,524
Lease Liability	1,052,573	-	168,023	884,550	170,794
Total Governmental Activities	<u>\$ 7,433,170</u>	<u>\$ 514,603</u>	<u>\$ 1,557,636</u>	<u>\$ 6,390,137</u>	<u>\$ 1,660,977</u>
<b>Business-Type Activities:</b>					
GOB Debt:					
GOB - Series 2020	\$ 3,234,000	\$ -	\$ 264,000	\$ 2,970,000	\$ 269,000
Total Business-Type Activities	<u>\$ 3,234,000</u>	<u>\$ -</u>	<u>\$ 264,000</u>	<u>\$ 2,970,000</u>	<u>\$ 269,000</u>

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

Article Eight, Section Seven of the South Carolina Constitution of 1895, as amended, provides that no city shall incur any bonded debt which shall exceed eight percent (8%) of the assessed value of the property therein and no such debt shall be created without the electors of such city or city voting in favor of such further bonded debt. Prior to Home Rule Act of July 1, 1976, the bonded debt exemption was thirty five percent (35%). In 1976, the General Assembly reduced the general obligation debt limit, without voter approval to eight percent (8%) of assessed valuation; whereas, with a referendum any amount can be floated. As of June 30, 2025, the City had \$6,971,000 of bonded debt subject to the 8% limit of approximately \$28,209,000 available, resulting in an unused legal debt margin of approximately \$21,238,000.

The City incurred interest expense of approximately \$195,000 and \$68,000 for its governmental and business-type activities debt, respectively.

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

## **F. Marina Revenue**

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

- The City dock lease (marine operations) – The City recognized rental income of \$143,617, interest income of \$98,578, and variable lease revenue of \$93,777 for the year ended June 30, 2025. The lease expires on January 31, 2045.
- Marina store lease – The City recognized rental income of \$60,685, interest income of \$41,567 and variable lease revenue of \$25,847 for the year ended June 30, 2025. The lease expires on January 31, 2045.
- Marina restaurant lease – The City recognized of rental income of \$93,410, interest income of \$68,256, and variable lease revenue of \$279,847 for the year ended June 30, 2025. The lease expires on January 31, 2045.
- The City-owned Marina earned \$129,248 of interest income on cash held in interest-bearing accounts for the year ended June 30, 2025.

Estimated future annual lease income for the long-term leases in effect as of June 30, 2025 are as follows:

	Principal	Interest	Total Receipts
2026	\$ 211,994	\$ 202,281	\$ 414,275
2027	221,448	195,252	416,700
2028	231,263	187,910	419,173
2029	241,451	180,243	421,694
2030	252,027	172,239	424,266
2031 - 2035	1,433,325	728,432	2,161,757
2036 - 2040	1,764,340	469,896	2,234,236
2041 - 2045	1,974,898	153,257	2,128,155
	<u>\$ 6,330,746</u>	<u>\$ 2,289,510</u>	<u>\$ 8,620,256</u>

## **IV. OTHER INFORMATION**

### **A. Significant Commitments**

In July 2024, the City entered into a legally binding purchase agreement for a replacement 95-foot ladder truck at a total cost of \$2,269,961. The purchase will be financed through the City's Capital Projects Fund, with delivery anticipated in fiscal year 2027. As of June 30, 2025, no payments or deposits have been made, and no liability has been recorded in the financial statements. This commitment will be fulfilled upon delivery and acceptance of the ladder truck.

### **B. 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, 2025, the City's premium costs totaled approximately \$528,000. SCMIRF's net position from its most recently issued audited financial statements at December 31, 2024, totaled approximately \$15,434,000.

## **City of Isle of Palms, South Carolina**

### **Notes to the Financial Statements**

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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, 2025, the City made premium payments totaling approximately \$341,000. 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, 2024, totaled approximately \$45,642,000.

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.

#### **C. 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.

#### **D. Retirement Plans**

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

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

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

## City of Isle of Palms, South Carolina

### Notes to the Financial Statements

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#### **Plan Descriptions**

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

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.

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

## City of Isle of Palms, South Carolina

### Notes to the Financial Statements

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#### **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.

- 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.

## City of Isle of Palms, South Carolina

### Notes to the Financial Statements

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#### **Contributions**

Actuarial valuations are performed annually by an external consulting actuary to ensure applicable contribution rates satisfy the funding parameters specified in Title 9 of the South Carolina Code of Laws. Under these provisions, SCRS and PORS contribution requirements must be sufficient to maintain an amortization period for the financing of the unfunded actuarial accrued liability (UAAL) over a period that does not exceed the number of years scheduled in state statute. The Retirement Funding and Administration Act of 2017 increased, but also established a ceiling for SCRS and PORS employee contribution rates. Effective July 1, 2017, employee rates were increased to a capped rate of 9.00 percent for SCRS and 9.75 percent for PORS. The legislation also increased employer contribution rates beginning July 1, 2017 for both SCRS and PORS until reaching 18.56 percent for SCRS and 21.24 percent for PORS. The legislation included a further provision that if the scheduled contributions are not sufficient to meet the funding periods set in state statute, the PEBA board would increase the employer contribution rates as necessary to meet the funding periods set in state statute, the PEBA board would increase employer contributions rates as necessary to meet the funding periods set for the applicable year.

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

Required **employee** contribution rates for fiscal years 2025 and 2024 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 2025 and 2024 are as follows:

#### **SCRS**

	<b>2025</b>	<b>2024</b>
Employee Class Two	18.41%	18.41%
Employee Class Three	18.41%	18.41%
Employer Incidental Death Benefit	0.15%	0.15%

#### **PORS**

Employee Class Two	20.84%	20.84%
Employee Class Three	20.84%	20.84%
Employer Incidental Death Benefit	0.20%	0.20%
Employer Accidental Death Program	0.20%	0.20%

# City of Isle of Palms, South Carolina

## Notes to the Financial Statements

### Net Pension Liability

The net pension liability (NPL) is calculated separately for each system and represents that particular system's total pension liability determined in accordance with GASB No. 67 less that System's fiduciary net position. NPL totals, as of June 30, 2024, 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	\$61,369,806,968	\$37,919,492,371	\$23,450,314,597	61.8%
PORS	\$10,177,904,231	\$7,178,118,865	\$2,999,785,366	70.5%

### Actuarial Assumptions and Methods

Actuarial valuations of the ongoing plan involve estimates of the reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and future salary increases. Amounts determined regarding the net pension liability are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. South Carolina state statute requires that an actuarial experience study be completed at least once in each five-year period. The GASB Statement No. 67 valuation report prepared as of June 30, 2024 is based on the experience study report for the period ending June 30, 2019. A more recent experience report on the Systems was issued for the period ending June 30, 2023 and will be used for future valuations.

The June 30, 2024, total pension liability (TPL), NPL, and sensitivity information shown in this report were determined by PEBA's consulting actuary, and are based on an actuarial valuation performed as of July 1, 2023. The total pension liability was rolled-forward from the valuation date to the plans' fiscal year end, June 30, 2024, using generally accepted actuarial principals. There was no legislation enacted during the 2024 legislative session that had a material change in the benefit provisions for any of the systems. Each plan's fiduciary net position is reported in the Systems' financial statements.

The following table provides a summary of the actuarial cost method and assumptions used to calculate the TPL as of June 30, 2024.

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

\*Includes inflation at 2.25%



## City of Isle of Palms, South Carolina

### Notes to the Financial Statements

The post-retiree mortality assumption is dependent upon the member's job category and gender. The base mortality assumptions, the 2020 Public Retirees of South Carolina Mortality table (2020 PRSC), was developed using the Systems' mortality experience. These base rates are adjusted for future improvement in mortality using 80% of Scale UMP projected from the year 2020.

Assumptions used in the determined of the June 30, 2024, TPL are as follows.

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

At June 30, 2025, the City reported liabilities of approximately \$4,259,000 and \$6,334,000 for its proportionate share of the NPLs for the SCRS and PORS (Plans), respectively. The NPLs were measured as of June 30, 2024, 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, 2023 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, 2024, the City's SCRS proportion was 0.018163 percent, which decreased slightly from the prior year. At June 30, 2024, the City's PORS proportion was 0.2211138 percent, which decreased slightly from the prior year.

For the year ended June 30, 2025, the City recognized pension expense of approximately \$383,000 and \$808,000 for the SCRS and PORS, respectively. Components of collective pension expense for the year ended June 30, 2025 are presented below:

	SCRS	PORS
Service cost (annual cost of current service)	\$ 199,938	\$ 511,471
Interest on the total pension liability	677,634	1,383,919
Plan administrative costs	3,070	7,154
Plan member contributions	(188,934)	(419,754)
Expected return on plan assets	(406,075)	(959,367)
Recognition of current year amortization - difference between expected and actual experience and assumption changes	150,187	414,800
Recognition of current year amortization - difference between projected and actual investment earnings	(53,421)	(126,072)
Other	306	(3,718)
Total	<u>\$ 382,705</u>	<u>\$ 808,433</u>

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

At June 30, 2025, 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	\$ 139,974	\$ 5,286
Changes of assumptions	75,090	-
Net difference between projected and actual earnings on pension plan investments	-	164,110
Changes in proportion and differences between City contributions and proportionate share of contributions	103,499	258,067
City contributions subsequent to the measurement date	475,466	-
Total	<u>\$ 794,029</u>	<u>\$ 427,463</u>
 <u>PORS:</u>	 Deferred outflows of resources	 Deferred inflows of resources
Differences between expected and actual experience	\$ 594,815	\$ 36,312
Changes of assumptions	137,895	-
Net difference between projected and actual earnings on pension plan investments	-	355,091
Changes in proportion and differences between City contributions and proportionate share of contributions	192,573	421,729
City contributions subsequent to the measurement date	991,903	-
Total	<u>\$ 1,917,186</u>	<u>\$ 813,132</u>

Approximately \$462,000 and \$992,000 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, 2026.

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

<u>Year ended June 30:</u>	<u>SCRS</u>	<u>PORS</u>	<u>Total</u>
2025	\$ (87,288)	\$ (59,050)	\$ (146,338)
2026	87,081	331,323	418,404
2027	(65,596)	(66,236)	(131,832)
2028	(43,097)	(93,886)	(136,983)
	<u>\$ (108,900)</u>	<u>\$ 112,151</u>	<u>\$ 3,251</u>

## City of Isle of Palms, South Carolina

### Notes to the Financial Statements

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#### **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 2024 fiscal year. The long-term expected rate of return is produced by weighting the expected future real rates of return by the target allocation percentage and adding expected inflation and is summarized in the table below. For actuarial purposes, the 7.00 percent assumed annual investment rate of return used in the calculation of the TPL includes a 4.75 percent real rate of return and a 2.25 percent inflation component.

<u>Allocation / Exposure</u>	<u>Policy Target</u>	<u>Expected Arithmetic Real Rate of Return</u>	<u>Long-Term Expected Portfolio Real Rate of Return</u>
<b>Public Equity</b>	46.0%	6.23%	2.86%
<b>Bonds</b>	26.0%	2.60%	0.68%
<b>Private Equity</b>	9.0%	9.60%	0.86%
<b>Private Debt</b>	7.0%	6.90%	0.48%
<b>Real Assets</b>	<b>12.0%</b>		
Real Estate	9.0%	4.30%	0.39%
Infrastructure	3.0%	7.30%	0.22%
Total Expected Real Return	100.0%		5.49%
Inflation for Actuarial Purposes			2.25%
Total Expected Rate of Return			7.74%

#### **Discount Rate**

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

## City of Isle of Palms, South Carolina

### Notes to the Financial Statements

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#### **Sensitivity Analysis**

The following table presents the sensitivity of the City's proportionate share of the NPL of the Plans as of June 30, 2025 to changes in the discount rate, calculated using the discount rate of 7.00 percent, as well as what it would be if it were calculated using a discount rate that is 1.00% point lower (6.00 percent) or 1% point higher (8.00 percent) than the current rate:

System	1.00% Decrease (6.00%)	Discount Rate (7.00%)	1.00% Increase (8.00%)
SCRS	\$ 5,519,546	\$ 4,259,260	\$ 3,098,676
PORS	\$ 9,609,859	\$ 6,333,678	\$ 4,194,688

#### **Payable to Plans**

The City reported payables of \$188,381 to PEBA as of June 30, 2025, representing required employer and employee contributions related to 2025. These amounts are included in Other Accrued Liabilities on the financial statements and have been paid subsequent to year end.

#### **E. 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, 2025, 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".

#### **F. 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, 2025.

#### **G. Litigation**

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



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

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

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

**City of Isle of Palms, South Carolina**  
**Required Supplementary Information (Unaudited)**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances**  
**Budgets and Actual – General Fund**  
**Year Ended June 30, 2025**

	<b>Budgeted Amounts</b>			
	<b>Original</b>	<b>Final</b>	<b>Actual</b>	<b>Variance</b>
<b>Revenues</b>				
Property Taxes	\$ 5,277,233	\$ 5,277,233	\$ 5,638,787	\$ 361,554
Local Option Sales Tax	1,136,117	1,136,117	1,238,754	102,637
Intergovernmental	334,712	334,712	389,141	54,429
Licenses and Permits	5,917,314	5,917,314	7,306,639	1,389,325
Fines and Forfeitures	300,000	300,000	481,026	181,026
Revenues From Use of Properties (Marina excluded)	1,378,000	1,378,000	1,050,359	(327,641)
Interest	136,842	136,842	361,336	224,494
Other Revenues	327,130	327,130	374,718	47,588
<b>Total Revenues</b>	<b>14,807,348</b>	<b>14,807,348</b>	<b>16,840,760</b>	<b>2,033,412</b>
<b>Expenditures</b>				
General Government:				
Mayor and Council	145,243	145,243	132,760	12,483
Administration	1,779,441	1,779,441	1,644,901	134,540
Judicial and Legal	386,166	386,166	351,886	34,280
Public Safety:				
Police Department	3,724,142	3,724,142	3,593,289	130,853
Fire Department	5,373,626	5,373,626	5,321,796	51,830
Building, Planning, and Engineering	549,963	549,963	542,643	7,320
Public Works	1,894,013	1,894,013	1,952,123	(58,110)
Recreation:				
Recreation Department	1,151,876	1,151,876	1,111,006	40,870
Recreation Programs	116,500	116,500	82,322	34,178
Non-Departmental:				
Parking Meters	35,693	35,693	72,741	(37,048)
Capital Outlay	42,000	42,000	9,250	32,750
Debt Service:				
Principal	711,129	711,129	725,544	(14,415)
Interest	129,682	129,682	141,985	(12,303)
<b>Total Expenditures</b>	<b>16,039,474</b>	<b>16,039,474</b>	<b>15,682,246</b>	<b>357,228</b>
<b>Excess of Revenues Over Expenditures</b>	<b>(1,232,126)</b>	<b>(1,232,126)</b>	<b>1,158,514</b>	<b>2,390,640</b>
<b>Other Financing Sources (Uses)</b>				
Transfer In	2,451,740	2,451,740	3,141,006	689,266
Transfer Out	(1,239,614)	(1,239,614)	(3,224,795)	(1,985,181)
Sale of Capital Assets	20,000	20,000	46,690	26,690
SBITA Liabilities Issued	-	-	45,443	45,443
<b>Total Other Financing Sources (Uses)</b>	<b>1,232,126</b>	<b>1,232,126</b>	<b>8,344</b>	<b>(1,223,782)</b>
<b>Net Changes In Fund Balances</b>	<b>-</b>	<b>-</b>	<b>1,166,858</b>	<b>1,166,858</b>
Fund Balances, Beginning of Year	8,217,969	8,217,969	8,217,969	-
<b>Fund Balances, End of Year</b>	<b>\$ 8,217,969</b>	<b>\$ 8,217,969</b>	<b>\$ 9,384,827</b>	<b>\$ 1,166,858</b>



**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, 2025**

	<b>Budgeted Amounts</b>			
	<b>Original</b>	<b>Final</b>	<b>Actual</b>	<b>Variance</b>
<b>Revenues</b>				
Accommodation Fee Revenue	\$ 1,614,390	\$ 1,614,390	\$ 2,067,091	\$ 452,701
County Accommodations Fee Revenue	662,438	662,438	816,000	153,562
Interest	143,762	143,762	206,256	62,494
<b>Total Revenues</b>	<b>2,420,590</b>	<b>2,420,590</b>	<b>3,089,347</b>	<b>668,757</b>
<b>Expenditures</b>				
Current:				
General Government	168,400	168,400	60,958	107,442
Public Safety	83,000	83,000	63,830	19,170
Public Works	45,500	45,500	191,937	(146,437)
Recreation:				
Recreation Department	9,000	9,000	9,088	(88)
Non-Departmental:				
Public Restrooms	111,800	111,800	89,271	22,529
Capital Outlay	791,470	791,470	292,545	498,925
Debt Service:				
Principal	84,076	84,076	130,753	(46,677)
Interest	9,881	9,881	28,704	(18,823)
<b>Total Expenditures</b>	<b>1,303,127</b>	<b>1,303,127</b>	<b>867,086</b>	<b>436,041</b>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>1,117,463</b>	<b>1,117,463</b>	<b>2,222,261</b>	<b>1,104,798</b>
<b>Other Financing Sources (Uses)</b>				
Transfer Out	(1,114,195)	(1,114,195)	(877,265)	236,930
SBITA Liabilities Issued	35,000	35,000	-	(35,000)
<b>Total Other Financing Sources (Uses)</b>	<b>(1,079,195)</b>	<b>(1,079,195)</b>	<b>(877,265)</b>	<b>201,930</b>
<b>Net Changes In Fund Balances</b>	<b>38,268</b>	<b>38,268</b>	<b>1,344,996</b>	<b>1,306,728</b>
Fund Balances, Beginning of Year	4,462,139	4,462,139	4,462,139	-
<b>Fund Balances, End of Year</b>	<b>\$ 4,500,407</b>	<b>\$ 4,500,407</b>	<b>\$ 5,807,135</b>	<b>\$ 1,306,728</b>

**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, 2025**

	Budgeted Amounts		Actual	Variance
	Original	Final		
<b>Revenues</b>				
Accommodations Tax Revenue	\$ 3,121,254	\$ 3,121,254	\$ 3,576,371	\$ 455,117
Interest	234,290	234,290	247,037	12,747
Grants	376,200	376,200	4,184	(372,016)
<b>Total Revenues</b>	<b>3,731,744</b>	<b>3,731,744</b>	<b>3,827,592</b>	<b>95,848</b>
<b>Expenditures</b>				
Current:				
General Government	1,081,859	1,081,859	1,208,010	(126,151)
Public Safety	25,000	25,000	101,532	(76,532)
Public Works	7,500	7,500	6,945	555
Recreation:				
Recreation Department	16,500	16,500	14,881	1,619
Non-Departmental:				
Public Restrooms	207,530	207,530	162,104	45,426
Capital Outlay	1,208,838	1,208,838	117,876	1,090,962
Debt Service:				
Principal	83,947	83,947	83,947	-
Interest	7,967	7,967	7,967	-
<b>Total Expenditures</b>	<b>2,639,141</b>	<b>2,639,141</b>	<b>1,703,262</b>	<b>935,879</b>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>1,092,603</b>	<b>1,092,603</b>	<b>2,124,330</b>	<b>1,031,727</b>
<b>Other Financing Sources (Uses)</b>				
Transfer Out	(1,450,294)	(1,450,294)	(1,331,421)	118,873
SBITA Liabilities Issued	-	-	68,968	68,968
<b>Total Other Financing Sources (Uses)</b>	<b>(1,450,294)</b>	<b>(1,450,294)</b>	<b>(1,262,453)</b>	<b>187,841</b>
<b>Net Changes In Fund Balances</b>	<b>(357,691)</b>	<b>(357,691)</b>	<b>861,877</b>	<b>1,219,568</b>
Fund Balances, Beginning of Year	4,893,010	4,893,010	4,893,010	-
<b>Fund Balances, End of Year</b>	<b>\$ 4,535,319</b>	<b>\$ 4,535,319</b>	<b>\$ 5,754,887</b>	<b>\$ 1,219,568</b>

**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, 2025**

	Budgeted Amounts		Actual	Variance
	Original	Final		
<b>Revenues</b>				
Hospitality Taxes	\$ 1,310,168	\$ 1,310,168	\$ 1,470,927	\$ 160,759
Interest	85,784	85,784	84,136	(1,648)
<b>Total Revenues</b>	1,395,952	1,395,952	1,555,063	159,111
<b>Expenditures</b>				
Current:				
Public Safety	88,500	88,500	67,932	20,568
Building, Planning, and Engineering	-	-	66	(66)
Public Works	325,800	325,800	547,803	(222,003)
Recreation	47,500	47,500	44,674	2,826
Non-Departmental:				
Public Restrooms	10,000	10,000	9,501	499
Capital Outlay	290,000	290,000	184,616	105,384
Debt Service:				
Principal	198,715	198,715	198,715	-
Interest	16,222	16,222	16,222	-
<b>Total Expenditures</b>	976,737	976,737	1,069,529	(92,792)
<b>Excess of Revenues Over Expenditures</b>	419,215	419,215	485,534	66,319
<b>Other Financing Uses</b>				
Transfer Out	(528,642)	(528,642)	(528,642)	-
Lease Liabilities Issued	-	-	13,047	13,047
<b>Total Other Financing Uses</b>	(528,642)	(528,642)	(515,595)	13,047
<b>Net Changes In Fund Balances</b>	(109,427)	(109,427)	(30,061)	79,366
Fund Balances, Beginning of Year	2,046,251	2,046,251	2,046,251	-
<b>Fund Balances, End of Year</b>	<u>\$ 1,936,824</u>	<u>\$ 1,936,824</u>	<u>\$ 2,016,190</u>	<u>\$ 79,366</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, 2025**

	<b>Budgeted Amounts</b>			
	<b>Original</b>	<b>Final</b>	<b>Actual</b>	<b>Variance</b>
<b>Revenues</b>				
Beach preservation fee	\$ 1,614,390	\$ 1,614,390	\$ 2,067,091	\$ 452,701
Other	-	-	1,703,089	1,703,089
Grants	500,000	500,000	972,740	472,740
Interest	420,706	420,706	465,880	45,174
<b>Total Revenues</b>	<b>2,535,096</b>	<b>2,535,096</b>	<b>5,208,800</b>	<b>2,673,704</b>
<b>Expenditures</b>				
Current:				
General Government	1,037,500	1,037,500	2,743,423	(1,705,923)
Capital Outlay	765,000	765,000	896,627	(131,627)
<b>Total Expenditures</b>	<b>1,802,500</b>	<b>1,802,500</b>	<b>3,640,050</b>	<b>(1,837,550)</b>
<b>Excess of Revenues Over Expenditures</b>	<b>732,596</b>	<b>732,596</b>	<b>1,568,750</b>	<b>836,154</b>
<b>Other Financing Uses</b>				
Transfer Out	-	-	(127,040)	(127,040)
<b>Total Other Financing Uses</b>	<b>-</b>	<b>-</b>	<b>(127,040)</b>	<b>(127,040)</b>
<b>Net Changes In Fund Balances</b>	<b>732,596</b>	<b>732,596</b>	<b>1,441,710</b>	<b>709,114</b>
Fund Balances, Beginning of Year	9,101,476	9,101,476	9,101,476	-
<b>Fund Balances, End of Year</b>	<b>\$ 9,834,072</b>	<b>\$ 9,834,072</b>	<b>\$ 10,543,186</b>	<b>\$ 709,114</b>

**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, 2025**

	Year Ended June 30,									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
City of Isle of Palms' proportion of the net pension liability	0.018163%	0.019681%	0.018901%	0.018463%	0.018572%	0.019538%	0.019916%	0.019257%	0.019055%	0.018636%
City of Isle of Palms' proportionate share of the net pension liability	<u>\$ 4,259,260</u>	<u>\$ 4,758,248</u>	<u>\$ 4,581,910</u>	<u>\$ 3,995,567</u>	<u>\$ 4,745,412</u>	<u>\$ 4,461,231</u>	<u>\$ 4,462,643</u>	<u>\$ 4,335,060</u>	<u>\$ 4,070,120</u>	<u>\$ 3,534,218</u>
City of Isle of Palms' covered payroll during measurement period	<u>\$ 2,561,777</u>	<u>\$ 2,490,450</u>	<u>\$ 2,401,890</u>	<u>\$ 2,252,565</u>	<u>\$ 2,087,260</u>	<u>\$ 2,069,765</u>	<u>\$ 2,063,111</u>	<u>\$ 2,063,898</u>	<u>\$ 1,942,949</u>	<u>\$ 1,845,203</u>
City of Isle of Palms' proportionate share of the net pension liability as a percentage of its covered-employee payroll	166.26%	191.06%	190.76%	177.38%	229.27%	215.54%	216.31%	210.04%	209.48%	191.54%
Plan fiduciary net position as a percentage of the total pension liability	61.79%	58.65%	57.06%	60.70%	50.70%	54.40%	54.10%	53.30%	52.90%	57.00%

**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, 2025**

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2023</u>	<u>2022</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Contractually required contribution	\$ 475,466	\$ 462,227	\$ 437,877	\$ 373,025	\$ 324,778	\$ 322,055	\$ 279,865	\$ 279,865	\$ 224,605	\$ 204,079
Contributions in relation to the contractually required contribution	<u>(475,466)</u>	<u>(462,227)</u>	<u>(437,877)</u>	<u>(373,025)</u>	<u>(324,778)</u>	<u>(322,055)</u>	<u>(279,865)</u>	<u>(279,865)</u>	<u>(224,605)</u>	<u>(204,079)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<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>\$ 2,561,777</u>	<u>\$ 2,490,450</u>	<u>\$ 2,401,890</u>	<u>\$ 2,252,565</u>	<u>\$ 2,087,260</u>	<u>\$ 2,069,765</u>	<u>\$ 2,063,111</u>	<u>\$ 2,063,898</u>	<u>\$ 1,942,949</u>	<u>\$ 1,845,203</u>
Contributions as a percentage of covered-employee payroll	18.56%	18.56%	18.22%	16.56%	15.56%	15.56%	13.57%	13.56%	11.56%	11.06%

**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, 2025**

	Year Ended June 30,									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
City of Isle of Palms' proportion of the net pension liability	0.221114%	0.231041%	0.214513%	0.214513%	0.208518%	0.216172%	0.235181%	0.226290%	0.230280%	0.226240%
City of Isle of Palms' proportionate share of the net pension liability	<u>\$ 6,333,678</u>	<u>\$ 7,033,105</u>	<u>\$ 6,583,304</u>	<u>\$ 5,519,240</u>	<u>\$ 6,914,893</u>	<u>\$ 6,195,349</u>	<u>\$ 6,663,950</u>	<u>\$ 6,199,297</u>	<u>\$ 5,840,969</u>	<u>\$ 4,931,002</u>
City of Isle of Palms' covered payroll during measurement period	<u>\$ 4,669,975</u>	<u>\$ 4,170,063</u>	<u>\$ 3,860,810</u>	<u>\$ 3,474,085</u>	<u>\$ 3,226,368</u>	<u>\$ 3,152,136</u>	<u>\$ 3,135,480</u>	<u>\$ 3,229,223</u>	<u>\$ 3,047,364</u>	<u>\$ 2,885,754</u>
City of Isle of Palms' proportionate share of the net pension liability as a percentage of its covered-employee payroll	135.63%	168.66%	170.52%	158.87%	219.37%	196.54%	206.36%	191.97%	191.67%	170.87%
Plan fiduciary net position as a percentage of the total pension liability	70.53%	67.79%	66.45%	70.40%	58.80%	62.70%	61.70%	60.90%	60.40%	64.60%

**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, 2025**

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Contractually required contribution	\$ 991,903	\$ 885,728	\$ 819,326	\$ 668,414	\$ 588,490	\$ 574,950	\$ 524,426	\$ 524,426	\$ 433,945	\$ 403,373
Contributions in relation to the contractually required contribution	<u>(991,903)</u>	<u>(885,728)</u>	<u>(819,326)</u>	<u>(668,414)</u>	<u>(588,490)</u>	<u>(574,950)</u>	<u>(524,426)</u>	<u>(524,426)</u>	<u>(433,945)</u>	<u>(403,373)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<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>\$ 4,669,975</u>	<u>\$ 4,170,063</u>	<u>\$ 3,860,810</u>	<u>\$ 3,474,085</u>	<u>\$ 3,226,368</u>	<u>\$ 3,152,136</u>	<u>\$ 3,135,480</u>	<u>\$ 3,229,223</u>	<u>\$ 3,047,364</u>	<u>\$ 2,885,754</u>
Contributions as a percentage of covered-employee payroll	21.24%	21.24%	21.22%	19.24%	18.24%	18.24%	16.73%	16.24%	14.24%	13.98%



## **Supplementary Information**

## **NON-MAJOR GOVERNMENTAL FUND DESCRIPTIONS**

### **SPECIAL REVENUE FUNDS**

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

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

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



**City of Isle of Palms, South Carolina**  
**Combining Balance Sheet**  
**Non-Major Governmental Funds**  
**June 30, 2025**

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	Victim Assistance Fund	Recreation Building Fund	Total Non- Major Funds
<b>Assets</b>			
Cash and Cash Equivalents - Restricted	\$ 32,513	\$ 134,895	\$ 167,408
Due from Other Funds	607	-	607
<b>Total Assets</b>	<u>\$ 33,120</u>	<u>\$ 134,895</u>	<u>\$ 168,015</u>
<b>Fund Balances</b>			
Restricted	33,120	-	33,120
Assigned	<u>-</u>	<u>134,895</u>	<u>134,895</u>
<b>Total Fund Balances</b>	<u>33,120</u>	<u>134,895</u>	<u>168,015</u>
<b>Total Liabilities and Fund Balances</b>	<u>\$ 33,120</u>	<u>\$ 134,895</u>	<u>\$ 168,015</u>

**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, 2025**

	Victim Assistance Fund	Recreation Building Fund	Total Non- Major Funds
<b>Revenues</b>			
Fines and Forfeitures	\$ 11,120	\$ -	\$ 11,120
Interest	-	5,613	5,613
Other	-	13,287	13,287
<b>Total Revenues</b>	11,120	18,900	30,020
<b>Expenditures</b>			
Current:			
Public Safety	9,612	-	9,612
Recreation	-	13,784	13,784
<b>Total Expenditures</b>	9,612	13,784	23,396
<b>Excess (Deficiency )of Revenues Over Expenditures</b>	1,508	5,116	6,624
<b>Other Financing Sources</b>			
Transfers In	-	3,000	3,000
Transfers Out	(3,000)	-	(3,000)
<b>Total Other Financing Sources</b>	(3,000)	3,000	-
<b>Net Change In Fund Balances</b>	(1,492)	8,116	6,624
Fund Balances, Beginning of Year	34,612	126,779	161,391
<b>Fund Balances, End of Year</b>	<u>\$ 33,120</u>	<u>\$ 134,895</u>	<u>\$ 168,015</u>

**City of Isle of Palms, South Carolina**  
**Schedule of Detailed Revenues and Expenditures**  
**Budget and Actual – General Fund**  
**Year Ended June 30, 2025**

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
<b>Revenues</b>			
<b>Property Taxes</b>	<u>\$ 5,277,233</u>	<u>\$ 5,638,787</u>	<u>\$ 361,554</u>
<b>Local Option Sales Tax</b>	<u>1,136,117</u>	<u>1,238,754</u>	<u>102,637</u>
<b>Intergovernmental</b>			
State Aid to Subdivisions	100,000	113,673	13,673
State Accommodations Tax Administrative Fee	186,712	213,230	26,518
State Shared Funds - Alcohol	48,000	49,250	1,250
Grants	<u>-</u>	<u>12,988</u>	<u>12,988</u>
Total Intergovernmental	334,712	389,141	54,429
<b>Licenses and Permits</b>			
Business Licenses	1,984,822	2,396,726	411,904
Residential Rental Licenses	1,447,849	1,551,039	103,190
Insurance Licenses	996,370	1,328,309	331,939
Public Utilities	850,000	812,733	(37,267)
Building Permits	611,273	1,182,109	570,836
Telecommunication Licenses	15,000	9,902	(5,098)
Transportation	<u>12,000</u>	<u>25,821</u>	<u>13,821</u>
Total Licenses and Permits	5,917,314	7,306,639	1,389,325
<b>Fines and Forfeitures</b>	<u>300,000</u>	<u>481,026</u>	<u>181,026</u>
<b>Revenue From Use of Properties</b>			
Parking Lot Revenue	700,000	554,192	(145,808)
Parking Meter Revenue	<u>678,000</u>	<u>496,167</u>	<u>(181,833)</u>
Total Revenue From Use of Properties	1,378,000	1,050,359	(327,641)
<b>Interest</b>			
Interest Income	<u>136,842</u>	<u>361,336</u>	<u>224,494</u>
Total Interest	136,842	361,336	224,494

**City of Isle of Palms, South Carolina**  
**Schedule of Detailed Revenues and Expenditures**  
**Budget and Actual – General Fund**  
**Year Ended June 30, 2025**

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
<b>Other Revenues</b>			
Recreation Program Income	\$ 90,000	\$ 105,060	\$ 15,060
Recreation Instructors Income	220,000	223,483	3,483
Miscellaneous	9,000	35,475	26,475
Cart Purchase Revenue	8,000	10,500	2,500
Boat Ramp Fees	100	200	100
Kennel Fees	30	-	(30)
Total Other Revenues	<u>327,130</u>	<u>374,718</u>	<u>47,588</u>
<b>Total Revenues</b>	<u>14,807,348</u>	<u>16,840,760</u>	<u>2,033,412</u>
<b>Expenditures</b>			
<b>General Government</b>			
<u>Mayor and Council:</u>			
Salaries	17,000	16,375	625
Payroll Taxes	1,301	794	507
Retirement	278	251	27
Group Health Insurance	85,551	80,775	4,776
Workers Compensation	513	502	11
Membership and Dues	500	1,550	(1,050)
Print and Office Supplies	1,500	1,611	(111)
Meetings and Seminars	17,000	7,552	9,448
Telephone	7,000	7,148	(148)
Insurance	3,100	3,013	87
Miscellaneous and Contingency	6,000	7,079	(1,079)
Citizens and Employee Services	<u>5,500</u>	<u>6,110</u>	<u>(610)</u>
Total Mayor and Council	145,243	132,760	12,483
<u>Administration:</u>			
Salaries	594,671	564,197	30,474
Salaries - Overtime	1,816	1,135	681
Payroll Taxes	45,631	48,235	(2,604)
Retirement	110,708	93,376	17,332
Group Health Insurance	84,054	71,804	12,250
Workers Compensation	5,141	6,285	(1,144)
Print and Office Supplies	12,000	6,686	5,314
Membership and Dues	6,000	5,226	774

**City of Isle of Palms, South Carolina**  
**Schedule of Detailed Revenues and Expenditures**  
**Budget and Actual – General Fund**  
**Year Ended June 30, 2025**

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Meetings and Seminars	\$ 11,000	\$ 4,195	\$ 6,805
Vehicle, Fuel, and Oil	5,500	4,066	1,434
Electric and Gas	5,500	5,536	(36)
Telephone and Cable	10,500	15,081	(4,581)
Water and Sewer	1,900	1,935	(35)
IT Equipment, Software and Services	380,500	288,351	92,149
Subscription Based IT Arrangements	-	36,104	(36,104)
Noncapital Tools and Equipment	1,000	-	1,000
Maintenance and Service Contracts	29,000	29,582	(582)
Machine and Equipment Repair	500	887	(387)
Cleaning and Sanitary Supplies	2,500	181	2,319
Storm Preparation & Cleanup	-	38,682	(38,682)
Medical and Lab	700	232	468
Insurance	27,600	37,599	(9,999)
Rent and Leases	9,000	9,543	(543)
Advertising	8,000	11,514	(3,514)
Employee Training	128,220	42,520	85,700
Professional Services	85,000	146,842	(61,842)
Temporary Labor	4,000	-	4,000
Contracted Services	149,000	108,644	40,356
Miscellaneous and Contingency	49,000	44,715	4,285
Election Expense	-	8,039	(8,039)
Bank Service Charges	11,000	13,709	(2,709)
Total Administration	1,779,441	1,644,901	134,540
<u>Judicial and Legal:</u>			
Salaries - Full-time	85,475	87,191	(1,716)
Salaries - Over-time	1,950	1,143	807
Salaries - Part-time	28,800	27,250	1,550
Payroll Taxes	8,891	8,845	46
Retirement	21,571	18,303	3,268
Group Health Insurance	27,754	37,657	(9,903)
Workers Compensation	325	296	29
Print and Office Supplies	1,500	515	985
Membership and Dues	50	-	50
Meetings and Seminars	2,000	1,825	175
Telephone and Cable	4,000	3,528	472
IT Equipment, Software and Services	1,000	260	740
Noncapital Tools and Equipment	500	-	500
Insurance	1,500	1,336	164



**City of Isle of Palms, South Carolina**  
**Schedule of Detailed Revenues and Expenditures**  
**Budget and Actual – General Fund**  
**Year Ended June 30, 2025**

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Employee Training	\$ -	\$ 152	\$ (152)
Professional Services	200,000	163,432	36,568
Miscellaneous and Contingency	850	153	697
Total Judicial and Legal	386,166	351,886	34,280
<b>Total General Government</b>	<b>2,310,850</b>	<b>2,129,547</b>	<b>181,303</b>
<b>Public Safety</b>			
<u>Police Department:</u>			
Salaries	1,922,343	1,870,289	52,054
Salaries - Over-time	172,198	177,143	(4,945)
Payroll Taxes	160,232	152,595	7,637
Retirement	428,661	407,121	21,540
Group Health Insurance	313,210	256,872	56,338
Workers Compensation	105,798	121,913	(16,115)
Print and Office Supplies	15,000	13,521	1,479
Membership and Dues	2,000	1,490	510
Meetings and Seminars	3,000	2,033	967
Vehicle, Fuel, and Oil	105,500	86,696	18,804
Vehicle Maintenance	60,000	62,025	(2,025)
Electric and Gas	33,000	28,573	4,427
Telephone and Cable	52,000	51,001	999
Water and Sewer	6,500	7,878	(1,378)
IT Equipment, Software and Services	67,900	70,255	(2,355)
Noncapital Tools and Equipment	14,000	6,379	7,621
Maintenance and Service Contracts	40,000	27,324	12,676
Machine and Equipment Repair	7,000	5,640	1,360
Uniforms	28,000	31,164	(3,164)
Cleaning and Sanitary Supplies	5,000	4,882	118
Medical and Lab	6,500	7,629	(1,129)
Insurance	140,100	153,971	(13,871)
Rent and Leases	3,000	3,656	(656)
Employee Training	16,500	15,461	1,039
Professional Services	5,000	6,006	(1,006)
Contracted Services	-	12,120	(12,120)
Miscellaneous and Contingency	7,000	6,028	972
Canine Kennel Expenses	4,700	3,624	1,076
Total Police Department	3,724,142	3,593,289	130,853

**City of Isle of Palms, South Carolina**  
**Schedule of Detailed Revenues and Expenditures**  
**Budget and Actual – General Fund**  
**Year Ended June 30, 2025**

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
<u>Fire Department:</u>			
Salaries - Full-time	\$ 2,643,257	\$ 2,525,322	\$ 117,935
Salaries - Over-time	442,691	591,177	(148,486)
Salaries - Part-time	20,000	-	20,000
Payroll Taxes	237,605	233,871	3,734
Retirement	658,538	644,733	13,805
Group Health Insurance	490,032	435,633	54,399
Workers Compensation	149,303	146,632	2,671
Print and Office Supplies	6,500	4,848	1,652
Membership and Dues	2,000	944	1,056
Meetings and Seminars	3,900	3,979	(79)
Vehicle, Fuel, and Oil	31,000	23,578	7,422
Vehicle Maintenance	75,000	94,776	(19,776)
Electric and Gas	46,000	45,414	586
Telephone and Cable	61,000	54,449	6,551
Water and Sewer	13,000	15,051	(2,051)
IT Equipment, Software and Services	35,700	34,580	1,120
Subscription Based IT Arrangements	-	14,318	(14,318)
Noncapital Tools and Equipment	10,000	10,108	(108)
Maintenance and Service Contracts	41,000	43,352	(2,352)
Machine and Equipment Repair	15,000	15,839	(839)
Uniforms	44,000	42,689	1,311
Cleaning and Sanitary Supplies	10,000	11,777	(1,777)
Medical and Lab	60,500	50,270	10,230
Insurance	207,600	198,366	9,234
Rent and Leases	2,500	2,274	226
Employee Training	26,500	29,134	(2,634)
Professional Services	32,000	38,462	(6,462)
Miscellaneous and Contingency	9,000	10,220	(1,220)
Total Fire Department	5,373,626	5,321,796	51,830
<b>Total Public Safety</b>	<b>9,097,768</b>	<b>8,915,085</b>	<b>182,683</b>
 <b>Building, Planning, and Engineering</b>			
Salaries - Full-time	298,610	293,826	4,784
Salaries - Over-time	1,091	1,187	(96)
Payroll Taxes	22,927	15,619	7,308
Retirement	55,625	58,547	(2,922)
Group Health Insurance	57,447	53,014	4,433
Workers Compensation	2,763	2,691	72
Print and Office Supplies	10,000	6,786	3,214
Membership and Dues	1,000	390	610
Meetings and Seminars	3,000	1,723	1,277
Vehicle, Fuel, and Oil	3,600	2,254	1,346

**City of Isle of Palms, South Carolina**  
**Schedule of Detailed Revenues and Expenditures**  
**Budget and Actual – General Fund**  
**Year Ended June 30, 2025**

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Vehicle Maintenance	\$ 1,000	\$ 1,737	\$ (737)
Electric and Gas	5,100	5,537	(437)
Telephone and Cable	5,500	4,273	1,227
Water and Sewer	1,600	1,687	(87)
IT Equipment, Software and Services	35,000	57,921	(22,921)
Noncapital Tools and Equipment	1,000	-	1,000
Maintenance and Service Contracts	7,500	11,001	(3,501)
Machine and Equipment Repair	500	-	500
Uniforms	500	153	347
Cleaning and Sanitary Supplies	500	44	456
Medical and Lab	100	267	(167)
Insurance	17,300	14,440	2,860
Rent and Leases	1,500	882	618
Employee Training	2,000	-	2,000
Professional Services	10,300	8,551	1,749
Temporary Labor	4,000	-	4,000
Miscellaneous and Contingency	500	113	387
<b>Total Building, Planning, and Engineering</b>	<b>549,963</b>	<b>542,643</b>	<b>7,320</b>
<b>Public Works</b>			
Salaries - Full-time	685,662	694,068	(8,406)
Salaries - Over-time	12,064	21,011	(8,947)
Salaries - Part-time	25,984	27,489	(1,505)
Payroll Taxes	55,364	55,470	(106)
Retirement	129,498	126,597	2,901
Group Health Insurance	131,136	123,430	7,706
Workers Compensation	57,105	56,210	895
Print and Office Supplies	1,000	551	449
Membership and Dues	500	-	500
Meetings and Seminars	500	241	259
Vehicle, Fuel, and Oil	95,000	85,079	9,921
Vehicle Maintenance	135,000	207,857	(72,857)
Electric and Gas	72,000	82,835	(10,835)
Telephone and Cable	14,000	16,169	(2,169)
Water and Sewer	3,000	3,782	(782)
IT Equipment, Software and Services	16,000	1,000	15,000
Noncapital Tools and Equipment	8,000	6,244	1,756
Maintenance and Service Contracts	11,500	15,628	(4,128)
Machine and Equipment Repair	4,000	194	3,806
Uniforms	15,500	14,898	602
Cleaning and Sanitary Supplies	2,000	2,063	(63)
Medical and Lab	4,000	4,432	(432)
Street Signs	2,000	-	2,000
Insurance	58,900	55,587	3,313
Rent and Leases	1,000	1,167	(167)

**City of Isle of Palms, South Carolina**  
**Schedule of Detailed Revenues and Expenditures**  
**Budget and Actual – General Fund**  
**Year Ended June 30, 2025**

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Employee Training	\$ 300	\$ -	\$ 300
Professional Services	3,000	3,705	(705)
Temporary Labor	248,000	248,194	(194)
Contracted Services	1,000	1,112	(112)
Miscellaneous and Contingency	1,000	1,491	(491)
Garbage Cart - Procurement	100,000	95,619	4,381
<b>Total Public Works</b>	<b>1,894,013</b>	<b>1,952,123</b>	<b>(58,110)</b>
<b>Recreation</b>			
<u>Recreation Department:</u>			
Salaries - Full-time	420,674	421,698	(1,024)
Salaries - Over-time	10,087	2,180	7,907
Salaries - Part-time	244,000	255,199	(11,199)
Payroll Taxes	51,619	51,335	284
Retirement	81,274	75,127	6,147
Group Health Insurance	74,801	71,473	3,328
Workers Compensation	19,051	24,506	(5,455)
Print and Office Supplies	13,000	10,575	2,425
Membership and Dues	1,600	976	624
Meetings and Seminars	3,000	2,440	560
Vehicle, Fuel, and Oil	5,300	3,304	1,996
Vehicle Maintenance	2,000	911	1,089
Electric and Gas	35,000	34,421	579
Telephone and Cable	11,000	9,990	1,010
Water and Sewer	5,000	6,045	(1,045)
IT, Equipment, Software and Services	27,000	5,878	21,122
Noncapital Tools and Equipment	2,000	1,983	17
Maintenance and Service Contracts	46,000	36,336	9,664
Machine and Equipment Repair	2,500	2,500	-
Uniforms	1,950	912	1,038
Cleaning and Sanitary Supplies	8,000	7,995	5
Medical and Lab	1,000	330	670
Insurance	75,400	79,380	(3,980)
Rent and Leases	2,500	2,201	299
Employee Training	2,500	2,447	53
Professional Services	120	-	120
Temporary Labor	2,000	-	2,000
Miscellaneous and Contingency	3,500	864	2,636
<b>Total Recreation Department</b>	<b>1,151,876</b>	<b>1,111,006</b>	<b>40,870</b>

**City of Isle of Palms, South Carolina**  
**Schedule of Detailed Revenues and Expenditures**  
**Budget and Actual – General Fund**  
**Year Ended June 30, 2025**

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
<u>Recreation Programs:</u>			
Five Year Old & Under Play Group	\$ 1,000	\$ 939	\$ 61
Gymnastics	5,000	6,961	(1,961)
Special Activities	24,500	19,076	5,424
Summer Camp	15,500	12,102	3,398
Themed Activities	14,000	4,997	9,003
Adult Sports	15,000	9,806	5,194
Youth Sports	37,000	25,167	11,833
Teenagers	4,500	3,274	1,226
Total Recreation Programs	116,500	82,322	34,178
<b>Total Recreation</b>	1,268,376	1,193,328	75,048
<b>Non-Departmental</b>			
Parking Meters			
Salaries - Over-time	1,500	5,589	(4,089)
Salaries - Part-time	29,480	60,108	(30,628)
Payroll Taxes	2,370	5,026	(2,656)
Workers Compensation	2,343	2,018	325
Total Parking Meters	35,693	72,741	(37,048)
<b>Total Non-Departmental</b>	35,693	72,741	(37,048)
Capital outlay	42,000	9,250	32,750
<b>Debt Service</b>			
Principal	711,129	725,544	(14,415)
Interest	129,682	141,985	(12,303)
<b>Total Debt Service</b>	840,811	867,529	(26,718)
<b>Total General Fund Expenditures</b>	<u>\$ 16,039,474</u>	<u>\$ 15,682,246</u>	<u>\$ 357,228</u>

**City of Isle of Palms, South Carolina**  
**Schedule of Expenditures by Type – Actual**  
**Year Ended June 30, 2025**

	General Government		
	Mayor and Council	Administration	Judicial and Legal
<b>Departmental Expenditures</b>			
Salaries - Full-time	\$ 16,375	\$ 564,197	\$ 87,191
Salaries - Over-time	-	1,135	1,143
Salaries - Part-time	-	-	27,250
Payroll Taxes	794	48,235	8,845
Retirement	251	93,376	18,303
Group Health Insurance	80,775	71,804	37,657
Workers Compensation	502	6,285	296
Print and Office Supplies	1,611	6,686	515
Membership and Dues	1,550	5,226	-
Membership and Seminars	7,552	4,195	1,825
Vehicle, Fuel, and Oil	-	4,066	-
Vehicle Maintenance	-	-	-
Electric and Gas	-	5,536	-
Telephone and Cable	7,148	15,081	3,528
Water and Sewer	-	1,935	-
IT Equipment, Software and Services	-	288,351	260
Subscription Based IT Arrangements	-	36,104	-
Noncapital Tools and Equipment	-	-	-
Maintenance and Service Contracts	-	29,582	-
Machine and Equipment Repair	-	887	-
Uniforms	-	-	-
Cleaning and Sanitary Supplies	-	181	-
Storm Preparation & Cleanup	-	38,682	-
Medical and Lab	-	232	-
Insurance	3,013	37,599	1,336
Rent and Leases	-	9,543	-
Advertising	-	11,514	-
Employee Training	-	42,520	152
Professional Services	-	146,842	163,432
Temporary Labor	-	-	-
Contracted Services	-	108,644	-
Miscellaneous and Contingency	7,079	44,715	153
Citizens and Employee Services	6,110	-	-
Canine Kennel Expenses	-	-	-
Recreation Instruction Expense	-	-	-
Garbage Cart - Procurement	-	-	-
Election Expenses	-	8,039	-
Bank Service Charges	-	13,709	-
<b>Total Departmental Expenditures</b>	<b>\$ 132,760</b>	<b>\$ 1,644,901</b>	<b>\$ 351,886</b>

**City of Isle of Palms, South Carolina**  
**Schedule of Expenditures by Type – Actual**  
**Year Ended June 30, 2025**

	Public Safety		Building, Planning, and Engineering	Public Works Department
	Police Department	Fire Department		
<b>Departmental Expenditures</b>				
Salaries - Full-time	\$ 1,870,289	\$ 2,525,322	\$ 293,826	\$ 694,068
Salaries - Over-time	177,143	591,177	1,187	21,011
Salaries - Part-time	-	-	-	27,489
Payroll Taxes	152,595	233,871	15,619	55,470
Retirement	407,121	644,733	58,547	126,597
Group Health Insurance	256,872	435,633	53,014	123,430
Workers Compensation	121,913	146,632	2,691	56,210
Print and Office Supplies	13,521	4,848	6,786	551
Membership and Dues	1,490	944	390	-
Membership and Seminars	2,033	3,979	1,723	241
Vehicle, Fuel, and Oil	86,696	23,578	2,254	85,079
Vehicle Maintenance	62,025	94,776	1,737	207,857
Electric and Gas	28,573	45,414	5,537	82,835
Telephone and Cable	51,001	54,449	4,273	16,169
Water and Sewer	7,878	15,051	1,687	3,782
IT Equipment, Software and Services	70,255	34,580	57,921	1,000
Subscription Based IT Arrangements	-	14,318	-	-
Noncapital Tools and Equipment	6,379	10,108	-	6,244
Maintenance and Service Contracts	27,324	43,352	11,001	15,628
Machine and Equipment Repair	5,640	15,839	-	194
Uniforms	31,164	42,689	153	14,898
Cleaning and Sanitary Supplies	4,882	11,777	44	2,063
Storm Preparation & Cleanup	-	-	-	-
Medical and Lab	7,629	50,270	267	4,432
Insurance	153,971	198,366	14,440	55,587
Rent and Leases	3,656	2,274	882	1,167
Advertising	-	-	-	-
Employee Training	15,461	29,134	-	-
Professional Services	6,006	38,462	8,551	3,705
Temporary Labor	-	-	-	248,194
Contracted Services	12,120	-	-	1,112
Miscellaneous and Contingency	6,028	10,220	113	1,491
Citizens and Employee Services	-	-	-	-
Canine Kennel Expenses	3,624	-	-	-
Recreation Instruction Expense	-	-	-	-
Garbage Cart - Procurement	-	-	-	95,619
Election Expenses	-	-	-	-
Bank Service Charges	-	-	-	-
	<u>\$ 3,593,289</u>	<u>\$ 5,321,796</u>	<u>\$ 542,643</u>	<u>\$ 1,952,123</u>

**City of Isle of Palms, South Carolina**  
**Schedule of Expenditures by Type – Actual**  
**Year Ended June 30, 2025**

	<u>Recreation</u>	<u>Non-Departmental Parking Meters</u>	<u>Total</u>
<b>Departmental Expenditures</b>			
Salaries - Full-time	\$ 421,698	\$ -	\$ 6,472,966
Salaries - Over-time	2,180	5,589	800,565
Salaries - Part-time	255,199	60,108	370,046
Payroll Taxes	51,335	5,026	571,790
Retirement	75,127	-	1,424,055
Group Health Insurance	71,473	-	1,130,658
Workers Compensation	24,506	2,018	361,053
Print and Office Supplies	10,575	-	45,093
Membership and Dues	976	-	10,576
Membership and Seminars	2,440	-	23,988
Vehicle, Fuel, and Oil	3,304	-	204,977
Vehicle Maintenance	911	-	367,306
Electric and Gas	34,421	-	202,316
Telephone and Cable	9,990	-	161,639
Water and Sewer	6,045	-	36,378
IT Equipment, Software and Services	5,878	-	458,245
Subscription Based IT Arrangements	-	-	50,422
Noncapital Tools and Equipment	1,983	-	24,714
Maintenance and Service Contracts	36,336	-	163,223
Machine and Equipment Repair	2,500	-	25,060
Uniforms	912	-	89,816
Cleaning and Sanitary Supplies	7,995	-	26,942
Storm Preparation & Cleanup	-	-	38,682
Medical and Lab	330	-	63,160
Insurance	79,380	-	543,692
Rent and Leases	2,201	-	19,723
Advertising	-	-	11,514
Employee Training	2,447	-	89,714
Professional Services	-	-	366,998
Temporary Labor	-	-	248,194
Contracted Services	-	-	121,876
Miscellaneous and Contingency	864	-	70,663
Citizens and Employee Services	-	-	6,110
Canine Kennel Expenses	-	-	3,624
Recreation Instruction Expense	82,322	-	82,322
Garbage Cart - Procurement	-	-	95,619
Election Expenses	-	-	8,039
Bank Service Charges	-	-	13,709
	<u>\$ 1,193,328</u>	<u>\$ 72,741</u>	<u>\$ 14,805,467</u>
		Capital Outlay	9,250
		Debt Service - Principal	725,544
		Debt Service - Interest	141,985
			<u><b>\$ 15,682,246</b></u>



**City of Isle of Palms, South Carolina**  
**Schedule of Fines, Assessments, and Surcharges**  
**Year Ended June 30, 2025**

FOR THE STATE TREASURER'S OFFICE:

<b>COUNTY / MUNICIPAL FUNDS COLLECTED BY CLERK OF COURT</b>	<u>General Sessions</u>	<u>Magistrate Court</u>	<u>Municipal Court</u>	<u>Total</u>
<b>Court Fines and Assessments:</b>				
Court fines and assessments collected			\$575,457.86	\$575,457.86
Court fines and assessments remitted to State Treasurer			\$ 83,311.40	\$ 83,311.40
<b>Total Court Fines and Assessments retained</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$658,769.26</b>	<b>\$658,769.26</b>
<b>Surcharges and Assessments retained for victim services:</b>				
Surcharges collected and retained			\$ 4,012.34	\$ 4,012.34
Assessments retained			\$ 7,107.70	\$ 7,107.70
<b>Total Surcharges and Assessments retained for victim services</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 11,120.04</b>	<b>\$ 11,120.04</b>

FOR THE DEPARTMENT OF CRIME VICTIM COMPENSATION (DCVC)

<b>VICTIM SERVICE FUNDS COLLECTED</b>	<u>Municipal</u>	<u>County</u>	<u>Total</u>
<b>Carryforward from Previous Year – Beginning Balance</b>	<b>\$ 34,611.02</b>	<b>\$ -</b>	<b>\$ 34,611.02</b>
<b>Victim Service Revenue:</b>			
Victim Service Fines Retained by City/County Treasurer	\$ -		\$ -
Victim Service Assessments Retained by City/County Treasurer	\$ 7,107.70		\$ 7,107.70
Victim Service Surcharges Retained by City/County Treasurer	\$ 4,012.34		\$ 4,012.34
Interest Earned	\$ -		\$ -
Grant Funds Received			
Grant from:			\$ -
General Funds Transferred to Victim Service Fund	\$ -		\$ -
<b>Contribution Received from Victim Service Contracts:</b>			
(1) Town of			\$ -
(2) Town of			\$ -
(3) City of			\$ -
<b>Total Funds Allocated to Victim Service Fund + Beginning Balance (A)</b>	<b>\$ 45,731.06</b>	<b>\$ -</b>	<b>\$ 45,731.06</b>
<b>Expenditures for Victim Service Program:</b>	<u>Municipal</u>	<u>County</u>	<u>Total</u>
Salaries and Benefits			\$ -
Operating Expenditures	\$ -		\$ -
<b>Victim Service Contract(s):</b>			
(1) Entity's Name			\$ -
(2) Entity's Name			\$ -
<b>Victim Service Donation(s):</b>			
(1) Domestic Violence Shelter:			\$ -
(2) Rape Crisis Center:			\$ -
(3) Other local direct crime victims service agency:			\$ -
Transferred to General Fund	\$ 3,000.00		\$ 3,000.00
<b>Total Expenditures from Victim Service Fund/Program (B)</b>	<b>\$ 3,000.00</b>	<b>\$ -</b>	<b>\$ 3,000.00</b>
Total Victim Service Funds Retained by Municipal/County Treasurer (A-B)	\$ 42,731.06		\$ 42,731.06
Less: Prior Year Fund Deficit Repayment	\$ 9,611.02		\$ 9,611.02
<b>Carryforward Funds – End of Year</b>	<b>\$ 33,120.04</b>	<b>\$ -</b>	<b>\$ 33,120.04</b>

**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 the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), 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, 2025, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated November 20, 2025.

***Internal Control over Financial Reporting***

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

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

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

### ***Compliance and Other Matters***

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

### **Purpose of this Report**

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



Mount Pleasant, South Carolina  
November 20, 2025



## **Reporting Under *Uniform Guidance***

**Independent Auditor's Report on Compliance for each Major Federal Program and Report  
on Internal Control over Compliance in Accordance with the Uniform Guidance and the Federal Single Audit  
Implementation Act**

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

**Report on Compliance for Each Major Federal Program**

***Opinion on Compliance for Each Major Federal Program***

We have audited the City of Isle of Palms's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the City of Isle of Palms's major federal programs for the year ended June 30, 2025.

In our opinion, the City of Isle of Palms complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal programs for the year ended June 30, 2025.

***Basis for Opinion on Each Major Federal Program***

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

We are required to be independent of the City of Isle of Palms and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the City of Isle of Palms' compliance with the compliance requirements referred to above.

***Responsibilities of Management for Compliance***

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

### ***Auditor's Responsibilities for the Audit of Compliance***

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

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the City of Isle of Palms's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of City of Isle of Palms's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of City of Isle of Palms's internal control over compliance. Accordingly, no such opinion is expressed.

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

### **Report on Internal Control over Compliance**

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

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

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed. *Government Auditing Standards* requires the auditor to perform limited procedures on the City of Isle of Palms's response to the internal control over compliance findings identified in our audit described in the accompanying schedule of findings and questioned costs. City of Isle of Palms's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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

*Veris LLC*

Mount Pleasant, South Carolina  
November 20, 2025



**City of Isle of Palms, South Carolina**  
**Schedule of Expenditures of Federal Awards**  
**Year Ended June 30, 2025**

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Federal Grantor Pass-through Grantor Program Title	Assistance Listing Number	Other Award Number	Federal Expenditures
United States Department of the Treasury			
Direct			
Coronavirus State and Local Fiscal Recovery Funds	21.027	N/A	\$ 1,327,124
Department of Homeland Security FEMA			
South Carolina Department of Natural Resources			
Flood Mitigation Assistance	97.029	SCDNR FY2019-38	460,125
United States Department of the Treasury			
Direct			
Public Safety Partnership and Community Policing Grants	16.710	N/A	5,380
Total expenditures of federal awards			<u>\$ 1,792,629</u>



**City of Isle of Palms**  
**Notes to Schedule of Expenditures of Federal Awards**  
**Year Ended June 30, 2025**

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**Note A – Basis of Presentation**

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of the City of Isle of Palms under programs of the federal and state government for the year ended June 30, 2025. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the City of Isle of Palms, it is not intended to and does not present the position of the governmental activities, changes in net position, or cash flows of the City of Isle of Palms.

**Note B – Summary of Significant Accounting Policies**

Expenditures reported on the Schedule of Expenditures of Federal Awards are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule of Expenditures of Federal Awards represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

**Note C – Indirect Cost Rate**

City of Isle of Palms chose not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance for the year ended June 30, 2025.

**City of Isle of Palms, South Carolina  
Schedule of Findings and Questioned Costs  
Year ended June 30, 2025**

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**Section I – Summary of Auditor’s Results**

**Financial Statements**

Type of auditor’s report issued: Unmodified

Internal control over financial reporting:

Material weakness identified? No

Significant deficiencies identified not considered to be material weakness? No

Noncompliance material to financial statements noted? No

**Federal Awards**

Internal control over major programs:

Material weakness identified? No

Significant deficiencies identified not considered to be material weakness? No

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

Any audit findings disclosed that are required to be reported in  
accordance with Uniform Guidance? No

Programs tested as major programs include:

<b>Assistance Listing Number(s)</b>	<b>Name of Federal Program or Cluster</b>
21.027	Coronavirus State and Local Fiscal Recovery Funds

Dollar threshold used to distinguish between Type A and Type B programs: \$750,000

Auditee qualified as low-risk auditee? Yes

**Section II – Financial Statement Findings**

None

**Section III – Federal Award Findings and Questioned Costs**

None

**Section IV – Summary Schedule of Prior Year Findings**

Not Applicable