



TOWN OF
Kiawah Island[®]
South Carolina

Annual Comprehensive
Financial Report

FY Ended June 30, 2021



Photo by: Keely Laughlin

Mayor
John D. Labriola

Council Members
Maryanne Connelly
John Moffitt
Scott Parker
Dan Prickett

Town Administrator
Stephanie Monroe Tillerson

Treasurer
Dorota Szubert

**TOWN OF KIAWAH ISLAND,
SOUTH CAROLINA**

ANNUAL COMPREHENSIVE FINANCIAL REPORT

**FOR THE FISCAL YEAR ENDED
JUNE 30, 2021**

TOWN OF KIAWAH ISLAND, SOUTH CAROLINA

ANNUAL COMPREHENSIVE FINANCIAL REPORT FOR THE FISCAL YEAR ENDED JUNE 30, 2021

TABLE OF CONTENTS

Page

INTRODUCTORY SECTION

Letter of Transmittal	i – vi
Organizational Chart.....	vii and viii
Principal Officials.....	ix
GFOA Certificate of Achievement	x

FINANCIAL SECTION

Independent Auditor’s Report	1 – 3
Management’s Discussion and Analysis	4 – 12

Basic Financial Statements:

Government-wide Financial Statements

Statement of Net Position.....	13
Statement of Activities.....	14

Fund Financial Statements

Balance Sheet – Governmental Funds.....	15 and 16
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position.....	17
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds	18 and 19
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities.....	20

Notes to the Financial Statements	21 – 62
---	---------

REQUIRED SUPPLEMENTARY INFORMATION

Schedule of Revenues, Expenditures and Changes in Fund Balances –

Budget and Actual – GAAP Basis:

General Fund	63
State Accommodations Tax Fund	64
County Accommodations Tax Fund.....	65
Local Accommodations Tax Fund.....	66
Beverage Permits Fund	67
Hospitality Tax Fund	68
Victims’ Assistance Fund.....	69

TOWN OF KIAWAH ISLAND, SOUTH CAROLINA

ANNUAL COMPREHENSIVE FINANCIAL REPORT FOR THE FISCAL YEAR ENDED JUNE 30, 2021

TABLE OF CONTENTS (CONTINUED)

Page

REQUIRED SUPPLEMENTARY INFORMATION (CONTINUED)

Schedule of Proportionate Share of the Net Pension Liability and Related Ratios – South Carolina Retirement System.....	70
Schedule of Contributions – South Carolina Retirement System	71
Schedule of Proportionate Share of the Net Pension Liability and Related Ratios – Police Officers Retirement System	72
Schedule of Contributions – Police Officers Retirement System.....	73
Schedule of Changes in Total OPEB Liability and Related Ratios	74

OTHER SUPPLEMENTARY INFORMATION

Comparative Schedules of Revenues and Expenditures:

General Fund	75
State Accommodations Tax Fund	76
County Accommodations Tax Fund.....	77
Local Accommodations Tax Fund.....	78
Beverage Permits Fund	79
Hospitality Tax Fund	80
Victims' Assistance Fund.....	81
Capital Projects Fund.....	82
Capital Projects Fund –Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – GAAP Basis	83
Uniform Schedule of Court Fines, Assessments and Surcharges (Per ACT 96)	84 – 86

STATISTICAL SECTION

FINANCIAL TRENDS INFORMATION

Narrative	87
Schedule 1 – Net Position by Component – Last Ten Fiscal Years	88
Schedule 2 – Changes in Net Position – Last Ten Fiscal Years.....	89 and 90
Schedule 3 – Fund Balances – Governmental Funds – Last Ten Fiscal Years.....	91
Schedule 4 – Changes in Fund Balances – Governmental Funds – Last Ten Fiscal Years.....	92

TOWN OF KIAWAH ISLAND, SOUTH CAROLINA

ANNUAL COMPREHENSIVE FINANCIAL REPORT FOR THE FISCAL YEAR ENDED JUNE 30, 2021

TABLE OF CONTENTS (CONTINUED)

Page

STATISTICAL SECTION (CONTINUED)

REVENUE CAPACITY INFORMATION

Narrative	93
Schedule 1 – Significant Revenue – Governmental Funds – Last Ten Fiscal Years.....	94
Schedule 2 – Significant Revenue – Percent of Business License by Class for the Last Ten Fiscal Years.....	95
Schedule 3 – Significant Revenue – Percent of Accommodations Taxes by Class for the Current Year and Last Four Fiscal Years	96

DEBT CAPACITY INFORMATION

Narrative	97
Schedule 1 – Ratio of Outstanding Debt by Type	98
Schedule 2 – Ratio of General Bonded Debt Outstanding.....	99
Schedule 3 – Legal Debt Margin Information	100

DEMOGRAPHIC AND ECONOMIC INFORMATION

Narrative	101
Profile of General Demographic Characteristics	102 – 104

OPERATING INFORMATION

Narrative	105
Schedule 1 – Full-time Equivalent Town Government Employees by Function/Program – Last Ten Fiscal Years	106
Schedule 2 – Operating Indicators by Function – Last Ten Fiscal Years.....	107
Schedule 3 – Capital Assets Statistics by Function – Last Ten Fiscal Years.....	108

TOWN OF KIAWAH ISLAND, SOUTH CAROLINA

**ANNUAL COMPREHENSIVE FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

TABLE OF CONTENTS (CONTINUED)

Page

COMPLIANCE SECTION

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 <i>Government Auditing Standards</i>.....	109 and 110
Schedule of Findings and Responses	111

INTRODUCTORY SECTION



September 29, 2021

To Members of the Town Council and the Citizens of the Town of Kiawah Island, South Carolina:

State law requires that all general-purpose local governments publish at the close of each fiscal year a complete set of financial statements presented in conformity with generally accepted accounting principles (“GAAP”) and audited in accordance with auditing standards generally accepted in the United States of America, by a firm of licensed certified public accountants. Pursuant to that requirement, we hereby issue the annual comprehensive financial report of the Town of Kiawah Island, South Carolina for (the “Town”) the fiscal year ended June 30, 2021.

This report contains management's representations concerning the finances of the Town of Kiawah Island. Consequently, management assumes full responsibility for the completeness and reliability of all the information presented in this report. To provide a reasonable basis for making these representations, management of the Town has established a comprehensive internal control framework that is designed to protect government's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the Town's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the Town's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material aspects.

Mauldin & Jenkins, CPAs and Advisors, a firm of licensed certified public accountants, has audited the Town of Kiawah Island's financial statements. The goal of the independent audit was to provide reasonable assurance that the financial statements of the Town for the fiscal year ended June 30, 2021, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. Based upon the audit, the independent auditor concluded, that there was a reasonable basis for rendering an unmodified opinion that the Town of Kiawah Island's financial statements for the year ended June 30, 2021, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

GAAP require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of the Management's Discussion and Analysis (“MD&A”). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The Town of Kiawah Island's MD&A can be found immediately following the report of the independent auditors.

PROFILE OF THE GOVERNMENT

The Town of Kiawah Island, South Carolina, was incorporated by the State of South Carolina on September 13, 1988. The Town of Kiawah Island operates as a Mayor-Council form of government, i.e., strong mayor. The Town Council is composed of a Mayor and four Council Members. The Council is elected on a non-partisan basis. In the inaugural change with the November 2020 election, three members were elected to four-year terms, and two members were elected to two-year terms. Starting November 2022, all members will serve four-year terms. The current term is the eighteenth full administration. Currently, there are approximately 2,098 voters on the rolls.

The Mayor and four Council Members comprise the legislative branch of the Town. It is their duty to set overall policy in matters concerning the operation of the Town's affairs.

The Mayor is further charged with the executive functions of Town management. He is responsible for coordinating and carrying out the policies established by the Town Council and for ensuring that all Town employees' duties are performed efficiently and effectively. The Town Administrator provides support and advice to the Mayor on these matters. Since incorporation, the Town has grown from one full-time position to 19 full-time positions.

The Town of Kiawah Island is unique when compared to other South Carolina municipalities. Kiawah Island is a "residential community with a resort surrounded by a unique and beautiful natural setting." Also, Kiawah Island Community Association (KICA), a private nonprofit property owner association, shares responsibility to serve residents and provides some services, including road and drainage maintenance for property they own; community security; landscaping; and recreation within the gated community. The Town provides services to its citizens and guests including, but not limited to:

- Public Safety: island-wide law enforcement through a contract with Charleston County Sheriff's office and code enforcement; emergency response; disaster planning and recovery;
- Code Enforcement: provides code enforcement for municipal ordinances, including business licenses. It also provides enforcement on the beach;
- Street and Drainage Maintenance: Beachwalker Drive, Kiawah Island Parkway from the roundabout at Betsy Kerrison Parkway to the front gate;
- Solid Waste Disposal: island-wide garbage, recycling, yard debris, brown trash and household hazardous waste collection and disposal for all residential property through a contract with Carolina Waste;
- Planning and Zoning Administration: the Planning Department provides a wide-range of public services in regards to planning and zoning, including: Processing land use applications; Providing public information related to zoning, and mapping; Preparing and reviewing long-range plans, policies and programs that promote land use policy established by Town Council ; and Enforcing land development regulations for the Town of Kiawah Island;
- Criminal Court Administration: as part of the unified judicial system in South Carolina, the court hears and determines offenses of a criminal nature which may be subject to a fine not exceeding \$500 or imprisonment not exceeding 30 days as well as cases arising under the ordinances of the municipality;
- Beach Maintenance and Safety: beach patrol, solid waste collection and beach condition monitoring;
- Communications: Town website, quarterly newsletter (Town Notes) , bi-weekly email blast and community forum; and
- Wildlife Studies: monitors, manages, and researches the Island's native wildlife species, and habitats while educating the general Island public in these areas.

Committees

The Town relies heavily on volunteer committees to support Town functions and strategies. The Town has committees as required by State statute and also special committees to review and recommend policies, activities, and ordinances. These committees include the following:

Planning Commission

The primary objectives of the Planning Commission are to approve plats and make recommendations to the Town Council on planned development, zoning district and map amendments, zoning text amendments and comprehensive plan amendments.

Board of Zoning Appeals (“BZA”)

The BZA has three main purposes: 1) to hear and decide appeals when it is alleged by the appellant that an administrative official has made an error (Administrative Review); 2) to hear and decide applications for a variance from the requirements of the zoning regulations (Variances); and 3) to permit uses by exception, subject to the terms and conditions for those uses as identified in the zoning regulations (Special Exceptions).

Construction Board of Appeals

Construction Board of Appeals was formed to hear appeals regarding decisions and interpretations made by the Town's Building Official.

State Accommodations Tax Committee

The State Accommodation Tax Committee meets annually to consider SATAX applications and make recommendations to the Ways and Means Committee on how the Town's tourism-related funding should be allocated during the following budget year.

Public Safety Committee

The Public Safety Committee is responsible for assisting the Town in meeting its state-mandated responsibilities regarding maintaining peace, order, and law enforcement and initiating and considering proposals and methods to upgrade and improve public safety on the island.

Public Works Committee

Public Works Committee was formed to assist the Town in monitoring and making recommendations to improve solid waste services, infrastructure, facilities, and utility needs, and also to recommend and consider proposals and methods to upgrade and improve public works related services on the Island.

Environmental Committee

The Environmental Committee's primary objectives are to study and report on environmental issues such as alligator/fauna control, monitor health, and population of birds and animals (bobcat, deer, fox, raccoon), make recommendations to Town Council on ways to improve the quality of environmental services and the cost-effectiveness of such services.

Arts and Cultural Events Council

The Arts and Cultural Events Council plans, develops, organizes and implements a wide range of performing art events supporting local and national musicians and artists.

Ways and Means

The Ways and Means Committee oversees all financial decisions, including the annual budget, capital purchases and contracts.

Audit Committee

The Audit Committee oversees the Town's systems of internal controls, risk management, the integrity of financial statements, compliance with legal and regulatory requirements and ethical standards, as well as the performance of the Town's independent auditors.

Budget

The annual budget serves as the foundation for the Town of Kiawah Island's financial planning and control. All departments and affiliates of the Town are asked to submit budget requests to the Town Administrator. The Treasurer and Town Administrator then prepare a first draft and present it for review to the Town's Ways and Means Committee, which is comprised of the Mayor and the four Council Members. Any necessary revisions are made, and a final draft is submitted to the Town Council. A second reading is scheduled for the June meeting to meet the June 30 adoption deadline. In accordance with the State laws, a public hearing is held to receive citizen input prior to final adoption and the adopted budget is posted on the Town's website. The line-item appropriated budget is prepared by fund and department. The level of budgetary controls (that is the level at which expenditures cannot legally exceed the appropriated amount) is maintained by the Town Council at the fund level and may be amended as necessary during the fiscal year. Budget-to-actual comparisons are provided in this report for each individual governmental fund for which an appropriated annual budget has been adopted

In addition to the annual budget, the Town prepares a Five-Year Capital Improvement Plan each year. The primary objective is to set aside funds for projects, vehicle, and equipment purchases that occur within the near future.

LOCAL ECONOMY

Despite the ongoing global pandemic and financial crisis that continues to impact world economies, Kiawah Island continues to attract people to the area. This is largely due to the Island being a perfect mix of a residential community that incorporates a world-class resort and a unique, vibrant shopping village within a natural maritime setting that is being preserved and enhanced for current and future generations. In addition to its ten miles of beaches, the Island offers perfectly preserved maritime forests, sand dunes and marshes where whitetail deer, alligators, bobcats, seabirds, and sea turtles abound.

Other contributors to the Kiawah economy include the Sanctuary, which offers 255 deluxe guest rooms, a spa, meeting facilities and fine dining, and the Andell Inn, a 100-room boutique hotel in Freshfields Village. Kiawah is recognized internationally for its world-class golf courses. The Resort sponsored several golf championships, including the 1991 Ryder Cup and the 2012 and 2021 PGA Championship. According to the Charleston Metro Chamber of Commerce, it ranks among the major employers in the region with over 1,000 employees. In FY2021, Kiawah Island has been voted #2 best island in the Continental U.S. by Travel and Leisure magazine and #5 in the best U.S. Island by Conde Nast Traveler.

For several years prior to the offset of the pandemic in FY2020, the Town experienced strong growth in both tourism and residential expansion. This trend continued in FY2021; the Town finished the fiscal year in relatively good financial condition while paying off a General Obligation bond in the amount of approximately \$2M. Overall, revenues exceeded projections primarily due to the growth in the building permits, business licenses and accommodation taxes. Conservative revenue projections and expenditure policies resulted in a healthy fund balance at the end of FY2021. The Town began the fiscal year with a combined fund balance of approximately \$20.5M and ended the year with a combined balance of approximately \$22.9M.

TOWN INITIATIVES

With goals and priorities of financially sound Town government, top-quality municipal service, and strong partnership with our stakeholders, the Town continues to be a financially secure local government. While maintaining its robust fiscal health, the Town continued to focus on infrastructure improvements, environmental projects, and improving service delivery.

The Town of Kiawah Island continued a long-term bobcat ecology study on Kiawah Island using global positioning system ("GPS") tracking collars. This year marked the 15th consecutive year of this study and a total of 92 bobcats have been fitted with collars to date. Bobcats play a very important role in the Kiawah Island ecosystem by helping to control small mammal and white-tailed deer populations. A healthy bobcat population is necessary to maintain the balance of wildlife communities currently present on Kiawah Island. Data from the Bobcat GPS study identified a rapid decline in bobcat numbers beginning in 2017 caused primarily by secondary poisoning of bobcats due to the widespread use of second-generation anticoagulant rodenticides ("SGAs") for rodent control. The Town attempted to ban the use of SGAs on the island, but state law prohibits municipalities from enacting local ordinances dealing with pesticides. In 2020, the Town launched a voluntary program to reduce the use of SGAs on Kiawah called the Bobcat Guardian program (www.savekiawahbobcats.com). This program has been a tremendous success with 29 pest control companies, 20 businesses, and more than 600 households taking the pledge to stop using SGAs.

The Town of Kiawah Island, working in cooperation with other island entities, continuously engages in various environmental research projects. Over the last eight years, the Town has partnered with the Kiawah Conservancy to conduct an alligator research project to study environmental contaminants in Kiawah's alligator population and has partnered with Kiawah Island Community Association on an alligator behavior and safety study, using both VHF and GPS transmitters.

The Town of Kiawah Island has been operating fall migration bird banding stations since 2009. These stations allow biologists to learn valuable information on a variety of bird species, including migration patterns and timing, survival, longevity, population distribution and physical condition. Because birds are sensitive to ecological changes, they are considered key indicators of environmental health. Town of Kiawah Island biologists use bird banding data to monitor and diagnose the health of our ecosystem while also tracking migration patterns and monitoring population changes over time. Since 2009, over 78,000 birds of different species have been captured during fall migration bird banding operations on the island. To learn more about Kiawah's fall migration banding, visit www.kiawahislandbanding.blogspot.com. This website is updated daily during the fall with interesting facts about migratory birds, information on how to identify birds, and the daily totals of the birds banded for that day. The Town also conducts research on marsh sparrows and painted buntings. Each of these species is an important indicator of habitat health on the Island.

As part of the Town's enhancement efforts, the Town has completed the Kiawah Island Parkway improvement project. The Kiawah Island Parkway serves as a gateway to the Island and includes 2.4 miles of roadway between the roundabout and the main gate. Phase One consisted of the repaving of the road and stabilizing road shoulders and was completed in August 2020. Phase Two started in September 2020 and consisted of vast improvements of the landscaping along the parkway. Phase Two was guided by a special Town committee comprised of representatives from the Architectural Review Board, the Community Association, the Kiawah Island Club, The Kiawah Conservancy, and residents. The committee provided oversight to implement the Town's "Grow Native" initiative, which showcases perennials, shrubs, and trees native to the Lowcountry of South Carolina and highlights their critical role in the ecosystem. The vision was to create an aesthetically pleasing, resilient landscape that utilizes more than 80% native plants and incorporate strategies to reduce and filter stormwater runoff, minimize the use of pesticides, and enhance wildlife habitat. Phase Two was completed in April 2021 and cost \$578,220.

The Town has provided generous philanthropic support to charitable and educational organizations on Kiawah, Johns and Wadmalaw Islands for ten consecutive years. Charitable contributions are awarded once a year by the Town Council. This year the Town awarded 17 organizations a total of \$150,000.

The Town continues to participate as full board members of the Charleston Area Regional Transportation Authority Board of Directors, the Berkeley-Charleston-Dorchester Council of Governments, the Charleston Area Transportation Study Committee, and the Charleston Visitors Bureau Board of Governors.

AWARDS AND ACKNOWLEDGEMENTS

The Governmental Finance Officers Association of the United States and Canada (“GFOA”) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Town of Kiawah for its annual comprehensive financial report for the fiscal year ended June 30, 2020. This was the seventeenth consecutive year that the Town has achieved this prestigious award. A Certificate of Achievement is valid for a period of one year only and we believe that our current annual comprehensive financial report continues to meet the Certificate of Achievement requirements.

We would like to acknowledge the cooperation and support of Town Council in making this report possible.



John Labriola
Mayor



Stephanie Monroe Tillerson
Town Administrator



Dorota Szubert
Town Treasurer

TOWN OF KIAWAH ISLAND, SOUTH CAROLINA

ORGANIZATIONAL CHART FOR THE FISCAL YEAR ENDED JUNE 30, 2021

ADMINISTRATION

Finance administers the financial affairs of the Town including cash management, accounting, debt administration, budget preparation and monitoring, investing Town funds, capital asset accounting, payroll, waste billing and collection, accounts payable and receivable, business licenses and provides financial customer service to waste customers, other Town departments, employees, and vendors. The Finance Department produces the Annual Comprehensive Financial Report, which includes general information about the Town, financial statements and manages the external audit process as well as statistical information. Risk management services includes administration of the Town's property and casualty insurance program and claims management.

Development Services coordinates and manages the Town's multi-departmental development process. The department is a central point of contact for citizens, business owners and developers; we work with these groups from their project's initial concept to the issuance of a certificate of occupancy and all steps in between. Our staff helps our clients understand and navigate the development process, with the goals of creating an exceptional environment for our citizens and development partners and providing exemplary service throughout all stages of developing and building on Kiawah Island.

This department consists of four divisions: Permitting, Plan Review, Inspections, and Codes Compliance. The entire staff serves as representatives of the department and provides a variety of information to the public pertaining to building procedures, licensing requirement, zoning issues and code compliance.

Communications and Public Engagement ensures that information about Town programs and services is accessible to citizens and visitors to the Island. Functions include coordinating initiatives, communications, and strategic communications planning.

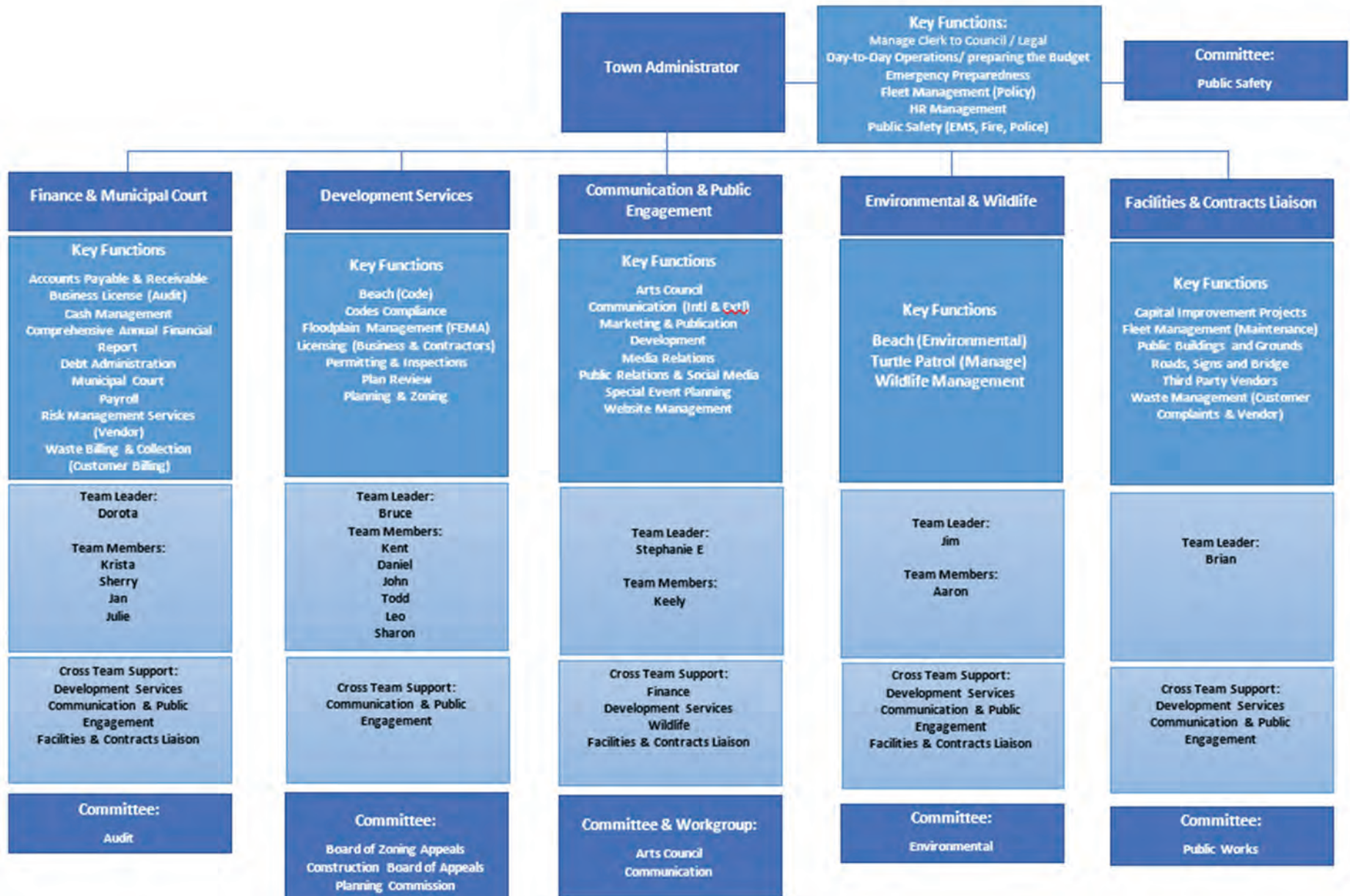
Environmental and Wildlife works to protect and restore ecological systems that work naturally to improve water quality, the environment, and the quality of life for residents and visitors. The Town recognizes the connection between the natural environment and our quality of life and is dedicated to providing a sustainable environment for its residents, businesses, and visitors to enjoy. The Environmental and Wildlife Department protects and restores our Town's unique natural systems through policy and regulation, restoration projects, wildlife and habitat protection and other environmental initiatives.

Facilities and Contract Liaison maintains and repairs Town buildings, grounds, Kiawah Island Parkway (Town limit), Beachwalker Drive, manages third-party contracts; and conducts fleet maintenance for all Town vehicles and equipment.

The Facilities & Contract Liaison Department allows five departments to function as a team to accomplish goals and objectives. Sharing similar skill sets, labor, and equipment is necessary to complete projects as efficiently as possible and expand the ability to provide cost-effective services to our citizens and guests.

TOWN OF KIAWAH ISLAND, SOUTH CAROLINA

ORGANIZATIONAL CHART FOR THE FISCAL YEAR ENDED JUNE 30, 2021



TOWN OF KIAWAH ISLAND, SOUTH CAROLINA

PRINCIPAL OFFICIALS FOR THE FISCAL YEAR ENDED JUNE 30, 2021

Elected Officials

John D. Labriola	Mayor
Maryanne Connelly	Council Member
Daniel Pricket	Council Member
John Moffit	Council Member
Scott M. Parker, MD	Council Member

Other Officials

Stephanie Monroe Tillerson	Town Administrator
Dorota Szubert	Town Treasurer



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**Town of Kiawah Island
South Carolina**

For its Comprehensive Annual
Financial Report
For the Fiscal Year Ended

June 30, 2020

Christopher P. Morill

Executive Director/CEO

FINANCIAL SECTION



INDEPENDENT AUDITOR'S REPORT

**The Honorable Mayor and Members
of the Town Council
Kiawah Island, South Carolina**

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund of the **Town of Kiawah Island, South Carolina** (the "Town"), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Town as of June 30, 2021, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters*Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, budgetary comparison schedules for the General Fund and Major Special Revenue Funds, pension schedules, and OPEB schedule, as listed 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.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. The introductory section, the Capital Projects Fund schedule of revenues, expenditures and changes in fund balances – budget and actual – GAAP basis, the comparative schedules of revenues and expenditures, and the statistical section, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The Uniform Schedule of Court Fines, Assessments and Surcharges (per ACT 96) is presented for purposes of additional analysis as required by the State of South Carolina, and is not a required part of the basic financial statements.

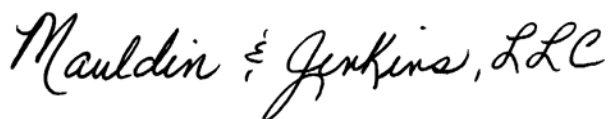
The Capital Projects Fund schedule of revenues, expenditures and changes in fund balances – budget and actual – GAAP basis, the comparative schedules of revenues and expenditures, and the Uniform Schedule of Court Fines, Assessments and Surcharges (per ACT 96) are the responsibility of management and were derived from and relate 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 Capital Projects Fund schedule of revenues, expenditures and changes in fund balances – budget and actual – GAAP basis, the comparative schedules of revenues and expenditures, and the Uniform Schedule of Court Fines, Assessments and Surcharges (per ACT 96) are fairly stated, in all material respects, in relation to the basic financial statements as a whole for the year ended June 30, 2021.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

We previously audited the Town's June 30, 2020 financial statements, and we expressed unmodified opinions on the governmental activities and each major fund in our report dated October 2, 2020. The comparative schedules of revenues and expenditures, as listed in the table of contents, are presented for the purposes of additional analysis and are not a required part of the basic financial statements. In our opinion, the summarized comparative information as presented in the comparative schedules of revenues and expenditures, as listed in the table of contents, as of and for the year ended June 30, 2020, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Reporting Required By Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 29, 2021, on our consideration of the Town's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town's internal control over financial reporting and compliance.



Savannah, Georgia
September 29, 2021

TOWN OF KIAWAH ISLAND, SOUTH CAROLINA

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE FISCAL YEAR ENDED JUNE 30, 2021

As management of the Town of Kiawah Island, South Carolina (the "Town"), we offer readers of the Town's financial statements this narrative overview and analysis of the financial activities of the Town for the year ended June 30, 2021. The intent of this Management's Discussion and Analysis ("MD&A") is to look at the Town's financial performance. We encourage readers to consider the information presented here in conjunction with the Town's financial statements and the notes to financial statements to enhance their understanding of the Town's overall financial performance.

Financial Highlights

- The Town's reporting period is July 1 to June 30.
- The assets and deferred outflows of the Town exceeded its liabilities and deferred inflows at the close of the most recent fiscal year by \$35,363,193 (net position). Of this amount, \$15,982,703 represents the investment in capital assets and \$4,321,491 is considered restricted. The remaining \$15,058,999 (unrestricted) may be used to meet the Town's ongoing obligations to vendors and residents.
- The Town's total net position increased by \$4,481,830. Key factors in the increase were growth in tourism generated revenues and charges for services, like business licenses and building permits.
- On June 30, 2021, the Town's governmental funds reported ending fund balances of \$22,860,121, an increase of \$2,334,663 compared to the prior year.
- 20% of this total amount, or \$4,490,529 is not spendable or restricted.
- At the end of the current fiscal year, unassigned fund balance for the General Fund that is available for spending at the Town's discretion, was \$12,587,381, or 204% of the total General Fund expenditures for the fiscal year.
- The Town's total capital assets increased by \$321,194 primarily due to capital assets additions of \$934,273 exceeding the current year depreciation expense of \$612,300 and net disposals of \$780.
- The Town's total debt decreased \$1,994,553 due to the Town paying off \$2,001,000 on a general obligation bond during the year ended June 30, 2021, exceeding an increase in compensated absences in the amount of \$6,447.

Overview of the Financial Statements

This MD&A provides an introduction to the Town's basic financial statements, which include the following parts: 1) *government-wide financial statements*, 2) *fund financial statements*, and 3) *notes to the financial statements*. This annual report also contains certain *required supplementary information* and *other supplementary information* to aid in understanding the operations of the Town.

Government-wide Financial Statements

The government-wide statements present a long-term view of the Town's finances *as a whole*, using accrual-basis accounting — the same accounting basis that most businesses use.

There are two government-wide financial statements:

Statement of Net Position: This statement presents information on *all* of the Town's assets, liabilities, and deferred inflows/outflows of resources, with the difference reported as net position. Over time, increases or decreases in the Town's net position may serve as a useful indicator of whether its financial position is improving or deteriorating.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Statement of Activities: This statement presents information showing how the Town's net position changed during the most recent fiscal year. All changes in net positions 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 the future fiscal periods.

The government-wide financial statements consist of the Town's governmental activities as the Town does not have any business-type activities. The governmental activities include general government, judicial, public safety, environmental services, and tourism and recreation. Accommodations and hospitality taxes, business licenses, and building permits finance most of these activities.

The government-wide financial statements can be found as listed in the table of contents.

Fund Financial Statements

The fund financial statements provide detailed information about the Town's most significant activities. Funds are accounting designations that the Town uses to track specific funding sources and spending for particular purposes. The Town, like other governments, uses fund accounting to ensure and demonstrate compliance with financial related legal requirements. All of the funds of the Town are governmental funds.

Governmental funds: The Town reports all of its basic services in its governmental funds. The governmental funds account for activities that the Town reports as *governmental activities* in its government-wide statements. These funds focus on *short-term* inflows and outflows of expendable resources. The balances remaining at the end of the year help determine whether a fund has more or less financial resources available to spend in the near future. Because the governmental funds statement lacks the additional long-term focus of the government-wide statements, a reconciliation that explains the relationship (or differences) between the two kinds of statements is provided. By comparing the two kinds of statements and examining the reconciliation, a better understanding of the long-term impact of the Town's near-term funding decisions is available.

The Town maintains eight individual governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures and changes in the fund balances for the General Fund, Capital Projects Fund, State Accommodations Tax Fund, County Accommodations Tax Fund, Local Accommodations Tax Fund, Beverage Permits Fund, Hospitality Tax Fund and Victims' Assistance Fund - since they are considered major funds. The governmental funds financial statements can be found as listed in the table of contents.

Notes to the Financial Statements

Immediately following the financial statements are notes that provide additional and pertinent information to the financial statement amounts. The notes to the financial statements can be found as listed in the table of contents.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Required Supplementary Information

This section addresses certain *required* reporting information that supplements the basic financial statements. Included in this section are comparative budget to actual schedules of revenues, expenditures and changes in fund balance for all major governmental funds the Town adopts an annual budget for, a schedule of the Town's proportionate share of the net pension liability of the South Carolina Retirement System, and a schedule of contributions to the South Carolina Retirement System. Required supplemental information can be found as listed in the table of contents.

Supplementary Information

Supplementary information presented but not required by accounting principles generally accepted in the United States of America includes current year comparative schedules of revenues and expenditures and the schedule of court fines, assessments and surcharges. These schedules can be found as listed in the table of contents.

Government-wide Financial Analysis

As noted earlier, net position serves as a useful indicator of a public government's financial position. The following table provides a summary of the Town's net position for 2021 compared to 2020.

MANAGEMENT'S DISCUSSION AND ANALYSIS

	Governmental Activities	
	2021	2020
Assets:		
Current Assets	\$ 24,072,957	\$ 22,493,697
Capital Assets, Net	15,982,703	15,661,509
Total Assets	\$ 40,055,660	\$ 38,155,206
Deferred Outflows of Resources:		
Deferred Pension Charges	\$ 599,351	\$ 523,833
Deferred OPEB Charges	58,997	69,147
Total Deferred Outflows of Resources	\$ 658,348	\$ 592,980
Liabilities:		
Net Pension Liability	\$ 3,591,881	\$ 3,319,944
Total OPEB Liability	316,559	301,979
Long-Term Obligations, due in one year	111,899	2,106,452
Other Liabilities	1,075,901	1,836,754
Total Liabilities	\$ 5,096,240	\$ 7,565,129
Deferred Inflows of Resources:		
Deferred Pension Credits	\$ 222,345	\$ 264,259
Deferred OPEB Credits	32,230	37,435
Total Deferred Inflows of Resources	\$ 254,575	\$ 301,694
Net Position:		
Net Investment in Capital Assets	\$ 15,982,703	\$ 13,660,509
Restricted	4,321,491	3,880,535
Unrestricted	15,058,999	13,340,319
Total Net Position	\$ 35,363,193	\$ 30,881,363

Net Position

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. The Town's combined net position at June 30, 2021 was \$35,363,193, an increase of \$4,481,830, or 15% from the prior fiscal year.

The large portion of the Town's net position of \$15,982,703 (45% of total net position) reflects its investment in capital assets less any related debt used to acquire those assets. The Town uses these capital assets to provide services to residents; consequently, these assets are not available for future spending.

The additional portion of the Town's net position of \$4,321,491 (12% of total net position) represents resources that are subject to external restrictions as to how they may be used. This portion of net position is restricted primarily for special revenue programs which are restricted by the revenue source.

MANAGEMENT'S DISCUSSION AND ANALYSIS

The remaining portion of the Town's net position is unrestricted net position of \$15,058,999 (43% of total net position), which may be used to meet the Town's ongoing obligations to residents and creditors.

The following table shows the changes in the Town's net position for fiscal year 2021 compared to 2020.

	Governmental Activities	
	2021	2020
Revenues		
Program Revenues:		
Charges for Services	\$ 5,630,832	\$ 4,249,898
Operating Grants and Contributions	-	179,872
General Revenues:		
Unrestricted SC Aid to Subdivisions	39,290	38,551
Local Option Sales Tax	760,172	548,356
Franchise Taxes	964,496	867,100
Interest	39,087	361,789
Hospitality Taxes	667,602	468,407
Accommodations Taxes	4,668,972	2,659,808
Gain on Disposal of Capital Assets	-	20,000
Miscellaneous	12,067	109,044
Total Revenues	12,782,518	9,502,825
Expenses		
General Government	5,246,741	5,835,726
Judicial	33,351	26,606
Public Safety	475,604	492,322
Tourism and Recreation	2,533,631	2,171,250
Interest and Other Charges	11,361	29,045
Total Expenses	8,300,688	8,554,949
Change in Net Position	4,481,830	947,876
Net Position - Beginning of Year	30,881,363	29,933,487
Net Position - End of Year	\$ 35,363,193	\$ 30,881,363

Governmental activities

Net position for governmental activities increased by \$4,481,830.

Total governmental activities revenues increased by \$3,279,693, or 35% from the prior year. Key changes in governmental revenues as compared to the prior year were as follows:

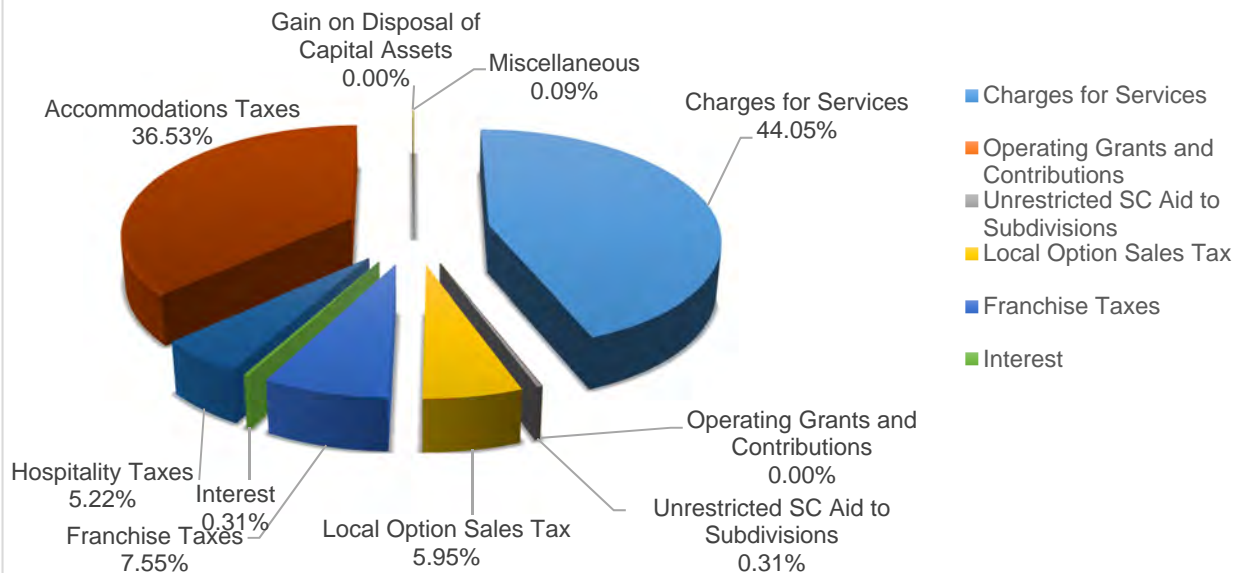
- Charges for services increased \$1,380,934, or 32% primarily due to an increase of \$670,958 and \$691,487 in building permits and business licenses, respectively. Building permits increased due to a significant increase of home renovations on the Island, issuance of several permits for the Cape project and business licenses revenue increased due to the continued growth of business on the Island.

MANAGEMENT'S DISCUSSION AND ANALYSIS

- Accommodations Taxes, Hospitality Tax and Local Option Sales Tax revenues increased \$2,009,164 or 76%, \$199,195 or 43%, and \$211,816 or 39%, respectively, primarily due to a strong rebound in tourism on Kiawah Island after the pandemic's travel and dining restrictions have been lifted.

	Governmental Activities	
	2021	2020
Revenues		
Program Revenues:		
Charges for Services	\$ 5,630,832	\$ 4,249,898
Operating Grants and Contributions	-	179,872
General Revenues:		
Unrestricted SC Aid to Subdivisions	39,290	38,551
Local Option Sales Tax	760,172	548,356
Franchise Taxes	964,496	867,100
Interest	39,087	361,789
Hospitality Taxes	667,602	468,407
Accommodations Taxes	4,668,972	2,659,808
Gain on Disposal of Capital Assets	-	20,000
Miscellaneous	12,067	109,044
Total Revenues	\$ 12,782,518	\$ 9,502,825

Revenues by Source - Governmental Activities 2021



MANAGEMENT’S DISCUSSION AND ANALYSIS

Total governmental activities expenditures show a slight decrease of \$254,261, or 3% when compared to the prior year. Due to continuous unknown financial consequences of the global health crisis, the Town reduced the spending to necessities while sustaining a high level of services to the community and visitors and completing the infrastructure project on the Kiawah Island Parkway.

	Governmental Activities	
	2021	2020
Expenses:		
General Government	\$ 5,246,741	\$ 5,835,726
Judicial	33,351	26,606
Public Safety	475,604	492,322
Tourism and Recreation	2,533,631	2,171,250
Interest and Other Charges	11,361	29,045
Total Expenses	\$ 8,300,688	\$ 8,554,949

Financial Analysis of the Town’s Funds

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

Governmental Funds. The focus of the Town’s governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Town’s financing requirements. In particular, 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 the end of the current fiscal year, the Town’s governmental funds reported an ending fund balance of \$22,860,121, an increase of \$2,334,663, or 11% from the prior year fund balance. Included in this change in fund balance is an increase in General Fund, State Accommodations Tax, County Accommodations Tax and Capital Projects Fund that is partially offset by a decrease in the fund balance in Local Accommodations, Beverage Permits and Hospitality Taxes. The increase in the fund balance for General Fund was due primarily to an increase in charges for services and moderate spending in each department. The increase in the fund balance in State and County Accommodations Tax Funds are related to a significant increase in the collection of that revenue source and very conservative expending of those funds due to unknowns during pandemic difficult times. However, the SC Code of Laws, Title 6, Chapter 4 mandates municipalities to spend the monies allocated to a tourism related fund within two years of the receipt, therefore, the current balance will be carried over and expended in FY2022. The increase in the fund balance in Capital Projects Fund was due to the transfer from Local Accommodations and Hospitality Taxes for future capital projects and emergency reserves.

MANAGEMENT'S DISCUSSION AND ANALYSIS

General Fund Budgetary Highlights. The General Fund is the chief operating fund of the Town. At the end of the current fiscal year, the total fund balance was \$12,756,419. As a measure of the General Fund's liquidity, it may be useful to compare total unassigned fund balance to total General Fund expenditures. The total unassigned fund balance of the General Fund of \$12,587,381 represents 204% of the Total General Fund expenditures for the year ended June 30, 2021. The Town's revenues were \$2,365,279, or 45% higher than the final budget primarily due to very conservative revenues projections because of the uncertainties surrounding the global pandemic. In December 2021, the Town Council amended the budget to adjust the estimates used to prepare the original budget. However, the actual results exceeded the adjusted amounts. The key contributors to that positive variance are Building Permits and Business Licenses revenues, which exceeded budgeted amounts by \$895,474 or 135% and \$1,119,416 or 49%, respectively. Both those revenues were budgeted with cautious assumptions and accounting for possible shutdowns of business activity on the Island.

The General Fund expenditures exceeded the final budget by \$272,586, or 5%. The negative variance is primarily attributable to capital outlay expenditures exceeding the budget by \$260,950, or 42%, due to timing of the final pay application for the Kiawah Island resurfacing project. Other contributors to the negative budget variance were costs associated with waste management and contracts signed after budget adoption for criminal prosecutor and design of the Kiawah Island recycling center, garage renovations and wash station.

Capital Assets and Debt Administration

Capital Assets. The Town's investment in capital assets as of June 30, 2021 amounts to \$15,982,703 (net of accumulated depreciation). This investment in capital assets includes land, furniture and fixtures, signs and fences, equipment, computers and software, vehicles, municipal center (buildings, landscaping and miscellaneous) and infrastructure.

The following table provides a detail of the Town's capital assets:

	Governmental Activities	
	2021	2020
Land	\$ 2,088,092	\$ 2,088,092
Construction in Progress	-	2,111,385
Furniture and Fixtures	388,814	388,814
Signs and Fences	131,291	131,291
Equipment	146,687	104,398
Computers and Software	87,646	83,413
Vehicles	324,342	324,342
Municipal Center - Buildings, Landscaping and Miscellaneous	8,367,216	8,350,472
Infrastructure	9,983,841	7,042,520
Less: Accumulated Depreciation	(5,535,226)	(4,963,218)
Total	\$ 15,982,703	\$ 15,661,509

MANAGEMENT'S DISCUSSION AND ANALYSIS

The total increase in the Town's investment in capital assets for the current fiscal year was \$321,194. The increase is primarily attributable to the completion of the Kiawah Island Parkway resurfacing and landscaping upgrades added to infrastructure in the amount of \$829,936. There were also some additions to Equipment related to the purchase of the new portable radios in the amount of \$76,448, Computers and Software in the amount of \$11,145 and Buildings related to air purification system installation in the amount of \$16,744. The Town also had net dispositions of \$780. Depreciation expense for the Town's governmental activities for the current fiscal year was \$612,299.

Additional information on the Town's capital assets can be found in Note 6 of this report.

Debt Administration

As of June 30, 2021, the Town had no outstanding debt. The outstanding balance on the general obligation bond in the amount of \$2,001,000 was paid off in December 2020.

Additional information on the Town's debt can be found in Note 7 of this report.

Economic Factors and Next Year's Budget

Despite much economic uncertainty continuing, as the global pandemic's impacts remain unknown, the Town of Kiawah Island continues to maintain a stable overall financial condition and provide high-quality core services, thanks to effective Town Council directions and strong financial management and planning by the Town. The current fiscal year illustrated the strengths and uniqueness of Kiawah Island. Due to travel restrictions, the ability to work from home and home-schooling options, we saw tourism, the real estate market and enterprise activities soared.

Economic growth and recovery are expected to continue once the world manages to halt the pandemic. It is expected that the local economy will continue to support our local businesses, restaurants, property development and new rental properties, which will sustain business license, building permit revenues, accommodations taxes and more.

Overall, the consolidated revenues are budgeted at \$9,337,234, or 27% less than FY2021 actual revenues. The revenue projections are based on FY2019 actuals (pre-pandemic levels). The consolidated expenditures are anticipated at \$8,776,462, or 16% lower than FY2021 actuals. FY2022 budget addresses infrastructure improvements, garage renovations and funding capital and emergency reserves while maintaining a healthy fund balance and providing quality services in the cost-effective manner.

Requests for Information

This financial report is designed to provide a general overview of the Town of Kiawah Island's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Town's Treasurer and, Town of Kiawah Island, 4475 Betsy Kerrison Parkway, Kiawah Island, South Carolina, 29455.

TOWN OF KIAWAH ISLAND, SOUTH CAROLINA

**STATEMENT OF NET POSITION
JUNE 30, 2021**

	Governmental Activities
ASSETS	
Cash and cash equivalents	\$ 12,614,867
Cash and cash equivalents, restricted	8,752,284
Accounts receivable, net of allowances	496,816
Due from state	1,152,848
Due from county	887,104
Prepaid expenses	169,038
Capital assets:	
Non-depreciable	2,088,092
Depreciable, net of accumulated depreciation	13,894,611
Total assets	40,055,660
DEFERRED OUTFLOWS OF RESOURCES	
Deferred pension charges	599,351
Deferred OPEB charges	58,997
Total deferred outflows of resources	658,348
LIABILITIES	
Accounts payable	987,456
Accrued liabilities	72,351
Court fines and assessments payable	4,384
Unearned revenues	11,710
Long-term liabilities:	
Due within one year	111,899
Net pension liability, due in more than one year	3,591,881
Total OPEB liability, due in more than one year	316,559
Total liabilities	5,096,240
DEFERRED INFLOWS OF RESOURCES	
Deferred pension credits	222,345
Deferred OPEB credits	32,230
Total deferred inflows of resources	254,575
NET POSITION	
Investment in capital assets	15,982,703
Restricted for:	
Tourism related expenses	4,300,341
Victims' assistance	21,150
Unrestricted	15,058,999
Total net position	\$ 35,363,193

The accompanying notes are an integral part of these financial statements.

TOWN OF KIAWAH ISLAND, SOUTH CAROLINA

STATEMENT OF ACTIVITIES FOR THE FISCAL YEAR ENDED JUNE 30, 2021

<u>Functions/Programs</u>	<u>Expenses</u>	Program Revenues			<u>Net (Expenses) Revenues and Changes in Net Position</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Governmental Activities</u>
Governmental Activities					
General government	\$ 5,246,741	\$ 5,578,353	\$ -	\$ -	\$ 331,612
Judicial	33,351	52,479	-	-	19,128
Public safety	475,604	-	-	-	(475,604)
Tourism and recreation	2,533,631	-	-	-	(2,533,631)
Interest on long-term debt	11,361	-	-	-	(11,361)
Total governmental activities	\$ 8,300,688	\$ 5,630,832	\$ -	\$ -	(2,669,856)

General revenues:

Unrestricted South Carolina aid to subdivisions	39,290
Local option sales tax	760,172
Franchise taxes	964,496
Interest	39,087
Hospitality tax	667,602
Accommodations tax	4,668,972
Miscellaneous revenues	12,067
Total general revenues	7,151,686
Change in net position	4,481,830
Net position, beginning of year	30,881,363
Net position, end of year	\$ 35,363,193

The accompanying notes are an integral part of these financial statements.

TOWN OF KIAWAH ISLAND, SOUTH CAROLINA

**BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2021**

	General Fund	State Accommodations Tax Fund	County Accommodations Tax Fund	Local Accommodations Tax Fund
ASSETS				
Cash and cash equivalents	\$ 9,894,943	\$ -	\$ -	\$ -
Cash and cash equivalents, restricted	-	648,313	1,500,048	4,085,841
Due from state	148,402	974,246	-	-
Due from county	-	-	484,000	403,104
Due from other funds	5,932,785	155,982	-	-
Accounts receivable	374,988	-	-	-
Prepaid expenditures	169,038	-	-	-
Total assets	<u>\$ 16,520,156</u>	<u>\$ 1,778,541</u>	<u>\$ 1,984,048</u>	<u>\$ 4,488,945</u>
LIABILITIES				
Accounts payable	\$ 297,277	\$ 683,228	\$ 1,710	\$ 3,580
Accrued liabilities	72,351	-	-	-
Municipal court fines and assessments payable	4,384	-	-	-
Unearned revenues	11,710	-	-	-
Due to other funds	3,241,080	-	665,874	3,677,939
Total liabilities	<u>3,626,802</u>	<u>683,228</u>	<u>667,584</u>	<u>3,681,519</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue	136,935	-	-	-
Total deferred inflows of resources	<u>136,935</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES				
Nonspendable	169,038	-	-	-
Restricted for:				
Tourism related expenditures	-	1,095,313	1,316,464	807,426
Victims' assistance	-	-	-	-
Committed for:				
Capital improvements	-	-	-	-
Unassigned	12,587,381	-	-	-
Total fund balances	<u>12,756,419</u>	<u>1,095,313</u>	<u>1,316,464</u>	<u>807,426</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 16,520,156</u>	<u>\$ 1,778,541</u>	<u>\$ 1,984,048</u>	<u>\$ 4,488,945</u>

The accompanying notes are an integral part of these financial statements.

Beverage Permits Fund	Hospitality Tax Fund	Victims' Assistance Fund	Capital Projects Fund	Total Governmental Funds
\$ -	\$ -	\$ -	\$ 2,719,924	\$ 12,614,867
-	2,518,082	-	-	8,752,284
30,200	-	-	-	1,152,848
-	-	-	-	887,104
-	-	22,811	3,062,287	9,173,865
-	121,828	-	-	496,816
-	-	-	-	169,038
<u>\$ 30,200</u>	<u>\$ 2,639,910</u>	<u>\$ 22,811</u>	<u>\$ 5,782,211</u>	<u>\$ 33,246,822</u>
\$ -	\$ -	\$ 1,661	\$ -	\$ 987,456
-	-	-	-	72,351
-	-	-	-	4,384
-	-	-	-	11,710
20,526	1,568,446	-	-	9,173,865
<u>20,526</u>	<u>1,568,446</u>	<u>1,661</u>	<u>-</u>	<u>10,249,766</u>
-	-	-	-	136,935
-	-	-	-	136,935
-	-	-	-	169,038
9,674	1,071,464	-	-	4,300,341
-	-	21,150	-	21,150
-	-	-	5,782,211	5,782,211
-	-	-	-	12,587,381
<u>9,674</u>	<u>1,071,464</u>	<u>21,150</u>	<u>5,782,211</u>	<u>22,860,121</u>
<u>\$ 30,200</u>	<u>\$ 2,639,910</u>	<u>\$ 22,811</u>	<u>\$ 5,782,211</u>	<u>\$ 33,246,822</u>

TOWN OF KIAWAH ISLAND, SOUTH CAROLINA

**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
JUNE 30, 2021**

Amounts reported for governmental activities in the Statement of Net Position are different because:

Fund balances, end of year	\$ 22,860,121
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	15,982,703
Revenues 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.	136,935
The Town'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.	(3,214,875)
The OPEB liability and related deferred outflows and inflows or resources do not require the use of current financial resources, therefore, they are not reported in the governmental funds.	(289,792)
Long-term obligations, including debt, lease purchase obligations and compensated absences are not due or payable in the current period and, therefore, are not reported in the governmental funds. Long-term obligations consisted of general obligation bonds outstanding and compensated absences.	<u>(111,899)</u>
Net position of governmental activities	<u>\$ 35,363,193</u>

The accompanying notes are an integral part of these financial statements.

TOWN OF KIAWAH ISLAND, SOUTH CAROLINA

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES GOVERNMENTAL FUNDS FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	General Fund	State Accommodations Tax Fund	County Accommodations Tax Fund	Local Accommodations Tax Fund
Revenues				
Building permits	\$ 1,559,967	\$ -	\$ -	\$ -
Business licenses	3,386,599	-	-	-
Franchise fee revenue	964,496	-	-	-
Beverage permit revenue	-	-	-	-
Local option sales tax	760,172	-	-	-
Fines and forfeitures	41,309	-	-	-
Interest	15,635	1,954	3,909	7,817
Miscellaneous	51,357	-	-	-
Accommodations tax	210,084	2,592,567	484,000	1,384,691
Environmental service fee	596,087	-	-	-
Hospitality tax	-	-	-	-
Total revenues	7,585,706	2,594,521	487,909	1,392,508
Expenditures				
Current:				
General government	4,785,046	-	-	-
Judicial	20,797	-	-	-
Public safety	430,561	-	-	-
Tourism and recreation	54,105	1,478,487	522,232	52,342
Capital outlay	883,094	-	-	-
Debt service:				
Principal retirement	-	-	-	-
Interest	-	-	-	-
Total expenditures	6,173,603	1,478,487	522,232	52,342
Excess (deficiency) of revenues over (under) expenditures	1,412,103	1,116,034	(34,323)	1,340,166
Other financing sources (uses)				
Transfers in	1,730,996	-	48,429	-
Transfers out	(2,124,218)	(234,429)	-	(1,666,547)
Total other financing sources (uses)	(393,222)	(234,429)	48,429	(1,666,547)
Net change in fund balances	1,018,881	881,605	14,106	(326,381)
Fund balances, beginning of year	11,737,538	213,708	1,302,358	1,133,807
Fund balances, end of year	\$ 12,756,419	\$ 1,095,313	\$ 1,316,464	\$ 807,426

The accompanying notes are an integral part of these financial statements.

<u>Beverage Permits Fund</u>	<u>Hospitality Tax Fund</u>	<u>Victims' Assistance Fund</u>	<u>Capital Projects Fund</u>	<u>Total Governmental Funds</u>
\$ -	\$ -	\$ -	\$ -	\$ 1,559,967
-	-	-	-	3,386,599
-	-	-	-	964,496
35,700	-	-	-	35,700
-	-	-	-	760,172
-	-	11,170	-	52,479
-	5,863	-	3,909	39,087
-	-	-	-	51,357
-	-	-	-	4,671,342
-	-	-	-	596,087
-	667,602	-	-	667,602
<u>35,700</u>	<u>673,465</u>	<u>11,170</u>	<u>3,909</u>	<u>12,784,888</u>
-	-	-	-	4,785,046
-	-	11,170	-	31,967
-	-	-	-	430,561
-	192,210	-	-	2,299,376
-	-	-	-	883,094
-	-	-	2,001,000	2,001,000
-	-	-	19,181	19,181
<u>-</u>	<u>192,210</u>	<u>11,170</u>	<u>2,020,181</u>	<u>10,450,225</u>
<u>35,700</u>	<u>481,255</u>	<u>-</u>	<u>(2,016,272)</u>	<u>2,334,663</u>
-	-	-	2,891,098	4,670,523
<u>(50,000)</u>	<u>(595,329)</u>	<u>-</u>	<u>-</u>	<u>(4,670,523)</u>
<u>(50,000)</u>	<u>(595,329)</u>	<u>-</u>	<u>2,891,098</u>	<u>-</u>
(14,300)	(114,074)	-	874,826	2,334,663
23,974	1,185,538	21,150	4,907,385	20,525,458
<u>\$ 9,674</u>	<u>\$ 1,071,464</u>	<u>\$ 21,150</u>	<u>\$ 5,782,211</u>	<u>\$ 22,860,121</u>

TOWN OF KIAWAH ISLAND, SOUTH CAROLINA

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

Amounts reported for governmental activities in the Statement of Activities are different because:

Net change in fund balances - total governmental funds \$ 2,334,663

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay exceeded depreciation expense in the current period.

Total capital outlay	\$	934,273	
Total depreciation expense		(612,299)	
			321,974

The net effect of the sale of capital assets is to decrease net position. (780)

Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds. This amount represents the change in unavailable revenue related to the judgement receivable. (2,370)

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized for governmental activities. The net effect of these differences in the treatment of long-term debt and related items are as follows:

Principal retirement of bonds 2,001,000

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 governmental funds.

Net pension liability	\$	(154,505)	
Total OPEB liability		(19,525)	
Accrued interest		7,820	
Compensated absences		(6,447)	
			(172,657)

Change in net position of governmental activities. \$ 4,481,830

The accompanying notes are an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

TOWN OF KIAWAH ISLAND, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FISCAL YEAR ENDED JUNE 30, 2021

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Town of Kiawah Island, South Carolina (the "Town") have been prepared in conformity with generally accepted accounting principles ("GAAP") as applied to governmental units. The Town's reporting entity applies all relevant Governmental Accounting Standards Board ("GASB") pronouncements. The accounting and reporting framework and the more significant accounting principles and practices are discussed below.

A. Financial Reporting Entity

The incorporation of the Town was certified by the State of South Carolina on September 13, 1988, under Section 5-1-70 of the 1976 Code of Laws of the State of South Carolina. The Town has a mayor-council form of government comprised of a Mayor and four council members (strong Mayor Government). As required by GAAP, the financial statements present the Town as a primary government. The financial statements of the Town include the accounts of all the Town operations defined as the financial reporting entity.

As required by GAAP, the financial statements present the Town's financial information with its component units, if any. The primary criterion for determining inclusion or exclusion of a legally separate entity (component unit) is financial accountability, which is presumed to exist if the Town both appoints a voting majority of the entity's governing body, and either: 1) the Town is able to impose its will on the entity, or 2) there is a potential for the entity to provide specific financial benefits to, or impose specific financial burdens on the Town. If either or both of the foregoing conditions are not met, the entity could still be considered a component unit if it is fiscally dependent on the Town. In order to be considered fiscally independent, an entity must have the authority to do all of the following: a) determine its budget without the Town having the authority to approve or modify that budget; b) levy taxes or set rates or charges without approval by the Town; and c) issue bonded debt without approval by the Town.

Finally, an entity could be a component unit even if it did not meet all the conditions described above if excluding it would cause the Town's financial statements to be misleading or incomplete. 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. Discretely presented component units, on the other hand, are reported in a separate column in the financial statements to emphasize they are legally separate from the Town. Based on the criteria above, the Town has no blended or discretely presented component units.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the non-fiduciary activities of the Town (the “Primary Government”). For the most part, the effect of interfund activity (except for interfund services provided and used between functions) 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 Town has no business-type activities.

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

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Non-exchange transactions, in which the Town gives or receives value without directly receiving or giving equal value in exchange, includes grants and donations. 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 on the following page). 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.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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. All revenues (including franchise fees, intergovernmental revenues, licenses, etc.) are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Town considers all revenues to be available if they are collected within 60 days of the end of the current fiscal period, with the exception of grant related revenues. Grant related revenues are considered to be available if they are collected within one year of the end of the current fiscal period. 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, if applicable. 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.

Fund financial statements report detailed information about the Town. The focus of governmental 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, if applicable.

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

The accounts of the government are organized and operated on the basis of funds. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used 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 funds and fund types are used by the Town:

Governmental fund types are those through which all governmental functions of the Town are financed. The Town's expendable financial resources and related assets and liabilities 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.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

The Town's major governmental fund types are as follows:

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

The **Capital Projects Fund, a major fund** and a budgeted fund, is used to account for and report financial resources that are restricted, committed, or assigned for expenditures of capital outlay related to equipment, site acquisitions, construction, renovation of capital facilities, and other capital assets for the Town, except for those financed by other funds.

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

- i. The **State Accommodations Tax Fund, a major fund** and a budgeted fund, is used to account for and report the financial resources received and disbursed related to a portion of the hotel/motel 2% fee levied by the State of South Carolina and remitted to the Town that are legally restricted for advertising, promotion, and tourism related expenditures.
- ii. The **County Accommodations 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 allocation of Charleston County Accommodations Fees received that are legally restricted for advertising, promotion, and tourism related expenditures.
- iii. The **Local Accommodations 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 1% fee imposed on the rental of any accommodations within the Town that are legally restricted for advertising, promotion, and tourism related expenditures.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Special Revenue Funds (Continued)

- iv. The **Beverage Permits Fund, a major fund** and a budgeted fund, is used to account for and report the financial resources received and disbursed related to the fee imposed by the State of South Carolina on Sunday liquor sales that is restricted for capital and tourism related expenditures.
- v. 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 1% tax imposed by Charleston County on food and beverage sales within the Town that is restricted for tourism related expenditures.
- vi. The **Victims' Assistance Fund, a major fund** and a budgeted fund, is used to account for and report the financial resources received and disbursed related to the fees from court fines that is restricted for victims' assistance.

C. Cash and Cash Equivalents

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

D. Investments

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

- (a) Obligations of the United States and its agencies, the principal and interest of which is fully guaranteed by the United States.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Investments (Continued)

- (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) 1) General obligations of the State of South Carolina or any of its political units; or 2) revenue obligations of the State of South Carolina or its political units, if, at the time of investment, the obligor has a long-term, unenhanced, unsecured debt rating in one of the top two ratings categories, without regard to a refinement or gradation of rating category by numerical modifier or otherwise, issued by at least two nationally recognized credit rating organizations.
- (d) Savings and Loan Associations to the extent that the same are insured by an agency of the federal government.
- (e) Certificates of deposit where the certificates are collaterally secured by securities of the type described in (a) and (b) above held by a third-party as escrow agent or custodian, of a market value not less than the amount of the certificates of deposit so secured, including interest; provided, however, such collateral shall not be required to the extent the same are insured by an agency of the federal government.
- (f) Repurchase agreements when collateralized by securities as set forth in this section.
- (g) No load open-end or closed-end management type investment companies or investment trusts registered under the Investment Company Act of 1940, as amended, where the investment is made by a bank or trust company or savings and loan association or other financial institution when acting as trustee or agent for a bond or other debt issue of that local government unit, political subdivision, or county treasurer if the particular portfolio of the investment company or investment trust in which the investment is made (i) is limited to obligations described in items (a), (b), (c), and (f) of this subsection, and (ii) has among its objectives the attempt to maintain a constant net asset value of one dollar a share and to that end, value its assets by the amortized cost method.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Investments (Continued)

The Town's cash investment objectives are preservation of capital, liquidity, and yield. The Town reports its cash and investments at fair value which is normally determined by quoted market prices. During the past year, the Town's only investment was in the South Carolina Local Government Investment Pool.

E. Receivables and Payables

During the course of its operations, the Town has numerous transactions occurring between funds. These transactions include expenditures and transfers of resources to provide various services. 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 the year-end, balances of interfund amounts or payables have been recorded.

All trade receivables are shown net of an allowance for uncollectibles (if any).

F. Prepaid Items

Prepaid balances are for payments made by the Town in the current year to obtain services in the subsequent fiscal year. The Town uses the consumption method to account for these items. The portion of fund balance shown as non-spendable for prepaid items has been recognized to signify that a portion of fund balances is not available for other subsequent expenditures.

G. Capital Assets

General 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.

All capital assets are valued at historical cost or estimated historical cost, if actual historical cost is not available. Donated capital assets are recorded at estimated acquisition value (as estimated by the Town) at the date of donation. As allowed by GASB No. 34, the Town has elected to prospectively report public domain ("infrastructure") general capital assets. Therefore, infrastructure capital assets acquired prior to July 1, 2003 have not been recorded. 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 Town maintains a minimum capitalization threshold of \$1,000 for all capital assets and a useful life of two years.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

G. Capital Assets (Continued)

All reported capital assets, except land and construction in progress, are depreciated. Improvements are capitalized over the remaining useful lives of the related capital assets. Depreciation is computed using the straight-line method over the following useful lives:

Furniture and fixtures	5 – 7 years
Signs and fences	10 – 15 years
Equipment	3 – 5 years
Computers and software	3 years
Vehicles	3 – 5 years
Municipal center	10 – 40 years
Infrastructure	20 – 50 years

H. Accrued Liabilities and Long-Term Obligations

All payables, accrued liabilities, and long-term obligations are reported in the government-wide 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, long-term debt, and other long-term obligations are reported as liabilities on the Statement of Net Position. When applicable, bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bond issuance costs are recorded as expenses in the period the debt is issued. Bonds payable are reported net of the applicable bond premiums or discounts, if applicable.

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.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

I. Deferred Outflows and Inflows of Resources

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

In addition to liabilities, the Statement of Net Position and the Governmental Funds Balance Sheet reports a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Town currently has three types of deferred inflows of resources: 1) the Town reports unavailable revenue only in the Governmental Funds Balance Sheet; it is deferred and recognized as an inflow of resources (revenues) in the period the amounts become available, 2) the Town also reports deferred pension credits in its Statement of Net Position in connection with its participation in the South Carolina Retirement System and South Carolina Police Officers Retirement System, and 3) the Town reports deferred OPEB credits in its Statement of Net Position in connection with the OPEB Plan. The deferred pension and OPEB credits are amortized in a systematic and rational method and recognized as a reduction of pension/OPEB expense in future periods in accordance with GAAP.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

J. Fund Equity

Fund equity at the governmental fund financial reporting level is classified as “fund balance.” Fund equity for all other reporting is classified as “net position.”

Fund Balance – Generally, fund balance represents the difference between the assets and deferred outflows of resources and liabilities and deferred inflows of resources under the current financial resources measurement focus of accounting. In the fund financial statements, governmental funds report fund balance classifications that comprise a hierarchy based primarily on the extent to which the Town is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. Fund balances are classified as follows:

Non-spendable – Fund balances are reported as non-spendable when amounts cannot be spent because they are either: (a) not in a spendable form, or (b) legally or contractually required to be maintained intact.

Restricted – Fund balances are reported as restricted when there are limitations imposed on their use, either through the enabling legislation adopted by the Town or through external restrictions imposed by creditors, grantors or laws and regulations of other governments.

Committed – Fund balances are reported as committed when they can be used only for specific purposes pursuant to constraints imposed by formal action of the Town Council through the adoption of a resolution. Only the Town Council may modify or rescind the commitment.

Assigned – Fund balances are reported as assigned when amounts are constrained by the Town’s intent to be used for specific purposes, but are neither restricted nor committed. Intent can be expressed by the Council or by an official or body to which the Council delegates the authority. The Town Council has not delegated such authority as of June 30, 2021.

Unassigned – Fund balances are reported as unassigned as the residual amount when the balances do not meet any of the above criterion. The Town reports positive unassigned fund balance only in the General Fund. Negative unassigned fund balances may be reported in all funds.

Flow Assumptions – When both restricted and unrestricted amounts of fund balance are available for use for expenditures incurred, it is the Town’s policy to use restricted amounts first and then unrestricted amounts as they are needed. For unrestricted amounts of fund balance, it is the Town’s policy to use fund balance in the following order: 1) committed, 2) assigned, and 3) unassigned.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

J. Fund Equity (Continued)

Net Position – Net position represents the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources in reporting which utilizes the economic resources measurement focus. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets. Net position is reported as restricted when limitations are imposed on its use, either through the enabling legislation adopted by the Town or through external restrictions imposed by creditors, grantors or laws and regulations of other governments. All other net position is reported as unrestricted.

The Town applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

K. Pensions and Other Post-employment Benefits (“OPEB”)

In government-wide financial statements, pensions and OPEB are required to be recognized and disclosed using the accrual basis of accounting (see Note 10 and the required supplementary information immediately following the notes to the financial statements for more information), regardless of the amounts recognized as pension and OPEB expenditures on the modified accrual basis of accounting. The Town recognizes a net pension liability for each plan for which it participates, which represents the excess of the total pension liability over the fiduciary net position of the qualified plan, or the Town’s proportionate share thereof in the case of a cost-sharing multiple-employer plan, measured as of the Town’s fiscal year-end. Changes in the net pension and OPEB liabilities during the period are recorded as pension and OPEB expenses, or as deferred outflows or inflows of resources, depending on the nature of the change, in the period incurred. Those changes in net pension and total OPEB liabilities that are recorded as deferred outflows or inflows of resources that arise from changes in actuarial assumptions or other inputs and differences between expected or actual experience are amortized over the weighted average remaining service life of all participants in the respective qualified plan and recorded as a component of pension and OPEB expense beginning with the period in which they are incurred. Any projected earnings on qualified pension and OPEB plan investments are recognized as a component of pension and OPEB expense. Differences between projected and actual investment earnings are reported as deferred outflows or inflows of resources and amortized as a component of pension and OPEB expense on a closed basis over a five-year period beginning with the period in which the difference occurred.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

L. Accounting Estimates

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

NOTE 2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgetary Information

Annual budgets are adopted on a basis consistent with GAAP for all funds. The Town's procedures are as follows:

1. Prior to July 1, the Ways and Means Committee submits to the Mayor and Town Council a proposed budget for the year commencing July 1. The operating budget includes proposed expenditures/expenses and the means of financing them.
2. The Council legally enacts the budget through the passage of an ordinance.
3. The Mayor is responsible for the administration of the budget. Town Council shall approve any budgeted operating expenditure/expense for which insufficient funds remain. The budget may be modified during the year only by a majority vote of Town Council.
4. Budget to actual comparison is employed as a management control device during the year for all funds.
5. All annual appropriations lapse at year-end.
6. Budgets, as reported in the financial statements, are as originally passed by ordinance and subsequently amended by Council.

There was one amendment to the budget made on December 1, 2020 for the year ended June 30, 2021.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (CONTINUED)

Excess Expenditures over Appropriations

For the fiscal year ended June 30, 2021, the following funds had expenditures that exceeded appropriations at the fund level:

Fund	Excess
General Fund	\$ 272,586
State Accommodations Tax Fund	608,180
Victims' Assistance Fund	1,170

These overspendings were funded by excess of revenues over appropriations.

NOTE 3. DEPOSITS AND INVESTMENTS

Custodial Credit Risk for Deposits: Custodial credit risk for deposits is the risk that, in the event of a bank failure, the Town's deposits might not be recovered. The Town follows the South Carolina Code of Laws Section 6-5-15 as its policy for custodial credit risk which states that to the extent that these deposits exceed the amount of insurance coverage provided by the Federal Deposit Insurance Corporation, the bank or savings and loan association at the time of deposit must: 1) furnish an indemnity bond in a responsible surety company authorized to do business in this State; or 2) pledge as collateral: a) obligations of the United States; b) obligations fully guaranteed both as to principal and interest by the United States; c) general obligations of this State or any political subdivision of this State; or d) obligations of the Federal National Mortgage Association, the Federal Home Loan Bank, Federal Farm Credit Bank, or the Federal Home Loan Mortgage Corporation; or provide an irrevocable letter of credit issued by the Federal National Mortgage Association, the Federal Home Loan Bank, Federal Farm Credit Bank, or the Federal Home Loan Mortgage Corporation, in which the local entity is named as beneficiary and the letter of credit otherwise meets the criteria established and prescribed by the local entity. As of June 30, 2021, the Town's bank balances were properly collateralized.

As of June 30, 2021, the Town had the following investments and maturities:

Investment	Maturity	Percentage	Fair Value
South Carolina Government Investment Pool	50 days	100%	\$ 17,898,162

NOTES TO THE FINANCIAL STATEMENTS

NOTE 3. DEPOSITS AND INVESTMENTS (CONTINUED)

South Carolina Local Government Investment Pool (“LGIP” or “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. In accordance with GASB Statement No. 31 “Accounting and Financial Reporting for Certain Investments and for External Investment Pools” and GASB Statement No. 72 “Fair Value Measurement and Application”, investments are carried at fair value determined annually based upon: a) quoted market prices for identical or similar investments, or b) observable inputs other than quoted market prices. The total fair value of the Pool is apportioned to the entities with funds invested on an equal basis for each share owned, which are acquired at a cost of \$1.00. Funds may be deposited by Pool participants at any time and may be withdrawn upon 24 hours’ notice. Financial statements for the Pool may be obtained by writing the Office of State Treasurer, Local Government Investment Pool, P.O. Box 11778, Columbia, SC 29211-1960.

Interest Rate Risk: The Town’s investment policy limits the weighted average maturity of investments to less than five years.

Custodial Credit Risk for Investments: Custodial credit risk for investments is the risk that, in the event of a bank failure, the government will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Town’s investments policy states that an independent third-party with whom the bank has a current custodial agreement with will always hold collateral and that a clearly marked evidence of ownership must be supplied to the Town and retained.

Credit Risk for Investments: Custodial credit risk for investments is the risk that, in the event of a bank failure, the government will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Town’s investment policy for credit risk states that the risk shall be mitigated by investing in safe institutions, but does not have strict guidelines regarding credit ratings. The Town follows the investment policy statutes of the State of South Carolina related to credit risk for investments.

Concentration of Credit Risk for Investments: The Town’s investment policy states that no more than 50% of the Town’s investment portfolio will be invested in a single security type. Investments issued by or explicitly guaranteed by the U.S. Government and investments in mutual funds, external investment pools and other pooled investments are exempt from concentration of credit risk disclosures.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 3. DEPOSITS AND INVESTMENTS (CONTINUED)

A reconciliation of cash and investments as shown in the Statement of Net Position follows:

Statement of Net Position:

Cash and cash equivalents	\$ 12,614,867
Cash and cash equivalents, restricted	8,752,284
Total cash and investments	<u>\$ 21,367,151</u>
Cash and investments deposited with financial institutions	\$ 3,468,989
South Carolina Local Government Investment Pool	17,898,162
	<u>\$ 21,367,151</u>

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

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

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

- Quoted prices for similar assets and liabilities in active markets.
- Quoted prices for identical or similar assets or liabilities in inactive markets.
- Inputs other than quoted market prices that are observable for the asset or liability.
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

NOTE 3. DEPOSITS AND INVESTMENTS (CONTINUED)

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

NOTE 4. RECEIVABLES

Receivables at June 30, 2021 are as follows:

	General Fund	State Accommodations Tax Fund	County Accommodations Tax Fund	Local Accommodations Tax Fund	Beverage Permits Fund	Hospitality Tax Fund	Total
Receivables:							
Local option sales tax	\$ 97,126	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 97,126
Accommodations taxes	-	974,246	-	-	-	-	974,246
Due from county	-	-	484,000	403,104	-	-	887,104
Franchise fees	184,247	-	-	-	-	-	184,247
Beverage permits	-	-	-	-	30,200	-	30,200
Hospitality tax	-	-	-	-	-	121,828	121,828
Other receivables	242,017	-	-	-	-	-	242,017
Net total receivables	<u>\$ 523,390</u>	<u>\$ 974,246</u>	<u>\$ 484,000</u>	<u>\$ 403,104</u>	<u>\$ 30,200</u>	<u>\$ 121,828</u>	<u>\$ 2,536,768</u>

No significant amounts were deemed uncollectible for the year ended June 30, 2021. Lien and judgement receivables of \$136,935 were not collected soon enough after year-end to pay for expenditures of the current period; thus, they have been deferred and recorded as unavailable revenues until the revenues are received.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 5. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

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

<u>Fund</u>	<u>Receivables</u>	<u>Payables</u>
Major Governmental Funds:		
General Fund	\$ 5,932,785	\$ 3,241,080
Beverage Permits Fund	-	20,526
Victims' Assistance Fund	22,811	-
Capital Projects Fund	3,062,287	-
State Accommodations Tax Fund	155,982	-
County Accommodations Tax Fund	-	665,874
Local Accommodations Tax Fund	-	3,677,939
Hospitality Tax Fund	-	1,568,446
	<u>\$ 9,173,865</u>	<u>\$ 9,173,865</u>

The General Fund net receivable is a result of deposits made into the General Fund central depository account during the year. The Beverage Permits Fund, County and Local Accommodations Tax Funds and the Hospitality Tax Fund net payables are a result of the General Fund central depository account financing expenditures of these funds. These payables will be reimbursed to the General Fund when deposits are received after year-end. The State Accommodations Tax Fund, Victims' Assistance Fund, and Capital Projects Fund net receivables are a result of deposits made into the General Fund central depository account during the year. These receivables will be reduced as expenditures are paid out of the General Fund central depository account.

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

<u>Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>
Major Governmental Funds:		
General Fund	\$ 1,730,996	\$ 2,124,218
State Accommodations Tax Fund	-	234,429
County Accommodations Tax Fund	48,429	-
Local Accommodations Tax Fund	-	1,666,547
Beverage Permits Fund	-	50,000
Hospitality Tax Fund	-	595,329
Capital Projects Fund	2,891,098	-
	<u>\$ 4,670,523</u>	<u>\$ 4,670,523</u>

NOTES TO THE FINANCIAL STATEMENTS

NOTE 5. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS (CONTINUED)

The General Fund transfers in represent funds transferred from the Local and County Accommodations Tax Funds to partially fund tourism related arts and cultural events, tourism related environmental expenditures, tourism related public safety expenditures, and tourism related operational costs; transfers from the State Accommodations Tax Fund to partially fund tourism related public safety expenditures; and transfers from the Hospitality Tax Fund to partially fund tourism related arts and cultural events. The Capital Projects Fund transfers in represent funds transferred from the General Fund, Local Accommodations Tax Fund, Hospitality Tax Fund, and Beverage Permits Fund to partially fund tourism related construction projects. The County Accommodations Tax Fund transfers in represent funds transferred from the State Accommodations Tax Fund to partially fund tourism related beach patrol expenditures.

The General Fund transfers out represent funds transferred to the Capital Projects Fund to partially fund tourism related construction projects and the payoff of the General Obligation Bonds. The State Accommodations Tax Fund transfers out represent transfers to the General Fund to partially fund tourism related public safety expenditures and the County Accommodations Tax Fund to partially fund tourism related beach patrol expenditures. The Local Accommodations Tax Fund transfers out represent transfers to the Capital Projects Fund to partially fund tourism related construction projects and transfers to the General Fund to partially fund tourism related arts and cultural events, tourism related environmental expenditures, and tourism related operational costs. The Hospitality Tax Fund transfers out represent transfers to the Capital Projects Fund to partially fund tourism related construction projects and transfers to the General Fund to partially fund tourism related arts and cultural events. The Beverage Permits Fund transfers out represent transfers to the Capital Projects Fund to partially fund tourism related construction projects.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 6. CAPITAL ASSETS

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

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Transfers</u>	<u>Ending Balance</u>
Governmental Activities:					
Capital assets, not being depreciated:					
Land	\$ 2,088,092	\$ -	\$ -	\$ -	\$ 2,088,092
Construction in progress	2,111,385	829,936	-	(2,941,321)	-
Total	<u>4,199,477</u>	<u>829,936</u>	<u>-</u>	<u>(2,941,321)</u>	<u>2,088,092</u>
Capital assets, being depreciated:					
Furniture and fixtures	388,814	-	-	-	388,814
Signs and fences	131,291	-	-	-	131,291
Equipment	104,398	76,448	(34,159)	-	146,687
Computers and software	83,413	11,145	(6,912)	-	87,646
Vehicles	324,342	-	-	-	324,342
Municipal Center - buildings, landscaping and miscellaneous	8,350,472	16,744	-	-	8,367,216
Infrastructure	7,042,520	-	-	2,941,321	9,983,841
Total	<u>16,425,250</u>	<u>104,337</u>	<u>(41,071)</u>	<u>2,941,321</u>	<u>19,429,837</u>
Less accumulated depreciation for:					
Furniture and fixtures	(166,634)	(56,687)	-	-	(223,321)
Signs and fences	(37,775)	(13,129)	-	-	(50,904)
Equipment	(88,109)	(11,806)	34,159	-	(65,756)
Computers and software	(70,591)	(9,761)	6,132	-	(74,220)
Vehicles	(314,056)	(10,286)	-	-	(324,342)
Municipal Center - buildings, landscaping and miscellaneous	(626,286)	(209,320)	-	-	(835,606)
Infrastructure	(3,659,767)	(301,310)	-	-	(3,961,077)
Total	<u>(4,963,218)</u>	<u>(612,299)</u>	<u>40,291</u>	<u>-</u>	<u>(5,535,226)</u>
Total capital assets, being depreciated, net	<u>11,462,032</u>	<u>(507,962)</u>	<u>(780)</u>	<u>2,941,321</u>	<u>13,894,611</u>
Governmental activities capital assets, net	<u>\$ 15,661,509</u>	<u>\$ 321,974</u>	<u>\$ (780)</u>	<u>\$ -</u>	<u>\$ 15,982,703</u>

NOTES TO THE FINANCIAL STATEMENTS

NOTE 6. CAPITAL ASSETS (CONTINUED)

Depreciation expense for the Town's governmental activities was charged to functions/programs as follows:

Governmental activities:	
General government	\$ 378,044
Tourism and recreation	234,255
Total depreciation expense - governmental activities	<u><u>\$ 612,299</u></u>

NOTE 7. LONG-TERM LIABILITIES

In October 2016, the Town issued a long-term Series 2016 General Obligation Bond ("GO Bond") with a par amount of \$3,000,000 at a coupon rate of 1.34%. Interest payments are due semi-annually beginning in April 2017 through October 2025. Principal payments are due annually beginning October 2017 through October 2025. This GO Bond was issued for the purpose of partially funding the construction of the new Municipal Center. The balance was paid off during the current year.

The following is a summary of changes in the Town's governmental activities long-term obligations for the year ended June 30, 2021:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
GO Bonds, Series 2016	\$ 2,001,000	\$ -	\$ (2,001,000)	\$ -	\$ -
Compensated absences	105,452	114,236	(107,789)	111,899	111,899
Total long-term liabilities	<u><u>\$ 2,106,452</u></u>	<u><u>\$ 114,236</u></u>	<u><u>\$ (2,108,789)</u></u>	<u><u>\$ 111,899</u></u>	<u><u>\$ 111,899</u></u>

General Fund resources have typically been used to service all long-term obligations. The entire compensated absence balance is considered current based on past experience, as very few employees carry forward any balances.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 8. COMMITMENTS AND CONTINGENCIES

Agreements

In July 2018, the Town entered into a contract with Carolina Waste for collections and disposal of residential solid waste, recycling and collection and disposal of yard debris for a period of five years with the Town retaining the unilateral right of automatic renewal for two additional one-year terms. The contract stipulates the amounts to be paid based on service types and frequencies, which vary from year to year. Total expense for the year ended June 30, 2021, was approximately \$1,036,000.

The Town extended an agreement for Beach Patrol services on February 7, 2021. The original three-year contract was signed February 7, 2017, with an option for two one-year renewals. This contractor provides staff to patrol the beach and maintain a safe environment. This agreement may be terminated by either party upon giving written notice of at least thirty (30) days prior to the effective date of such termination. The annual cost of the contract was \$325,699. The Beach Patrol services were funded by the county and state accommodations taxes.

In December 2019, the Town signed a one-year agreement with the option to renew for two one-year extensions to provide after-hours code enforcement services. This agreement extends the Town's code enforcement efforts with the primary focus on short-term rentals compliance with the Town's ordinances. The total cost for the year ended June 30, 2021 of \$299,018 exceeded contracted amount by \$10,437 mostly due to a need for additional enforcement of Town's Emergency Ordinance. The after-hours code enforcement services were funded from application fees for short-term rentals business licenses.

The Town entered into a landscape maintenance contract in May 2019 with the Greenery LLC for the landscaping and maintenance of the Kiawah Island Parkway and the Municipal Center. This agreement is effective for three years with an additional one-year extension not to exceed five years, however in May 2021, the Town amended the contract to limit the scope of services to the Municipal Center only. Total expenses for the year ended June 30, 2021 were \$162,540 and funded from hospitality taxes, accommodations taxes and General Fund.

In May 2020, the Town entered into a contract with the Charleston County Sheriff's Office ("CCSO") for an elevated level of professional police protection. It is an annual agreement that renews automatically unless terminated with 90 days prior written notice. The agreement is for two staffed patrol units, with each unit working one of the two 12-hour shifts concurrent with CCSO day shift 7 am to 7 pm, seven days per week. Total expenses for the year ended June 30, 2021, in the amount of \$384,217, were funded from the state and local accommodations taxes, and the General Fund.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 8. COMMITMENTS AND CONTINGENCIES (CONTINUED)

Agreements (Continued)

The Town also reentered into an annual contract with the CCSO for additional police protection, traffic control, and emergency response. The current contract is effective from January 1, 2021, through December 31, 2021, and provides for two deputies on second and third shift for seven days per week, with two additional deputies on the first shift on weekends commencing Friday before Memorial Day through Labor Day. The deputies are paid an hourly rate through the Town's payroll process. The total expenses for the year ended June 30, 2021, in the amount of approximately \$430,000, were funded from state and local accommodations taxes, and the General Fund.

In August 2020, the Town entered into a contract with Artigues Landscape & Maintenance, LLC to repair/improve the landscape along Kiawah Island Parkway, starting at the main traffic roundabout at Freshfields to the main gate. The total cost of this project was \$530,309 and was funded from local accommodations taxes, hospitality taxes and General Fund. Additionally, in June 2021, the Town has entered into an agreement with the company for the maintenance of the newly installed landscaping on the Parkway. The agreement is for \$10,200 monthly and currently effective until December 2021, however Artigues Landscape and Maintenance will warranty landscape material on the Kiawah Island Parkway in perpetuity for as long as this maintenance agreement is in effect.

Litigation

The Town is party to various legal proceedings that normally occur in governmental operations. In the opinion of Town management, based on the advice of legal counsel with respect to litigation, the ultimate disposition of these lawsuits and claims will not have a material adverse effect on the Town's financial position.

In June 2018, the former Town Treasurer and Town Administrator pled guilty to various fraud-related charges. In August 2018, the Town was awarded restitution of approximately \$105,000 from the former Town Administrator and approximately \$92,000 from the former Town Treasurer. The restitution from the former Town Administrator was received in October 2018 and recorded as miscellaneous revenue. The restitution from the former Town Treasurer is recorded in accounts receivable and unavailable revenue. A payment plan has been set up for the outstanding obligation; the payments in the amount of \$400 per month have been received.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 9. RISK MANAGEMENT

The Town is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets, errors and omissions, and natural disasters. For all of these risks, the Town is a member of the South Carolina State Fiscal Accountability Authority Insurance Reserve Fund, a public entity risk pool operating as a common risk management and insurance program for South Carolina governments for general risk. The Town pays an annual premium for this coverage. For the year ended June 30, 2021, the Town made premium payments totaling approximately \$66,000. The State Insurance Reserve Fund is self-sustaining through member premiums and reinsures through commercial companies for certain claims. The Insurance Reserve Fund's net position from its most recently issued audited financial statements as of June 30, 2020 was \$171,803,535.

The Town also participates in the South Carolina State Accident Fund, a public entity risk pool operating as a common risk management and insurance program for workers' compensation. The Town pays an annual premium for this coverage. For the year ended June 30, 2021, the Town made payments totaling approximately \$22,000. The State Accident Fund's net position from its most recently issued audited financial statements as of June 30, 2020 was \$143,514,351.

The Town has also joined together with other local governments in the South Carolina Employee Insurance Program ("EIP") to provide medical, dental, and life insurance for its employees. This is also a public entity risk pool operating as a common risk management and insurance program. Effective July 1, 2012, the South Carolina General Assembly transferred administration of the EIP to the South Carolina Public Employee Benefit Authority ("PEBA"). For the year ended June 30, 2021, the Town made premium payments totaling approximately \$207,000. The EIP's net position from its most recently issued audited financial statements as of June 30, 2020 was approximately \$498,700,000.

For the above risk management programs, the Town has not significantly reduced insurance coverage from the previous year and settled claims in excess of insurance coverage for the last three years were immaterial. For each of the insurance programs and public entity risk pools in which the Town participates, the Town has effectively transferred all risk with no liability for unfunded claims.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 10. EMPLOYEE BENEFITS

Retirement Plans

The South Carolina Public Employee Benefit Authority (“PEBA”), created July 1, 2012, is the state agency responsible for the administration and management of the various retirement systems and retirement programs of the state of South Carolina, including the State Optional Retirement Program and the South Carolina Deferred Compensation Program, as well as the state’s employee insurance programs. As such, PEBA is responsible for administering the South Carolina Retirement Systems’ (“SCRS”) 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 consists of five elected officials, also reviews certain PEBA Board decisions regarding the actuary of the Systems.

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

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

NOTES TO THE FINANCIAL STATEMENTS

NOTE 10. EMPLOYEE BENEFITS (CONTINUED)

Retirement Plans (Continued)

Plan Description

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

The South Carolina Police Officers Retirement System (“PORS”), a cost-sharing multiple-employer defined benefit pension plan, was established effective July 1, 1962, pursuant to the provisions of Section 9-11-20 of the South Carolina Code of Laws for the purpose of providing retirement allowances and other benefits for police officers and firemen of the state and its political subdivisions.

Plan Membership

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

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

NOTES TO THE FINANCIAL STATEMENTS

NOTE 10. EMPLOYEE BENEFITS (CONTINUED)

Retirement Plans (Continued)

Plan Benefits

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

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

The annual retirement allowance of eligible retirees or their surviving annuitants is increased by the lesser of 1%, or \$500 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 1%, or \$500 every July 1. Only those annuitants in receipt of a benefit on July 1 of the preceding year are eligible to receive the increase.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 10. EMPLOYEE BENEFITS (CONTINUED)

Retirement Plans (Continued)

Plan Contributions

Actuarial valuations are performed annually by an external consulting actuary to ensure applicable contribution rates satisfy the funding parameters specified in Title 9 of the South Carolina Code of Laws. Under these provisions, SCRS and PORS contribution requirements must be sufficient to maintain an amortization period for the financing of the unfunded actuarial accrued liability (“UAAL”) over a period that does not exceed the number of years scheduled in state statute. Legislation in 2017 increased, but also established a ceiling for SCRS and PORS employee contribution rates. Effective July 1, 2017, employee rates were increased to a capped rate of 9.00% for SCRS and 9.75% for PORS. The legislation also increased employer contribution rates beginning July 1, 2017 for both SCRS and PORS by two percentage points and further scheduled employer contribution rates to increase by a minimum of one percentage point each year through July 1, 2022. If the scheduled contributions are not sufficient to meet the funding periods set in state statute, the Board shall increase the employer contribution rates as necessary to meet the funding periods set for the applicable year. The maximum funding period of SCRS and PORS is scheduled to be reduced over a ten-year schedule, from 30 years beginning fiscal year 2018 to 20 years by fiscal year 2028.

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

NOTES TO THE FINANCIAL STATEMENTS

NOTE 10. EMPLOYEE BENEFITS (CONTINUED)

Retirement Plans (Continued)

Plan Contributions (Continued)

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

	SCRS Rates			PORS Rates		
	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Employer Contribution Rate: [^]						
Retirement	14.41%	15.41%	15.41%	16.84%	17.84%	17.84%
Incidental Death Benefit	0.15%	0.15%	0.15%	0.20%	0.20%	0.20%
Accidental Death Contributions	0.00%	0.00%	0.00%	0.20%	0.20%	0.20%
	<u>14.56%</u>	<u>15.56%</u>	<u>15.56%</u>	<u>17.24%</u>	<u>18.24%</u>	<u>18.24%</u>
Employee Contribution Rate	<u>9.00%</u>	<u>9.00%</u>	<u>9.00%</u>	<u>9.75%</u>	<u>9.75%</u>	<u>9.75%</u>

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

The required contributions and percentages of amounts contributed by the Town to the plans for the past three years were as follows:

<u>Year Ended June 30,</u>	<u>SCRS Contributions</u>		<u>PORS Contributions</u>	
	<u>Required</u>	<u>% Contributed</u>	<u>Required</u>	<u>% Contributed</u>
2021	\$ 234,754	100%	\$ 11,160	100%
2020	236,628	100%	9,045	100%
2019	203,070	100%	8,904	100%

Eligible payrolls of the Town covered under the plans for the past three years were as follows:

<u>Year Ended June 30,</u>	<u>SCRS Payroll</u>	<u>PORS Payroll</u>	<u>Total Payroll</u>
2021	\$ 1,508,703	\$ 61,183	\$ 1,569,886
2020	1,520,748	49,589	1,570,337
2019	1,483,554	56,651	1,540,205

NOTES TO THE FINANCIAL STATEMENTS

NOTE 10. EMPLOYEE BENEFITS (CONTINUED)

Retirement Plans (Continued)

Actuarial Assumptions and Methods

Actuarial valuations of the ongoing plan involve estimates of the reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and future salary increases. Amounts determined regarding the net pension liability are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. South Carolina state statute requires that an actuarial experience study be completed at least once in each five-year period. An experience report on the Systems was most recently issued for the period ended June 30, 2019 for first use in the July 1, 2021 actuarial valuation.

The June 30, 2019 total pension liability, net pension liability, and sensitivity information shown in this report were determined by the consulting actuary, Gabriel, Roeder, Smith and Company (“GRS”), and are based on an actuarial valuation performed as of July 1, 2019. The total pension liability was rolled-forward from the valuation date to the plans' fiscal year-end, June 30, 2020, using generally accepted actuarial principles.

The following table provides a summary of the actuarial assumptions and methods used to calculate the total pension liability as of June 30, 2020.

	<u>SCRS</u>	<u>PORS</u>
Actuarial cost method	Entry Age Normal	Entry Age Normal
Actuarial assumptions:		
Investment rate of return	7.25%	7.25%
Projected salary:	3.0% to 12.5%	3.5% to 9.5%
increases	(varies by service)	(varies by service)
Benefit adjustments	Lesser of 1% or \$500 annually	Lesser of 1% or \$500 annually

NOTES TO THE FINANCIAL STATEMENTS

NOTE 10. EMPLOYEE BENEFITS (CONTINUED)

Retirement Plans (Continued)

Actuarial Assumptions and Methods (Continued)

The post-retiree mortality assumption is dependent upon the member's job category and gender. The base mortality assumptions, the 2016 Public Retirees of South Carolina Mortality table ("2016 PRSC"), was developed using the Systems' mortality experience. These base rates are adjusted for future improvement in mortality using published Scale AA projected from the year 2016.

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

Long-Term Expected Rate of Return

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

NOTES TO THE FINANCIAL STATEMENTS

NOTE 10. EMPLOYEE BENEFITS (CONTINUED)

Retirement Plans (Continued)

Long-Term Expected Rate of Return (Continued)

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

<u>Allocation / Exposure</u>	<u>Policy Target</u>	<u>Expected Arithmetic Real Rate of Return</u>	<u>Long-Term Expected Portfolio Real Rate of Return</u>
Global Equity	51.0%		
Global Public Equity	35.0%	7.81%	2.73%
Private Equity	9.0%	8.91%	0.80%
Equity Options Strategies	7.0%	5.09%	0.36%
Real Assets	12.0%		
Real Estate (Private)	8.0%	5.55%	0.44%
Real Estate (REITs)	1.0%	7.78%	0.08%
Infrastructure (Private)	2.0%	4.88%	0.17%
Infrastructure (Public)	1.0%	7.05%	
Opportunistic	8.0%		
Global Tactical Asset Allocation	7.0%	3.56%	0.25%
Other Opportunistic Strategies	1.0%	4.41%	0.04%
Diversified Credit	15.0%		
High Yield Bonds/Bank Loans	4.0%	4.21%	0.17%
Emerging Markets Debt	4.0%	3.44%	0.14%
Private Debt	7.0%	5.79%	0.40%
Rate Sensitive	14.0%		
Core Fixed Income	13.0%	1.60%	0.21%
Cash and Short Duration (Net)	1.0%	0.56%	0.01%
	100%		
		Total expected real return	5.80%
		Inflation for actuarial purposes	2.25%
		Total expected nominal return	8.05%

NOTES TO THE FINANCIAL STATEMENTS

NOTE 10. EMPLOYEE BENEFITS (CONTINUED)

Retirement Plans (Continued)

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

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 the June 30, 2020 measurement date, for the SCRS and PORS, are presented in the following table:

<u>System</u>	<u>Total Pension Liability</u>	<u>Plan Fiduciary Net Position</u>	<u>Employer's Net Pension Liability</u>	<u>Plan Fiduciary Net Position as a Percentage of the Pension</u>	<u>Town's Proportionate Share of the Collective Net Pension Liability</u>
SCRS	\$ 7,066,882	\$ 3,583,861	\$ 3,483,021	50.7%	0.013631%
PORS	\$ 264,164	\$ 155,304	\$ 108,860	58.8%	0.00328%

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

At June 30, 2021, the Town reported liabilities of \$3,483,021 and \$108,860 for its proportionate share of the net pension liabilities for the SCRS and PORS, respectively. The net pension liabilities were measured as of June 30, 2020, and the total pension liabilities for the plans used to calculate the net pension liabilities were determined based on the most recent actuarial valuation report of July 1, 2019 that was projected forward to the measurement date. The Town's proportion of the net pension liabilities were based on a projection of the Town's long-term share of contributions to the plans relative to the projected contributions of all participating South Carolina state and local governmental employers, actuarially determined. At the June 30, 2020 measurement date, the Town's SCRS proportion was 0.013631%, which was a decrease of 0.000418% from its proportion measured as of June 30, 2019. At the June 30, 2020 measurement date, the Town's PORS proportion was 0.003283%, which was a decrease of 0.000627% from its proportion measured as of June 30, 2019.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 10. EMPLOYEE BENEFITS (CONTINUED)

Retirement Plans (Continued)

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

For the year ended June 30, 2021, the Town recognized pension expense of \$389,842 and \$3,221 for the SCRS and PORS, respectively. At June 30, 2021, the Town reported deferred outflows of resources (deferred pension charges) and deferred inflows of resources (deferred pension credits) related to pensions from the following sources:

SCRS	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 40,189	\$ 13,171
Changes of assumptions	4,267	-
Net difference between projected and actual earnings on pension plan investments	256,205	-
Changes in proportionate share and differences between employer contributions and proportionate share of total plan employer contributions	35,782	170,250
Employer contributions subsequent to the measurement date	234,754	-
Total	\$ 571,197	\$ 183,421

NOTES TO THE FINANCIAL STATEMENTS

NOTE 10. EMPLOYEE BENEFITS (CONTINUED)

Retirement Plans (Continued)

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

PORS	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 2,313	\$ 479
Changes of assumptions	1,328	-
Net difference between projected and actual earnings on pension plan investments	11,147	-
Changes in proportionate share and differences between employer contributions and proportionate share of total plan employer contributions	2,206	38,445
Employer contributions subsequent to the measurement date	11,160	-
Total	\$ 28,154	\$ 38,924

The amounts of \$234,754 and \$11,160 that were reported as deferred outflows of resources related to the Town's contributions subsequent to the measurement date to the SCRS and PORS, respectively, will be recognized as a reduction of the net pension liabilities in the year ending June 30, 2022. Other amounts reported as deferred outflows of resources (deferred pension charges) and deferred inflows of resources (deferred pension credits) related to the SCRS and PORS will increase (decrease) pension expense as follows:

Year ending June 30,	SCRS	PORS
2022	\$ (42,214)	\$ (11,580)
2023	63,408	(9,937)
2024	66,450	(2,587)
2025	65,378	2,174

NOTES TO THE FINANCIAL STATEMENTS

NOTE 10. EMPLOYEE BENEFITS (CONTINUED)

Retirement Plans (Continued)

Aggregate Amounts

Aggregate amounts for all pension plans are as follows:

	<u>SCRS</u>	<u>PORS</u>	<u>Total</u>
Net pension liability	\$ 3,483,021	\$ 108,860	\$ 3,591,881
Deferred outflows	571,197	28,154	599,351
Deferred inflows	183,421	38,924	222,345
Pension expense	389,842	(3,221)	386,621

Discount Rate

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

Sensitivity Analysis

The following table presents the sensitivity of the Town's proportionate share of the net pension liability of the plans to changes in the discount rate, calculated using the discount rate of 7.25%, as well as what it would be if it were calculated using a discount rate that is 1-percentage-point lower (6.25%) or 1-percentage-point higher (8.25%) than the current rate:

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

	<u>1% Decrease</u>	<u>Current</u>	<u>1% Increase</u>
	<u>(6.25%)</u>	<u>Discount Rate</u>	<u>(8.25%)</u>
		<u>(7.25%)</u>	
Town's portion - SCRS	\$ 4,316,777	\$ 3,483,021	\$ 2,786,824
Town's portion - PORS	\$ 144,112	\$ 108,860	\$ 80,555

NOTES TO THE FINANCIAL STATEMENTS

NOTE 10. EMPLOYEE BENEFITS (CONTINUED)

Retirement Plans (Continued)

Plan Fiduciary Net Position

Detailed information regarding the fiduciary net position of the plan administered by the PEBA is available in the separately issued ACFR containing financial statements and required supplementary information for the SCRS and PORS. The ACFR is publicly available through the Retirement Benefits' link on the PEBA's website at www.peba.sc.gov, or a copy may be obtained by submitting a request to PEBA, 202 Arbor Lake Drive, Columbia, SC 29223.

Payable to Plans

The Town reported payables of approximately \$34,000 and \$4,000 to the PEBA as of June 30, 2021, representing required employer and employee contributions for the month of June 2021 for the SCRS and PORS, respectively. These amounts are included in accounts payable and accrued liabilities on the financial statements and were paid in July 2021.

Deferred Compensation Plans

Employees of the Town have the opportunity to participate in a deferred compensation plan under programs administered by the South Carolina Deferred Compensation Commission. The multiple-employer plan was created in accordance with Internal Revenue Code Section 401(k). The plan, available to all full-time Town employees, at their option, permits participants to defer a portion of their salary until future years. Only upon termination, retirement, disability, death, or an approved hardship is the deferred compensation available to an employee. Total employer matching payments for year ended June 30, 2021, were approximately \$29,000.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 10. EMPLOYEE BENEFITS (CONTINUED)

Other Post-employment Benefit Plan

Plan Description

The Town provides health, dental, and vision benefits to eligible employees and their beneficiaries through a single-employer plan administered by the Town. The Town extends these benefits to retirees and beneficiaries that meet eligibility provisions of the Town's Post-Employment Health Insurance Policy, as described below. The Town has not made any contributions to an irrevocable trust as of June 30, 2021, and no assets are accumulated in a trust as defined by GAAP.

Plan Membership

As of June 30, 2021, the last actuarial valuation, the following employees were covered by the OPEB Plan's benefit term:

Inactive Members or Beneficiaries Currently Receiving Benefits	1
Active Members	<u>19</u>
Total Membership	<u><u>20</u></u>

Plan Benefits and Contributions

Benefit terms are established and amended by the Mayor and Town Council and are based on years of service. Retirees of the Town who have been enrolled as an active participant in the South Carolina Public Employee Benefit Authority ("PEBA") Health Plan may elect to continue their coverage upon retirement. To receive employer funded State Health benefits, a retiree must be eligible for retirement under the SCRS based on the following requirements:

- Hired prior to July 1, 2012 – Retirees must be eligible to retire by meeting one of the following criteria: 1) attainment of age 60 and at least five years of service, or 2) attainment of age 55 and at least 25 years of service, or attainment of at least 28 years of service.
- Hired on or after July 1, 2012 – Retirees must have attained age 60 and have at least eight years of service or satisfy the Rule of 90 requirement (age plus years of service credit equals 90).

NOTES TO THE FINANCIAL STATEMENTS

NOTE 10. EMPLOYEE BENEFITS (CONTINUED)

Other Post-employment Benefit Plan (Continued)

Plan Benefits and Contributions (Continued)

The Town pays a portion of the total pre-65 medical or dental premiums under the PEBA plan on behalf of eligible members and dependents based on the number of years of service as follows:

<u>Years of Service</u>	<u>Percentage of Premium Paid by the Town</u>	
	<u>Employer Share</u>	<u>Employee Share</u>
Less than 5	0%	100%
5 – 10	15%	85%
11 – 20	30%	70%
20 or more	50%	50%

The Town's code of ordinances grants the authority to establish and amend the contribution requirements of the OPEB Plan to the Mayor and Town Council. Retirees pay a percentage of premium based on the years of service upon retirement as described above. During the year ended June 30, 2021, the Town paid benefits of approximately \$8,700. The Town is not required to make contributions to pre-fund future benefits, and no such contributions have been made. Employees are not required to contribute to the OPEB Plan.

Actuarial Assumptions and Method

Actuarial valuations of the OPEB Plan involve estimates of the reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, inflation, healthcare cost trend rates, and future salary changes. Amounts determined regarding the total OPEB liability are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

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

NOTES TO THE FINANCIAL STATEMENTS

NOTE 10. EMPLOYEE BENEFITS (CONTINUED)

Other Post-employment Benefit Plan (Continued)

Actuarial Assumptions and Method (Continued)

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

Actuarial Valuation Date	June 30, 2020
Actuarial Cost Method	Entry Age Normal
Asset Valuation Method	Market Value
Actuarial Assumptions:	
Inflation	2.25%
Discount Rate	2.16%
Healthcare Cost Trend Rate	6.20% graded to 4.15% for 2034 and beyond
Payroll Growth	2.50% per year
Coverage Elections	100% of eligible retirees will elect coverage and 100% of those will elect to cover the spouse
Active Participation/Marriage	80% of all active employees are assumed to be married with female spouses assumed to be three years younger
Mortality Table	2019 Public Retirees of South Carolina Mortality Table

The discount rate was based on the Bond Buyer's 20 bond index.

The actuarial assumptions used in the June 30, 2020 valuation were based on the results of an actuarial experience study for the period July 1, 2019 through June 30, 2020.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 10. EMPLOYEE BENEFITS (CONTINUED)

Other Post-employment Benefit Plan (Continued)

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

The Town's total OPEB liability was measured as of June 30, 2021, and the total OPEB liability used to calculate the total OPEB liability was determined by an actuarial valuation as of June 30, 2020.

	Total OPEB Liability (a)
	<u> </u>
Balances as of June 30, 2020	\$ 301,979
Changes for the year:	
Service Cost	20,569
Interest	6,523
Change of Assumptions	1,149
Benefit Payments	(8,694)
Implicit Rate Subsidy Fulfillment	<u>(4,967)</u>
Net Changes	<u>14,580</u>
Balances as of June 30, 2021	<u><u>\$ 316,559</u></u>

The changes of assumptions above is a result of the Town decreasing the discount rate from 2.21% to 2.16% for the year ended June 30, 2021.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 10. EMPLOYEE BENEFITS (CONTINUED)

Other Post-employment Benefit Plan (Continued)

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

For the year ended June 30, 2021, the Town recognized OPEB expense of approximately \$33,000. At June 30, 2021, the Town reported deferred outflows of resources (deferred OPEB charges) and deferred inflows of resources (deferred OPEB credits) related to OPEB from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 34,914	\$ 27,619
Change of assumptions	24,083	4,611
Total	\$ 58,997	\$ 32,230

Amounts reported as deferred outflows of resources (deferred OPEB charges) and deferred inflows of resources (deferred OPEB credits) related to the OPEB Plan will increase (decrease) OPEB expense as follows:

Year Ending June 30,	Total
2022	\$ 6,094
2023	6,094
2024	6,094
2025	6,094
2026	3,817
Thereafter	(1,426)
Total	\$ 26,767

NOTES TO THE FINANCIAL STATEMENTS

NOTE 10. EMPLOYEE BENEFITS (CONTINUED)

Other Post-employment Benefit Plan (Continued)

Discount Rate

The discount rate used to measure the total OPEB liability was 2.16%. The Town has not made any contributions to an irrevocable trust and plans to continue on the pay-as-you-go basis. Therefore, the 20-year municipal bond index rate was applied to all periods of projected benefit payments to determine the OPEB liability.

As noted previously, the Town decreased the discount rate from 2.21% to 2.16% for the year ended June 30, 2020.

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

The following table presents the sensitivity of the Town's total OPEB liability to changes in the discount rate, calculated using the discount rate of 2.16%, as well as what it would be if it were calculated using a discount rate that is 1-percentage-point lower (1.16%) or 1-percentage-point higher (3.16%) than the current rate:

	1% Decrease (1.16%)	Current Discount Rate (2.16%)	1% Increase (3.16%)
Total OPEB Liability	\$ 340,053	\$ 316,559	\$ 294,199

The following table presents the sensitivity of the Town's total OPEB liability to changes in the healthcare cost trend rate, calculated using the healthcare cost trend rate of 6.20%, as well as what it would be if it were calculated using a healthcare cost trend rate that is 1-percentage-point lower (5.20%) or 1-percentage-point higher (7.20%) than the current rate:

	1% Decrease (5.20%)	Current Discount Rate (6.20%)	1% Increase (7.20%)
Total OPEB Liability	\$ 280,823	\$ 316,559	\$ 359,189

REQUIRED SUPPLEMENTARY INFORMATION

TOWN OF KIAWAH ISLAND, SOUTH CAROLINA

REQUIRED SUPPLEMENTARY INFORMATION

GENERAL FUND

SCHEDULE OF REVENUES, EXPENDITURES AND

CHANGES IN FUND BALANCES - BUDGET AND ACTUAL - GAAP BASIS

FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	Budget		Actual	Variance With Final Budget
	Original	Final		
Revenues				
Building permits	\$ 664,493	\$ 664,493	\$ 1,559,967	\$ 895,474
Business licenses	2,267,183	2,267,183	3,386,599	1,119,416
Franchise fee revenue	856,184	856,184	964,496	108,312
Local option sales tax	472,073	602,567	760,172	157,605
Fines and forfeitures	25,000	25,000	41,309	16,309
Interest	150,000	50,000	15,635	(34,365)
Miscellaneous	70,000	70,000	51,357	(18,643)
Environmental service fee	600,000	600,000	596,087	(3,913)
Accommodations tax	85,000	85,000	210,084	125,084
Total revenues	<u>5,189,933</u>	<u>5,220,427</u>	<u>7,585,706</u>	<u>2,365,279</u>
Expenditures				
Current:				
General government	4,504,754	4,644,739	4,785,046	(140,307)
Judicial	21,564	21,564	20,797	767
Public safety	454,170	454,170	430,561	23,609
Tourism and recreation	158,400	158,400	54,105	104,295
Capital outlay	555,600	622,144	883,094	(260,950)
Total expenditures	<u>5,694,488</u>	<u>5,901,017</u>	<u>6,173,603</u>	<u>(272,586)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(504,555)</u>	<u>(680,590)</u>	<u>1,412,103</u>	<u>2,092,693</u>
Other Financing Sources (Uses)				
Transfers in	1,592,369	1,592,369	1,730,996	138,627
Transfers out	(498,771)	(498,771)	(2,124,218)	(1,625,447)
Total other financing sources, net	<u>1,093,598</u>	<u>1,093,598</u>	<u>(393,222)</u>	<u>(1,486,820)</u>
Net change in fund balances	<u>589,043</u>	<u>413,008</u>	<u>1,018,881</u>	<u>605,873</u>
Fund balances, beginning of year	<u>11,737,538</u>	<u>11,737,538</u>	<u>11,737,538</u>	<u>-</u>
Fund balances, end of year	<u>\$ 12,326,581</u>	<u>\$ 12,150,546</u>	<u>\$ 12,756,419</u>	<u>\$ 605,873</u>

TOWN OF KIAWAH ISLAND, SOUTH CAROLINA

**REQUIRED SUPPLEMENTARY INFORMATION
STATE ACCOMMODATIONS TAX FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL - GAAP BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

	<u>Budget</u>		<u>Actual</u>	<u>Variance With Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Interest	\$ 2,500	\$ 2,000	\$ 1,954	\$ (46)
Accommodations tax	1,271,025	1,603,275	2,592,567	989,292
Total revenues	<u>1,273,525</u>	<u>1,605,275</u>	<u>2,594,521</u>	<u>989,246</u>
Expenditures				
Purchased Services:				
Tourism and recreation	870,307	870,307	1,478,487	(608,180)
Total expenditures	<u>870,307</u>	<u>870,307</u>	<u>1,478,487</u>	<u>(608,180)</u>
Excess of revenues over expenditures	<u>403,218</u>	<u>734,968</u>	<u>1,116,034</u>	<u>381,066</u>
Other Financing Uses				
Transfers out	(241,000)	(241,000)	(234,429)	6,571
Total other financing uses	<u>(241,000)</u>	<u>(241,000)</u>	<u>(234,429)</u>	<u>6,571</u>
Net change in fund balances	<u>162,218</u>	<u>493,968</u>	<u>881,605</u>	<u>387,637</u>
Fund balances, beginning of year	<u>213,708</u>	<u>213,708</u>	<u>213,708</u>	<u>-</u>
Fund balances, end of year	<u>\$ 375,926</u>	<u>\$ 707,676</u>	<u>\$ 1,095,313</u>	<u>\$ 387,637</u>

TOWN OF KIAWAH ISLAND, SOUTH CAROLINA

**REQUIRED SUPPLEMENTARY INFORMATION
COUNTY ACCOMMODATIONS TAX FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL - GAAP BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

	Budget		Actual	Variance With Final Budget
	Original	Final		
Revenues				
Interest	\$ 20,000	\$ 5,000	\$ 3,909	\$ (1,091)
Accommodations tax	-	-	484,000	484,000
Total revenues	<u>20,000</u>	<u>5,000</u>	<u>487,909</u>	<u>482,909</u>
Expenditures				
Purchased Services:				
Tourism and recreation	571,365	587,765	522,232	65,533
Total expenditures	<u>571,365</u>	<u>587,765</u>	<u>522,232</u>	<u>65,533</u>
Deficiency of revenues under expenditures	<u>(551,365)</u>	<u>(582,765)</u>	<u>(34,323)</u>	<u>548,442</u>
Other Financing Sources				
Transfers in	50,000	50,000	48,429	(1,571)
Total other financing sources	<u>50,000</u>	<u>50,000</u>	<u>48,429</u>	<u>(1,571)</u>
Net change in fund balances	<u>(501,365)</u>	<u>(532,765)</u>	<u>14,106</u>	<u>546,871</u>
Fund balances, beginning of year	<u>1,302,358</u>	<u>1,302,358</u>	<u>1,302,358</u>	<u>-</u>
Fund balances, end of year	<u>\$ 800,993</u>	<u>\$ 769,593</u>	<u>\$ 1,316,464</u>	<u>\$ 546,871</u>

TOWN OF KIAWAH ISLAND, SOUTH CAROLINA

**REQUIRED SUPPLEMENTARY INFORMATION
LOCAL ACCOMMODATIONS TAX FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL - GAAP BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

	<u>Budget</u>		<u>Actual</u>	<u>Variance With Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Interest	\$ 60,000	\$ 10,000	\$ 7,817	\$ (2,183)
Accommodations tax	734,510	858,938	1,384,691	525,753
Total revenues	<u>794,510</u>	<u>868,938</u>	<u>1,392,508</u>	<u>523,570</u>
Expenditures				
Purchased Services:				
Tourism and recreation	64,380	64,380	52,342	12,038
Total expenditures	<u>64,380</u>	<u>64,380</u>	<u>52,342</u>	<u>12,038</u>
Excess of revenues over expenditures	<u>730,130</u>	<u>804,558</u>	<u>1,340,166</u>	<u>535,608</u>
Other Financing Uses				
Transfers out	<u>(1,341,318)</u>	<u>(1,341,318)</u>	<u>(1,666,547)</u>	<u>(325,229)</u>
Total other financing uses	<u>(1,341,318)</u>	<u>(1,341,318)</u>	<u>(1,666,547)</u>	<u>(325,229)</u>
Net change in fund balances	<u>(611,188)</u>	<u>(536,760)</u>	<u>(326,381)</u>	<u>210,379</u>
Fund balances, beginning of year	<u>1,133,807</u>	<u>1,133,807</u>	<u>1,133,807</u>	<u>-</u>
Fund balances, end of year	<u>\$ 522,619</u>	<u>\$ 597,047</u>	<u>\$ 807,426</u>	<u>\$ 210,379</u>

TOWN OF KIAWAH ISLAND, SOUTH CAROLINA

**REQUIRED SUPPLEMENTARY INFORMATION
BEVERAGE PERMITS FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL - GAAP BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

	<u>Budget</u>		<u>Actual</u>	<u>Variance With Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Beverage permits revenue	\$ 45,000	\$ 45,000	\$ 35,700	\$ (9,300)
Total revenues	<u>45,000</u>	<u>45,000</u>	<u>35,700</u>	<u>(9,300)</u>
Other Financing Uses				
Transfers out	(50,000)	(50,000)	(50,000)	-
Total other financing uses	<u>(50,000)</u>	<u>(50,000)</u>	<u>(50,000)</u>	<u>-</u>
Net change in fund balances	<u>(5,000)</u>	<u>(5,000)</u>	<u>(14,300)</u>	<u>(9,300)</u>
Fund balances, beginning of year	<u>23,974</u>	<u>23,974</u>	<u>23,974</u>	<u>-</u>
Fund balances, end of year	<u>\$ 18,974</u>	<u>\$ 18,974</u>	<u>\$ 9,674</u>	<u>\$ (9,300)</u>

TOWN OF KIAWAH ISLAND, SOUTH CAROLINA

**REQUIRED SUPPLEMENTARY INFORMATION
HOSPITALITY TAX FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL - GAAP BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

	<u>Budget</u>		<u>Actual</u>	<u>Variance With Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Interest	\$ 50,000	\$ 43,000	\$ 5,863	\$ (37,137)
Hospitality tax	411,357	457,985	667,602	209,617
Total revenues	<u>461,357</u>	<u>500,985</u>	<u>673,465</u>	<u>172,480</u>
Expenditures				
Purchased Services:				
Tourism and recreation	242,750	242,750	192,210	50,540
Total expenditures	<u>242,750</u>	<u>242,750</u>	<u>192,210</u>	<u>50,540</u>
Excess of revenues over expenditures	<u>218,607</u>	<u>258,235</u>	<u>481,255</u>	<u>223,020</u>
Other Financing Uses				
Transfers out	(390,663)	(390,663)	(595,329)	(204,666)
Total other financing uses	<u>(390,663)</u>	<u>(390,663)</u>	<u>(595,329)</u>	<u>(204,666)</u>
Net change in fund balances	<u>(172,056)</u>	<u>(132,428)</u>	<u>(114,074)</u>	<u>18,354</u>
Fund balances, beginning of year	<u>1,185,538</u>	<u>1,185,538</u>	<u>1,185,538</u>	<u>-</u>
Fund balances, end of year	<u>\$ 1,013,482</u>	<u>\$ 1,053,110</u>	<u>\$ 1,071,464</u>	<u>\$ 18,354</u>

TOWN OF KIAWAH ISLAND, SOUTH CAROLINA

**REQUIRED SUPPLEMENTARY INFORMATION
VICTIMS' ASSISTANCE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL - GAAP BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

	<u>Budget</u>		<u>Actual</u>	<u>Variance With Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Fines and forfeitures	\$ 10,000	\$ 10,000	\$ 11,170	\$ 1,170
Total revenues	<u>10,000</u>	<u>10,000</u>	<u>11,170</u>	<u>1,170</u>
Expenditures				
Purchased Services:				
Judicial	10,000	10,000	11,170	(1,170)
Total expenditures	<u>10,000</u>	<u>10,000</u>	<u>11,170</u>	<u>(1,170)</u>
Net change in fund balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances, beginning of	<u>21,150</u>	<u>21,150</u>	<u>21,150</u>	<u>-</u>
Fund balances, end of year	<u>\$ 21,150</u>	<u>\$ 21,150</u>	<u>\$ 21,150</u>	<u>\$ -</u>

TOWN OF KIAWAH ISLAND, SOUTH CAROLINA

**REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF PROPORTIONATE SHARE OF THE
NET PENSION LIABILITY AND RELATED RATIOS
SOUTH CAROLINA RETIREMENT SYSTEM
FOR THE YEAR ENDED JUNE 30,**

<u>Plan Year Ended June 30,</u>	<u>Town's proportion of the net pension liability</u>	<u>Town's proportionate share of the net pension liability</u>	<u>Town's covered payroll</u>	<u>Town's share of the net pension liability as a percentage of its covered payroll</u>	<u>Plan fiduciary net position as a percentage of the total pension liability</u>
2020	0.013631%	\$ 3,483,021	\$ 1,520,748	229.0%	50.7%
2019	0.014049%	3,208,008	1,483,554	216.2%	54.4%
2018	0.013796%	3,091,317	1,429,682	216.2%	54.1%
2017	0.015650%	3,522,391	1,578,737	223.1%	53.3%
2016	0.013100%	2,797,286	1,259,731	222.1%	52.9%
2015	0.014070%	2,668,443	1,328,143	200.9%	57.0%
2014	0.011740%	2,021,411	1,069,095	189.1%	59.9%
2013	0.011740%	2,105,917	842,824	249.9%	56.4%

Notes to Schedule:

The above schedule will present 10 years of information once it is accumulated.

The assumptions used in the preparation of the above schedule is disclosed in Note 10 to the financial statements.

TOWN OF KIAWAH ISLAND, SOUTH CAROLINA

**REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CONTRIBUTIONS
SOUTH CAROLINA RETIREMENT SYSTEM
FOR THE YEAR ENDED JUNE 30,**

Fiscal Year Ended June 30,	Actuarially required contribution	Contributions in relation to the actuarially determined contribution	Contribution deficiency (excess)	Town's covered payroll	Contributions as a percentage of covered payroll
2021	\$ 234,754	\$ 234,754	\$ -	\$ 1,508,703	15.56%
2020	236,628	236,628	-	1,520,748	15.56%
2019	203,070	203,070	-	1,483,554	13.69%
2018	193,865	193,865	-	1,429,682	13.56%
2017	182,502	182,502	-	1,578,737	11.56%
2016	139,326	139,326	-	1,259,731	11.06%
2015	144,768	144,768	-	1,328,143	10.90%
2014	112,992	112,992	-	1,069,095	10.57%

Notes to Schedule:

Only eight years of data were available; thus, only eight years were presented.

TOWN OF KIAWAH ISLAND, SOUTH CAROLINA

**REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF PROPORTIONATE SHARE OF THE
NET PENSION LIABILITY AND RELATED RATIOS
POLICE OFFICERS RETIREMENT SYSTEM
FOR THE YEAR ENDED JUNE 30,**

<u>Plan Year Ended June 30,</u>	<u>Town's proportion of the net pension liability</u>	<u>Town's proportionate share of the net pension liability</u>	<u>Town's covered payroll</u>	<u>Town's share of the net pension liability as a percentage of its covered payroll</u>	<u>Plan fiduciary net position as a percentage of the total pension liability</u>
2020	0.00328%	\$ 108,860	\$ 49,589	219.5%	58.8%
2019	0.00391%	111,936	56,651	197.6%	62.7%
2018	0.00560%	158,653	77,500	204.7%	61.7%
2017	0.00530%	145,115	71,327	203.5%	60.9%
2016	0.00659%	167,078	82,527	202.5%	60.4%
2015	0.00638%	138,943	70,078	198.3%	64.6%
2014	0.00668%	127,845	77,187	165.6%	67.6%
2013	0.00668%	138,433	41,113	336.7%	63.0%

Notes to Schedule:

The above schedule will present 10 years of information once it is accumulated.

The assumptions used in the preparation of the above schedule is disclosed in Note 10 to the financial statements.

TOWN OF KIAWAH ISLAND, SOUTH CAROLINA

**REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CONTRIBUTIONS
POLICE OFFICERS RETIREMENT SYSTEM
FOR THE YEAR ENDED JUNE 30,**

Fiscal Year Ended June 30,	Actuarially required contribution	Contributions in relation to the actuarially determined contribution	Contribution deficiency (excess)	Town's covered payroll	Contributions as a percentage of covered payroll
2021	\$ 11,160	\$ 11,160	\$ -	\$ 61,183	18.24%
2020	9,045	9,045	-	49,589	18.24%
2019	8,904	8,904	-	56,651	15.72%
2018	12,586	12,586	-	77,500	16.24%
2017	10,157	10,157	-	71,327	14.24%
2016	11,339	11,339	-	82,527	13.74%
2015	9,397	9,397	-	70,078	13.41%
2014	10,314	10,314	-	77,187	13.36%

Notes to Schedule:

Only eight years of data were available; thus, only eight years were presented.

TOWN OF KIAWAH ISLAND, SOUTH CAROLINA

**REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY
AND RELATED RATIOS
FOR THE YEAR ENDED JUNE 30,**

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total OPEB Liability				
Service Cost	\$ 20,569	\$ 16,783	\$ 15,401	\$ 11,726
Interest	6,523	10,350	10,635	7,413
Differences Between Expected and Actual Experience	-	(36,045)	-	64,946
Change of Assumptions	1,149	22,707	8,678	(8,579)
Benefit Payments	(8,694)	(8,725)	(9,286)	(9,614)
Implicit Rate Subsidy Fulfillment	(4,967)	(6,233)	(3,407)	(2,650)
Net Changes in Total OPEB Liability	<u>14,580</u>	<u>(1,163)</u>	<u>22,021</u>	<u>63,242</u>
Total OPEB Liability - Beginning of Year	<u>301,979</u>	<u>303,142</u>	<u>281,121</u>	<u>217,879</u>
Total OPEB Liability - End of Year	<u>\$ 316,559</u>	<u>\$ 301,979</u>	<u>\$ 303,142</u>	<u>\$ 281,121</u>
Covered-Employee Payroll	\$ 1,239,635	\$ 1,239,635	\$ 1,087,930	\$ 1,087,930
Total OPEB Liability as a Percentage of Covered-Employee Payroll	25.54%	24.36%	27.86%	25.84%

Notes to Schedule:

The above schedule will present 10 years of information once it is accumulated.

The assumptions used in the preparation of the above schedule is disclosed in Note 10 to the financial statements.

OTHER SUPPLEMENTARY INFORMATION

TOWN OF KIAWAH ISLAND, SOUTH CAROLINA

GENERAL FUND COMPARATIVE SCHEDULES OF REVENUES AND EXPENDITURES FOR THE FISCAL YEARS ENDED JUNE 30, 2021 AND 2020

	2021	2020	Variance
Revenues			
Building permits	\$ 1,559,967	\$ 889,009	\$ (670,958)
Business licenses	3,386,599	2,695,112	(691,487)
Franchise fee revenue	964,496	867,100	(97,396)
Local option sales tax	760,172	548,356	(211,816)
Fines and forfeitures	41,309	20,389	(20,920)
Interest	15,635	144,310	128,675
Miscellaneous	51,357	147,595	96,238
Environmental service fee	596,087	596,352	265
Accommodations tax	210,084	115,684	(94,400)
Federal revenue	-	179,872	179,872
Total revenues	7,585,706	6,203,779	(1,381,927)
Expenditures			
Current:			
General government	4,785,046	5,420,934	(635,888)
Judicial	20,797	20,961	(164)
Public safety	430,561	458,489	(27,928)
Tourism and recreation	54,105	258,803	(204,698)
Capital outlay	883,094	2,045,185	(1,162,091)
Total expenditures	6,173,603	8,204,372	(2,030,769)
Excess (deficiency) of revenues over (under) expenditures	\$ 1,412,103	\$ (2,000,593)	\$ (3,412,696)

TOWN OF KIAWAH ISLAND, SOUTH CAROLINA

**STATE ACCOMMODATIONS TAX FUND
COMPARATIVE SCHEDULES OF REVENUES AND EXPENDITURES
FOR THE FISCAL YEARS ENDED JUNE 30, 2021 AND 2020**

	<u>2021</u>	<u>2020</u>	<u>Variance</u>
Revenues			
Interest	\$ 1,954	\$ 18,040	\$ 16,086
Accommodations tax	<u>2,592,567</u>	<u>1,342,274</u>	<u>(1,250,293)</u>
Total revenues	<u>2,594,521</u>	<u>1,360,314</u>	<u>(1,234,207)</u>
Expenditures			
Purchased Services:			
Advertising/promotional	<u>1,478,487</u>	<u>852,278</u>	<u>626,209</u>
Total expenditures	<u>1,478,487</u>	<u>852,278</u>	<u>626,209</u>
Excess of revenues over expenditures	<u>\$ 1,116,034</u>	<u>\$ 508,036</u>	<u>\$ (607,998)</u>

TOWN OF KIAWAH ISLAND, SOUTH CAROLINA

**COUNTY ACCOMMODATIONS TAX FUND
COMPARATIVE SCHEDULES OF REVENUES AND EXPENDITURES
FOR THE FISCAL YEARS ENDED JUNE 30, 2021 AND 2020**

	2021	2020	Variance
Revenues			
Interest	\$ 3,909	\$ 36,077	\$ 32,168
Accommodations tax	<u>484,000</u>	<u>354,000</u>	<u>(130,000)</u>
Total revenues	<u>487,909</u>	<u>390,077</u>	<u>(97,832)</u>
 Expenditures			
Purchased Services:			
Advertising/promotional	<u>522,232</u>	<u>592,516</u>	<u>(70,284)</u>
Total expenditures	<u>522,232</u>	<u>592,516</u>	<u>(70,284)</u>
 Deficiency of revenues under expenditures	 <u>\$ (34,323)</u>	 <u>\$ (202,439)</u>	 <u>\$ (168,116)</u>

TOWN OF KIAWAH ISLAND, SOUTH CAROLINA

**LOCAL ACCOMMODATIONS TAX FUND
COMPARATIVE SCHEDULES OF REVENUES AND EXPENDITURES
FOR THE FISCAL YEARS ENDED JUNE 30, 2021 AND 2020**

	<u>2021</u>	<u>2020</u>	<u>Variance</u>
Revenues			
Interest	\$ 7,817	\$ 72,155	\$ 64,338
Accommodations tax	<u>1,384,691</u>	<u>851,050</u>	<u>(533,641)</u>
Total revenues	<u>1,392,508</u>	<u>923,205</u>	<u>(469,303)</u>
Expenditures			
Purchased Services:			
Advertising/promotional	<u>52,342</u>	<u>48,873</u>	<u>3,469</u>
Total expenditures	<u>52,342</u>	<u>48,873</u>	<u>3,469</u>
Excess of revenues over expenditures	<u>\$ 1,340,166</u>	<u>\$ 874,332</u>	<u>\$ (465,834)</u>

TOWN OF KIAWAH ISLAND, SOUTH CAROLINA

**BEVERAGE PERMITS FUND
COMPARATIVE SCHEDULES OF REVENUES AND EXPENDITURES
FOR THE FISCAL YEARS ENDED JUNE 30, 2021 AND 2020**

	<u>2021</u>	<u>2020</u>	<u>Variance</u>
Revenues			
Beverage permits revenue	\$ 35,700	\$ 44,800	\$ 9,100
Total revenues	<u>\$ 35,700</u>	<u>\$ 44,800</u>	<u>\$ 9,100</u>

TOWN OF KIAWAH ISLAND, SOUTH CAROLINA

**HOSPITALITY TAX FUND
COMPARATIVE SCHEDULES OF REVENUES AND EXPENDITURES
FOR THE FISCAL YEARS ENDED JUNE 30, 2021 AND 2020**

	<u>2021</u>	<u>2020</u>	<u>Variance</u>
Revenues			
Interest	\$ 5,863	\$ 57,353	\$ 51,490
Hospitality tax	<u>667,602</u>	<u>468,407</u>	<u>(199,195)</u>
Total revenues	<u>673,465</u>	<u>525,760</u>	<u>(147,705)</u>
Expenditures			
Purchased Services:			
Advertising/promotional	<u>192,210</u>	<u>190,577</u>	<u>1,633</u>
Total expenditures	<u>192,210</u>	<u>190,577</u>	<u>1,633</u>
Excess of revenues over expenditures	<u>\$ 481,255</u>	<u>\$ 335,183</u>	<u>\$ (146,072)</u>

TOWN OF KIAWAH ISLAND, SOUTH CAROLINA

**VICTIMS' ASSISTANCE FUND
COMPARATIVE SCHEDULES OF REVENUES AND EXPENDITURES
FOR THE FISCAL YEARS ENDED JUNE 30, 2021 AND 2020**

	<u>2021</u>	<u>2020</u>	<u>Variance</u>
Revenues			
Fines and forfeitures	\$ 11,170	\$ 4,236	\$ (6,934)
Total revenues	<u>11,170</u>	<u>4,236</u>	<u>(6,934)</u>
Expenditures			
Purchased Services:			
Judicial	<u>11,170</u>	<u>4,236</u>	<u>6,934</u>
Total expenditures	<u>11,170</u>	<u>4,236</u>	<u>6,934</u>
Deficiency of revenues under expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

TOWN OF KIAWAH ISLAND, SOUTH CAROLINA

**CAPITAL PROJECTS FUND
COMPARATIVE SCHEDULES OF REVENUES AND EXPENDITURES
FOR THE FISCAL YEARS ENDED JUNE 30, 2021 AND 2020**

	<u>2021</u>	<u>2020</u>	<u>Variance</u>
Revenues			
Interest	\$ 3,909	\$ 33,854	\$ 29,945
Total revenues	<u>3,909</u>	<u>33,854</u>	<u>29,945</u>
Expenditures			
Debt Service:			
Principal	2,001,000	333,000	1,668,000
Interest	19,181	29,045	(9,864)
Total expenditures	<u>2,020,181</u>	<u>362,045</u>	<u>1,658,136</u>
Deficiency of revenues under expenditures	<u>\$ (2,016,272)</u>	<u>\$ (328,191)</u>	<u>\$ 1,688,081</u>

TOWN OF KIAWAH ISLAND, SOUTH CAROLINA

**CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL - GAAP BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

	Budget		Actual	Variance With Final Budget
	Original	Final		
Revenues				
Interest	\$ 30,000	\$ 30,000	\$ 3,909	\$ (26,091)
Total revenues	<u>30,000</u>	<u>30,000</u>	<u>3,909</u>	<u>(26,091)</u>
Expenditures				
Debt Service:				
Principal	333,333	2,001,333	2,001,000	333
Interest	24,583	24,583	19,181	5,402
Total expenditures	<u>357,916</u>	<u>2,025,916</u>	<u>2,020,181</u>	<u>5,735</u>
Deficiency of revenues under expenditures	<u>(327,916)</u>	<u>(1,995,916)</u>	<u>(2,016,272)</u>	<u>(20,356)</u>
Other Financing Sources				
Transfers in	866,263	866,263	2,891,098	2,024,835
Total other financing sources	<u>866,263</u>	<u>866,263</u>	<u>2,891,098</u>	<u>2,024,835</u>
Net change in fund balances	<u>538,347</u>	<u>(1,129,653)</u>	<u>874,826</u>	<u>2,004,479</u>
Fund balances, beginning of year	<u>4,907,385</u>	<u>4,907,385</u>	<u>4,907,385</u>	<u>-</u>
Fund balances, end of year	<u><u>\$ 5,445,732</u></u>	<u><u>\$ 3,777,732</u></u>	<u><u>\$ 5,782,211</u></u>	<u><u>\$ 2,004,479</u></u>

TOWN OF KIAWAH ISLAND, SOUTH CAROLINA

**UNIFORM SCHEDULE OF COURT FINES,
ASSESSMENTS AND SURCHARGES (PER ACT 96)
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

FOR THE STATE TREASURER'S OFFICE:

COUNTY/MUNICIPAL FUNDS COLLECTED BY CLERK OF COURT	<u>General Sessions</u>	<u>Magistrate Court</u>	<u>Municipal Court</u>	<u>Total</u>
Court Fines and Assessments:				
Court fines and assessments collected	N/A	N/A	\$ 109,126	\$ 109,126
Court fines and assessments remitted to State Treasurer	N/A	N/A	(61,812)	(61,812)
Total Court Fines and Assessments retained	N/A	N/A	\$ 47,314	\$ 47,314
Surcharges and Assessments retained for victim services:				
Surcharges collected and retained	N/A	N/A	\$ 5,646	\$ 5,646
Assessments retained	N/A	N/A	5,524	5,524
Total Surcharges and Assessments retained for victim services	N/A	N/A	\$ 11,170	\$ 11,170

TOWN OF KIAWAH ISLAND, SOUTH CAROLINA

**UNIFORM SCHEDULE OF COURT FINES,
ASSESSMENTS AND SURCHARGES (PER ACT 96)
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

FOR THE DEPARTMENT OF CRIME VICTIM COMPENSATION (DCVC):

VICTIM SERVICE FUNDS COLLECTED	<u>Municipal</u>	<u>County</u>	<u>Total</u>
Carryforward from Previous Year – Beginning Balance	\$ 21,150	N/A	\$ 21,150
<u>Victim Service Revenue:</u>			
Victim Service Fines Retained by City/County Treasurer	-	N/A	-
Victim Service Assessments Retained by City/County Treasurer	5,524	N/A	5,524
Victim Service Surcharges Retained by City/County Treasurer	5,646	N/A	5,646
Interest Earned	-	N/A	-
Grant Funds Received			
Grant from:	-	N/A	-
General Funds Transferred to Victim Service Fund	-	N/A	-
<u>Contribution Received from Victim Service Contracts:</u>			
(1) Town of	-	N/A	-
(2) Town of	-	N/A	-
(3) City of	-	N/A	-
Total Funds Allocated to Victim Service Fund + Beginning Balance (A)	\$ 32,320	N/A	\$ 32,320

TOWN OF KIAWAH ISLAND, SOUTH CAROLINA

**UNIFORM SCHEDULE OF COURT FINES,
ASSESSMENTS AND SURCHARGES (PER ACT 96)
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

Expenditures for Victim Service Program:	<u>Municipal</u>	<u>County</u>	<u>Total</u>
Salaries and Benefits	\$ -	N/A	\$ -
Operating Expenditures	-	N/A	-
Victim Service Contract(s):			
(1) S.C. Ninth Circuit Judicial Services	11,170	N/A	11,170
(2) Entity's Name	-	N/A	-
Victim Service Donation(s):			
(1) Domestic Violence Shelter:	-	N/A	-
(2) Rape Crisis Center:	-	N/A	-
(3) Other local direct crime victims service agency:	-	N/A	-
Transferred to General Fund	-	N/A	-
Total Expenditures from Victim Service Fund/Program (B)	\$ 11,170	N/A	\$ 11,170
Total Victim Service Funds Retained by Municipal/County Treasurer (A-B)	\$ 21,150	N/A	\$ 21,150
Less: Prior Year Fund Deficit Repayment	-	N/A	-
Carryforward Funds – End of Year	\$ 21,150	N/A	\$ 21,150

STATISTICAL SECTION

TOWN OF KIAWAH ISLAND, SOUTH CAROLINA

FINANCIAL TRENDS INFORMATION NARRATIVE JUNE 30, 2021

The financial trends information section of the Annual Comprehensive Financial Report for the year ended June 30, 2021 for the Town of Kiawah Island, South Carolina is comprised of four schedules. The schedules are:

- Net Position by Component – This schedule shows the breakdown by Net Investment in Capital Assets, Restricted and Unrestricted for net position classified by governmental and business-type activities. These numbers are compared to previous years.
- Changes in Net Position – This schedule presents the expenses and revenues classified by function or type culminating into the change in net position. These numbers are compared to previous years.
- Fund Balances, Governmental Funds – This schedule shows the General Fund and other governmental fund balances broken down by classification (non-spendable, restricted, committed, assigned and unassigned). These numbers are compared to previous years.
- Changes in Fund Balances, Governmental Funds – This schedule breaks the revenue down by type and shows the expenses by function. It also shows transfers. The schedule results in showing the change in fund balance. These numbers are compared to previous years.

TOWN OF KIAWAH ISLAND, SOUTH CAROLINA

**FINANCIAL TRENDS INFORMATION
NET POSITION BY COMPONENT – LAST TEN FISCAL YEARS
SCHEDULE 1**

	Fiscal Year									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Governmental Activities										
Net Investment in Capital Assets	\$ 7,873,960	\$ 7,646,108	\$ 7,403,382	\$ 9,135,027	\$ 10,278,569	\$ 11,320,757	\$ 11,733,871	\$ 11,791,626	\$ 13,660,509	\$ 15,982,703
Restricted	5,955,964	6,396,616	7,432,918	7,988,779	9,046,099	8,138,456	8,491,565	6,574,713	3,880,535	4,321,491
Unrestricted	8,999,910	9,133,817	9,985,895	6,420,131	5,550,418	6,116,525	7,029,886	11,567,148	13,340,319	15,058,999
 Total government activities net position	 \$ 22,829,834	 \$ 23,176,541	 \$ 24,822,195	 \$ 23,543,937	 \$ 24,875,086	 \$ 25,575,738	 \$ 27,255,322	 \$ 29,933,487	 \$ 30,881,363	 \$ 35,363,193

(Prepared using the accrual basis of accounting)

TOWN OF KIAWAH ISLAND, SOUTH CAROLINA

**FINANCIAL TRENDS INFORMATION
CHANGES IN NET POSITION – LAST TEN FISCAL YEARS
SCHEDULE 2**

	Fiscal Year									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Expenses										
Government activities:										
General government - (3)	\$ 2,049,514	\$ 2,052,957	\$ 2,685,958	\$ 3,289,126	\$ 3,376,047	\$ 5,498,034	\$ 4,485,727	\$ 4,669,754	\$ 5,835,726	\$ 5,246,741
Judicial	6,236	5,919	2,947	926	2,023	23,831	39,539	30,768	26,606	33,351
Public safety	78,583	83,124	123,575	192,325	747,401	693,444	774,770	555,211	492,322	475,604
Environmental services - (3)	1,113,624	847,442	763,297	920,868	820,353	-	-	-	-	-
Tourism and recreation	2,023,584	2,278,884	2,067,716	3,085,648	2,386,979	2,277,351	2,413,088	2,388,329	2,171,250	2,533,631
Interest and other charges	-	-	-	-	-	51,032	36,872	32,539	29,045	11,361
Total governmental activities expenses	<u>5,271,541</u>	<u>5,268,326</u>	<u>5,643,493</u>	<u>7,488,893</u>	<u>7,332,803</u>	<u>8,543,692</u>	<u>7,749,996</u>	<u>7,676,601</u>	<u>8,554,949</u>	<u>8,300,688</u>
Program Revenues										
Government activities:										
Charges for services:										
General government - (3)	1,737,421	1,790,186	2,810,519	3,117,157	3,173,464	3,899,157	4,196,703	4,381,154	4,225,273	5,578,353
Judicial	12,339	17,426	14,126	35,206	10,914	17,595	90,043	37,375	24,625	52,479
Environmental services - (3)	339,014	333,543	321,686	272,611	357,877	-	-	-	-	-
Tourism and recreation - (1)	2,076,645	2,387,382	2,499,681	-	-	-	-	-	-	-
Operating grants and contributions	-	-	-	-	-	119,541	42,072	102,440	179,872	-
Total governmental activities revenues	<u>4,165,419</u>	<u>4,528,537</u>	<u>5,646,012</u>	<u>3,424,974</u>	<u>3,542,255</u>	<u>4,036,293</u>	<u>4,328,818</u>	<u>4,520,969</u>	<u>4,429,770</u>	<u>5,630,832</u>
Net (Expense)/Revenue										
Government activities	<u>(1,106,122)</u>	<u>(739,789)</u>	<u>2,519</u>	<u>(4,063,919)</u>	<u>(3,790,548)</u>	<u>(4,507,399)</u>	<u>(3,421,178)</u>	<u>(3,155,632)</u>	<u>(4,125,179)</u>	<u>(2,669,856)</u>

(Continued)

(Prepared using the accrual basis of accounting)

TOWN OF KIAWAH ISLAND, SOUTH CAROLINA

**FINANCIAL TRENDS INFORMATION
CHANGES IN NET POSITION – LAST TEN FISCAL YEARS
SCHEDULE 2**

	Fiscal Year									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
General Revenue and Other										
Changes in Net Position										
Government activities										
SC aid to subdivisions	\$ 29,731	\$ 35,079	\$ 36,915	\$ 35,590	\$ 35,590	\$ 37,235	\$ 36,724	\$ 37,177	\$ 38,551	\$ 39,290
Franchise fee revenue	447,449	544,695	540,321	662,823	747,873	755,815	793,197	857,732	867,100	964,496
Local options sales tax	363,092	362,654	357,575	430,527	501,770	530,338	548,248	585,738	548,356	760,172
Interest - (2)	240,882	(220,047)	322,279	278,872	163,965	45,952	210,255	432,733	361,789	39,087
Hospitality tax	271,081	308,818	377,866	473,867	490,388	518,632	560,182	576,884	468,407	667,602
Accommodations tax - (1)	-	-	-	2,724,872	2,929,710	3,229,911	3,008,349	3,180,810	2,659,808	4,668,972
Lease revenue	-	-	-	72,600	72,600	21,858	-	-	-	-
Beverage permits - (1)	-	-	-	30,000	36,000	42,000	42,100	-	-	-
Contributions and grants	116,044	3,535	-	-	-	-	-	-	-	-
Miscellaneous	26,606	40,762	8,179	197,555	132,801	26,310	119,586	148,313	109,044	12,067
Infrastructure contribution	-	-	-	-	-	-	-	-	-	-
Gain on sale of assets	18,600	11,000	-	-	11,000	-	-	14,410	20,000	-
Transfers	-	-	-	-	-	-	-	-	-	-
Total governmental activities	<u>1,513,485</u>	<u>1,086,496</u>	<u>1,643,135</u>	<u>4,906,706</u>	<u>5,121,697</u>	<u>5,208,051</u>	<u>5,318,641</u>	<u>5,833,797</u>	<u>5,073,055</u>	<u>7,151,686</u>
Change in Net Position										
Governmental activities	<u>\$ 773,696</u>	<u>\$ 1,089,015</u>	<u>\$ (2,420,784)</u>	<u>\$ 1,116,158</u>	<u>\$ 614,298</u>	<u>\$ 1,786,873</u>	<u>\$ 2,163,009</u>	<u>\$ 2,678,165</u>	<u>\$ 947,876</u>	<u>\$ 4,481,830</u>

Notes:

- (1) - Prior to 2015, accommodations tax and beverage permits revenues were included in program revenues for the tourism and recreation function in the statistical schedule.
- (2) - Interest shown on this schedule has been adjusted to include "Mark to market valuation" shown in prior years.
- (3) - The Environmental Services function has been combined with the General Government function beginning in the year ended June 30, 2017, including the charges for services.

TOWN OF KIAWAH ISLAND, SOUTH CAROLINA

**FINANCIAL TRENDS INFORMATION
FUND BALANCES – GOVERNMENTAL FUNDS – LAST TEN FISCAL YEARS
SCHEDULE 3**

	Fiscal Year									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
General Fund										
Nonspendable for Prepaid Items Restricted for Tourism Related Capital Improvements - (1)	\$ 70,413	\$ 55,062	\$ 130,041	\$ 958	\$ 49,147	\$ 107,538	\$ 114,752	\$ 72,059	\$ 86,830	\$ 169,038
Assigned for Budget Carryovers for Future Years' Expenditures	-	-	-	777,645	-	-	-	-	-	-
Assigned for Future Years' Expenditures	-	-	-	-	602,653	-	-	-	-	-
Unassigned	8,929,497	9,078,755	9,855,854	8,477,442	5,357,910	6,805,230	7,923,320	10,348,426	11,650,708	12,587,381
Total General Fund	8,999,910	9,133,817	9,985,895	9,256,045	7,752,006	6,912,768	8,038,072	10,420,485	11,737,538	12,756,419
All Other Governmental Funds										
Restricted for:										
Victims' Assistance	11,864	15,317	16,055	21,901	22,617	21,150	21,150	21,150	21,150	21,150
Tourism Related Capital Improvements - (1)	-	-	344,698	-	1,222,645	-	-	-	-	-
Tourism Related Expenditures	5,944,100	6,381,299	7,072,165	7,189,233	7,800,837	8,117,306	8,470,415	6,553,563	3,859,385	4,300,341
Committed for:										
Capital Improvements	-	-	-	-	-	1,572,645	1,852,420	4,279,132	4,907,385	5,782,211
	5,955,964	6,396,616	7,432,918	7,211,134	9,046,099	9,711,101	10,343,985	10,853,845	8,787,920	10,103,702
Total all governmental funds	\$ 14,955,874	\$ 15,530,433	\$ 17,418,813	\$ 16,467,179	\$ 16,798,105	\$ 16,623,869	\$ 18,382,057	\$ 21,274,330	\$ 20,525,458	\$ 22,860,121

Notes:

(1) - Prior to 2015, the fund balance in the General Fund restricted for tourism related capital improvements was included with all other governmental funds. In 2016, the Capital Projects Fund was reported separately from the General Fund for the first time.

(Prepared using the modified accrual basis of accounting)

TOWN OF KIAWAH ISLAND, SOUTH CAROLINA

FINANCIAL TRENDS INFORMATION CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS – LAST TEN FISCAL YEARS SCHEDULE 4

	Fiscal Year									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Building permits	\$ 38,310	\$ 35,974	\$ 823,214	\$ 1,069,063	\$ 990,258	\$ 1,246,429	\$ 1,337,513	\$ 1,250,846	\$ 889,009	\$ 1,559,967
Business licenses	1,602,511	1,657,812	1,920,755	2,048,093	2,183,207	2,290,018	2,502,770	2,535,128	2,695,112	3,386,599
Lease revenue	72,600	72,400	66,550	72,600	72,600	21,858	-	-	-	-
SC aid to subdivision	29,731	35,079	36,915	35,590	35,590	37,235	36,724	37,177	38,551	39,290
Franchise fee revenue	447,449	544,695	540,321	662,823	747,873	755,815	793,197	857,732	867,100	964,496
Beverage permits revenue	24,000	24,000	27,900	30,000	36,000	42,000	42,100	44,000	44,800	35,700
Local option sales tax	363,092	362,654	357,575	430,527	501,770	530,338	548,248	585,738	548,356	760,172
Fines and forfeitures	12,339	17,426	14,126	35,207	10,913	17,595	90,043	37,375	24,625	52,479
Interest - (1)	240,882	(220,047)	322,279	278,872	163,965	45,952	210,255	432,733	361,789	39,087
Contributions and grants	116,044	3,535	-	-	-	-	-	-	-	-
Miscellaneous	26,606	40,762	8,179	136,210	120,454	53,020	40,322	148,313	109,044	12,067
Accommodations tax - state	1,143,911	1,343,031	1,344,377	1,410,368	1,576,964	1,664,086	1,632,897	1,713,500	1,457,958	2,802,651
Accommodations tax - county	267,679	299,411	323,596	439,500	450,622	477,000	422,000	484,000	354,000	484,000
Accommodations tax - local	665,055	744,940	803,808	875,004	902,124	1,088,825	953,452	967,051	851,050	1,384,691
Environmental service fee	339,014	333,543	321,686	272,611	357,877	362,710	356,420	551,180	596,352	596,087
Federal revenue	-	-	-	-	-	119,541	42,072	102,440	179,872	-
Hospitality tax	271,081	308,818	377,866	473,867	490,388	518,632	560,182	576,884	468,407	667,602
Total revenues	5,660,304	5,604,033	7,289,147	8,270,335	8,640,605	9,271,054	9,568,195	10,324,097	9,486,025	12,784,888
General government - (2)	1,916,588	1,913,402	2,540,362	3,106,370	3,145,721	4,200,915	3,839,105	4,024,914	5,420,934	4,785,046
Judicial	6,236	5,919	2,947	926	2,023	23,831	39,304	28,781	25,197	31,967
Public safety	78,583	83,124	123,575	192,416	732,014	665,838	665,533	505,544	458,489	430,561
Environmental service - (2)	1,113,624	847,442	763,297	920,868	820,353	-	-	-	-	-
Tourism and recreation	1,783,957	2,015,603	1,805,285	2,838,110	2,104,111	2,043,326	2,177,990	2,154,785	1,943,047	2,299,376
Capital outlay	292,595	174,984	165,301	2,163,279	1,516,457	7,052,056	717,145	365,703	2,045,185	883,094
Principal	-	-	-	-	-	-	333,000	333,000	333,000	2,001,000
Interest and other fiscal charges	-	-	-	-	-	41,147	37,969	33,507	29,045	19,181
Total expenditures	5,191,583	5,040,474	5,400,767	9,221,969	8,320,679	14,027,113	7,810,046	7,446,234	10,254,897	10,450,225
Excess of revenues over (under) expenditures	468,721	563,559	1,888,380	(951,634)	319,926	(4,756,059)	1,758,149	2,877,863	(768,872)	2,334,663
Bonds issued	-	-	-	-	-	3,000,000	-	-	-	-
Proceeds from sale of assets	18,600	11,000	-	-	11,000	1,581,823	39	14,410	20,000	-
Transfers In	-	-	-	587,000	2,494,500	3,839,497	2,306,625	4,586,394	4,887,071	4,670,523
Transfers out	-	-	-	(587,000)	(2,494,500)	(3,839,497)	(2,306,625)	(4,586,394)	(4,887,071)	(4,670,523)
Net change in fund balance	\$ 487,321	\$ 574,559	\$ 1,888,380	\$ (951,634)	\$ 330,926	\$ (174,236)	\$ 1,758,188	\$ 2,892,273	\$ (748,872)	\$ 2,334,663
Debt service as a percentage of noncapital expenditures	0%	0%	0%	0%	0%	1%	5.21%	5.16%	4.48%	21.23%

Notes:

(1) - Interest shown on this schedule has been adjusted to include "Mark to market valuation" shown in prior years.

(2) - The Environmental Services function has been combined with the General Government function beginning in the year ended June 30, 2017.

(Prepared using the modified accrual basis of accounting)

TOWN OF KIAWAH ISLAND, SOUTH CAROLINA

REVENUE CAPACITY INFORMATION NARRATIVE JUNE 30, 2021

The revenue capacity information section of the Annual Comprehensive Financial Report for the year ended June 30, 2021 for the Town of Kiawah Island, South Carolina is comprised of three schedules. The schedules are:

- Significant Revenue, Governmental Funds – This schedule shows the breakdown by type revenue in the governmental funds. These numbers are compared to previous years.
- Significant Revenue, Percent of Business License by Class – This schedule shows the breakdown of business license revenue, one of the major revenues of the Town, by business class. These numbers are compared to previous years.
- Significant Revenue, Percent of Accommodations Taxes by Class – This schedule shows the breakdown of accommodations tax revenue, one of the major revenues of the Town, by rental class. These numbers will be compared to previous years when the data is available.

TOWN OF KIAWAH ISLAND, SOUTH CAROLINA

**REVENUE CAPACITY INFORMATION
SIGNIFICANT REVENUE – GOVERNMENTAL FUNDS – LAST TEN FISCAL YEARS
SCHEDULE 1**

General Fund

<u>Fiscal Year Ended June 30,</u>	<u>Business License</u>	<u>Local Option Sales Tax</u>	<u>Franchise Fees</u>	<u>Building Permits</u>	<u>Total</u>
2021	\$ 3,386,599	\$ 760,172	\$ 964,496	\$ 1,559,967	\$ 6,671,234
2020	2,695,112	548,356	867,100	889,009	4,999,577
2019	2,535,128	585,738	857,732	1,250,846	5,229,444
2018	2,502,770	548,248	793,197	1,337,513	5,181,728
2017	2,290,018	530,338	755,815	1,246,429	4,822,600
2016	2,183,207	501,770	747,873	990,258	4,423,108
2015	2,048,093	430,527	662,823	1,069,063	4,210,506
2014	1,920,755	357,575	540,321	823,214	3,641,865
2013	1,657,812	362,654	544,695	35,974	2,601,135
2012	1,602,511	363,092	447,449	38,310	2,451,362

**Special Revenue Funds
Accommodations Taxes**

<u>Fiscal Year Ended June 30,</u>	<u>State</u>	<u>County</u>	<u>Local</u>	<u>Total</u>
2021	\$ 2,592,567	\$ 484,000	\$ 1,384,691	\$ 4,461,258
2020	1,342,274	354,000	851,050	2,547,324
2019	1,585,786	484,000	967,051	3,036,837
2018	1,632,897	422,000	953,452	3,008,349
2017	1,664,086	477,000	1,088,825	3,229,911
2016	1,576,964	450,622	902,124	2,929,710
2015	1,410,368	439,500	875,004	2,724,872
2014	1,344,104	323,596	803,808	2,471,508
2013	1,252,129	299,411	744,940	2,296,480
2012	1,062,965	267,679	665,055	1,995,699

(Prepared using the modified accrual basis of accounting)

TOWN OF KIAWAH ISLAND, SOUTH CAROLINA

**REVENUE CAPACITY INFORMATION
SIGNIFICANT REVENUE – PERCENT OF BUSINESS LICENSE BY CLASS – LAST TEN FISCAL YEARS
SCHEDULE 2**

Class License Description	Fiscal Year									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Lessors of Real Estate	26.1%	25.2%	31.5%	25.1%	29.4%	26.8%	29.1%	31.2%	39.9%	43.7%
Construction	21.0%	21.7%	20.5%	19.2%	18.1%	18.6%	19.2%	18.3%	12.1%	11.8%
Landscaping	3.7%	2.9%	3.3%	4.2%	3.9%	3.1%	2.9%	2.7%	3.4%	3.3%
Plumbing/Heating/AC	2.1%	1.2%	2.0%	1.1%	1.0%	0.9%	1.1%	1.0%	3.3%	4.5%
Painting	1.6%	1.2%	1.5%	1.3%	1.1%	1.3%	1.2%	1.5%	4.3%	1.7%
Carpentry	2.3%	3.6%	3.0%	3.2%	3.1%	3.0%	2.5%	2.1%	2.6%	3.3%
Electrical Contractors	1.3%	0.8%	1.1%	1.9%	1.9%	2.1%	2.4%	2.2%	2.4%	2.6%
Janitorial Services	0.9%	0.3%	0.9%	0.7%	0.8%	0.6%	0.5%	0.8%	0.7%	1.8%
Carpet/Upholstery	0.5%	0.3%	0.4%	0.3%	0.3%	0.4%	0.5%	0.4%	0.9%	1.1%
Masonry/Stone	0.6%	0.1%	0.2%	0.5%	0.4%	0.4%	0.7%	0.6%	1.1%	1.6%
Floor Laying	0.6%	0.4%	0.7%	0.7%	0.8%	1.0%	1.9%	1.7%	0.9%	1.1%
Architectural Services	1.4%	0.9%	0.9%	1.5%	1.8%	2.1%	1.0%	1.2%	1.3%	1.5%
Roofing/Siding	1.1%	0.7%	0.5%	0.5%	0.5%	0.8%	0.9%	1.1%	1.3%	1.3%
Interior Design Services	1.2%	0.6%	1.6%	1.0%	1.1%	0.9%	0.2%	0.4%	0.7%	0.8%
Exterminating/Pest Control	0.6%	0.4%	0.5%	0.5%	0.4%	0.5%	0.0%	0.3%	1.2%	1.4%
All other classes	35.1%	39.9%	31.4%	38.3%	35.4%	37.5%	35.9%	34.5%	23.9%	18.5%
	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

TOWN OF KIAWAH ISLAND, SOUTH CAROLINA

**REVENUE CAPACITY INFORMATION
SIGNIFICANT REVENUE – PERCENT OF ACCOMMODATIONS TAXES BY CLASS
CURRENT YEAR AND LAST FIVE FISCAL YEARS – SCHEDULE 3**

<u>Class License Description</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Hotels	38%	40%	36%	42.0%	36.0%	22.0%
Real Estate/Rental Management Companies	41%	45%	51%	55.0%	60.0%	75.0%
Homes/Villas	21%	15%	13%	3.0%	4.0%	3.0%
	<u>100%</u>	<u>100%</u>	<u>100%</u>	<u>100%</u>	<u>100%</u>	<u>100%</u>

TOWN OF KIAWAH ISLAND, SOUTH CAROLINA

DEBT CAPACITY INFORMATION NARRATIVE JUNE 30, 2021

The debt capacity information section of the Annual Comprehensive Financial Report for the year ended June 30, 2021 for the Town of Kiawah Island, South Carolina is comprised of three schedules. The schedules are:

- Ratios of Outstanding Debt by Type – This schedule shows the net outstanding debt by debt instrument as well as the debt as a percentage of personal income and per capita.
- Ratios of General Bonded Debt Outstanding – This schedule shows the net outstanding general obligation debt as a percentage of estimated actual taxable value of property and per capita.
- Legal Debt Margin Information – This schedule details the net debt applicable to the legal debt limit per Article 8, Section 7 of the South Carolina Constitution of 1895.

TOWN OF KIAWAH ISLAND, SOUTH CAROLINA

**DEBT CAPACITY INFORMATION
RATIO OF OUTSTANDING DEBT BY TYPE
SCHEDULE 1**

<u>Fiscal Year</u>	<u>General Obligation Bonds</u>	<u>Total Primary Government</u>	<u>Percentage of Personal Income¹</u>	<u>Per Capita²</u>
2021	\$ -	\$ -	n/a	n/a
2020	2,001,000	2,001,000	1.2%	1,312
2019	2,334,000	2,334,000	1.4%	1,435
2018	2,667,000	2,667,000	1.6%	1,749
2017	3,000,000	3,000,000	1.8%	1,694
2016	-	-	n/a	n/a
2015	-	-	n/a	n/a
2014	-	-	n/a	n/a
2013	-	-	n/a	n/a
2012	-	-	n/a	n/a

Notes:

¹ Personal income information obtained from the U.S. Census Bureau.

² See Schedule 1 of the Demographic and Economic Information section for the total population.

TOWN OF KIAWAH ISLAND, SOUTH CAROLINA

**DEBT CAPACITY INFORMATION
RATIO OF GENERAL BONDED DEBT OUTSTANDING
SCHEDULE 2**

<u>Fiscal Year</u>	<u>General Obligation Bonds</u>	<u>Less: Amounts Available in Debt Service Fund</u>	<u>Total</u>	<u>Percentage of Estimated Actual Taxable Value of Property¹</u>	<u>Per Capita²</u>
2021	\$ -	-	\$ -	n/a	n/a
2020	2,001,000	-	2,001,000	0.56%	1,312
2019	2,334,000	-	2,334,000	0.72%	1,435
2018	2,667,000	-	2,667,000	0.82%	1,749
2017	3,000,000	-	3,000,000	0.99%	1,694
2016	-	-	-	n/a	n/a
2015	-	-	-	n/a	n/a
2014	-	-	-	n/a	n/a
2013	-	-	-	n/a	n/a
2012	-	-	-	n/a	n/a

Notes:

¹ The estimated taxable value of property was obtained from the Charleston County Assessor's Office.

² See Schedule 1 of the Demographic and Economic Information section for the total population.

TOWN OF KIAWAH ISLAND, SOUTH CAROLINA

**DEBT CAPACITY INFORMATION
LEGAL DEBT MARGIN INFORMATION
SCHEDULE 3**

	Fiscal Year									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Debt Limit	n/a	n/a	n/a	n/a	n/a	\$ 24,276,473	\$ 25,904,913	\$ 27,753,870	\$ 27,454,880	\$ 28,689,610
Total Net Debt Applicable to Limit	n/a	n/a	n/a	n/a	n/a	3,000,000	2,667,000	2,334,000	2,001,000	-
Legal Debt Margin	<u>n/a</u>	<u>n/a</u>	<u>n/a</u>	<u>n/a</u>	<u>n/a</u>	<u>\$ 21,276,473</u>	<u>\$ 23,237,913</u>	<u>\$ 25,419,870</u>	<u>\$ 25,453,880</u>	<u>\$ 28,689,610</u>
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	n/a	n/a	n/a	n/a	n/a	12.36%	10.30%	8.41%	7.29%	0.00%

Legal Debt Margin Calculation for Fiscal Year 2021

Assessed Value	\$ 358,620,128
Total Assessed Value	<u>\$ 358,620,128</u>
Debt Limit (8% of Total Assessed Value)	\$ 28,689,610
Debt Applicable to Limit:	
General Obligation Bonds (Excluding Premiums)	-
Less: Amounts Issued Under Referendum	<u>-</u>
Total Net Debt Applicable to Limit	<u>-</u>
Legal Debt Margin	<u>\$ 28,689,610</u>

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

TOWN OF KIAWAH ISLAND, SOUTH CAROLINA
DEMOGRAPHIC AND ECONOMIC INFORMATION NARRATIVE
JUNE 30, 2021

The demographic and economic information section of the Annual Comprehensive Financial Report for the year ended June 30, 2021 for the Town of Kiawah Island, South Carolina is comprised of six schedules and graphs. The schedules are:

- Profile of General Demographic Characteristics – This schedule and graph shows the population by age. These numbers are based on the U.S. Census Bureau 2013-2017 American Community Survey five-year estimates.
- Population by Race – This schedule and graph shows the population by race. These numbers are based on the U.S. Census Bureau 2015-2019 American Community Survey five-year estimates.
- Housing Occupancy – This schedule and graph shows the housing totals and their occupancy rates. These numbers are based on the U.S. Census Bureau 2015-2019 American Community Survey five-year estimates.
- Educational Attainment – This schedule and graph shows the rates for level of education. These numbers are based on the U.S. Census Bureau 2015-2019 American Community Survey five-year estimates.
- School Enrollment – This schedule and graph shows the school enrollment by age. These numbers are based on the U.S. Census Bureau 2015-2019 American Community Survey five-year estimates.
- Median Household Income – This schedule and graph shows the household income by age groups. These numbers are based on the U.S. Census Bureau 2015-2019 American Community Survey five-year estimates.

The Town has provided the most relevant information for the demographic and economic information; thus, the tables may not include 10 years of data.

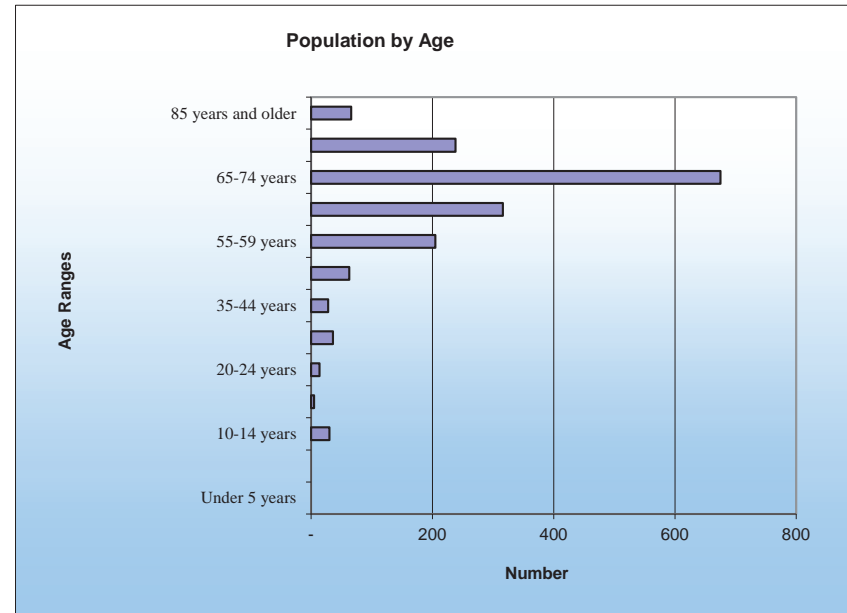
TOWN OF KIAWAH ISLAND, SOUTH CAROLINA

DEMOGRAPHIC AND ECONOMIC INFORMATION PROFILE OF GENERAL DEMOGRAPHIC CHARACTERISTICS

Town of Kiawah Island
4457 Betsy Kerrison Parkway
Kiawah Island, SC 29455



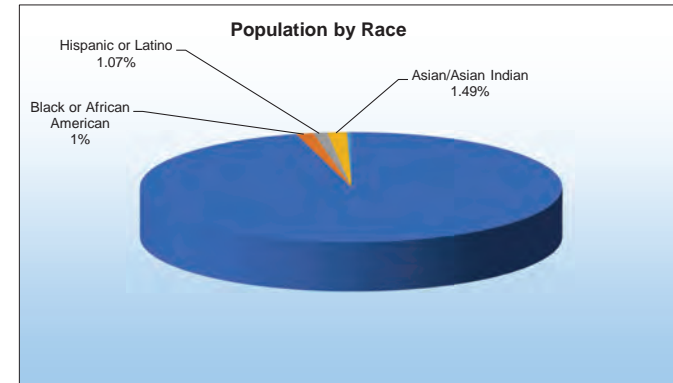
	Number	Percent
Population	1676	100
Gender and Age		
Male	820	48.9
Female	856	51.1
Under 5 years	-	-
5-9 years	-	-
10-14 years	30	1.8
15-19 years	5	0.3
20-24 years	14	0.8
25-34 years	36	2.1
35-44 years	28	1.7
45-54 years	63	3.8
55-59 years	205	12.2
60-64 years	316	18.9
65-74 years	675	40.3
75-84 years	238	14.2
85 years and older	66	3.9
Median age	67.6	(X)



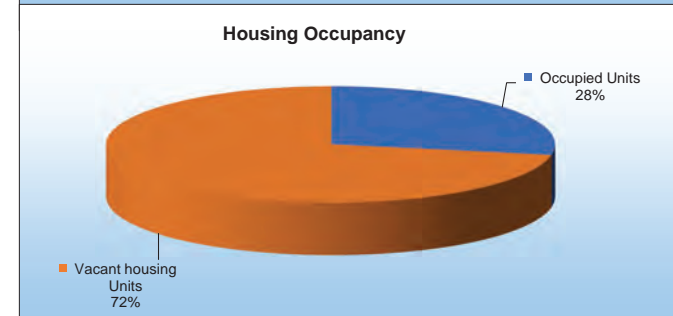
TOWN OF KIAWAH ISLAND, SOUTH CAROLINA

DEMOGRAPHIC AND ECONOMIC INFORMATION PROFILE OF GENERAL DEMOGRAPHIC CHARACTERISTICS

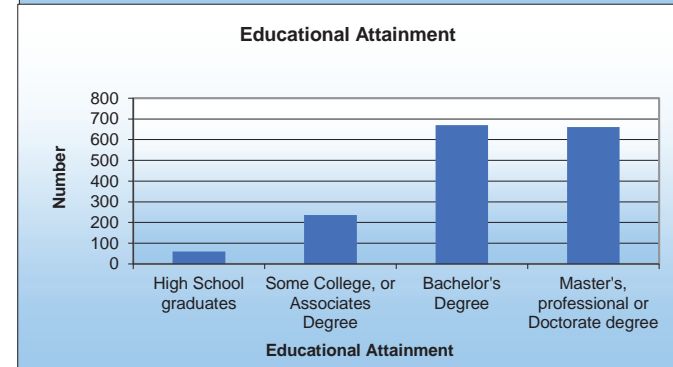
Race	Number	Percent
White	1605	95.8
Black or African American	22	1.3
Hispanic or Latino	18	1.1
Asian/Asian Indian	25	1.5
2 or More Races	6	0.4



Housing Occupancy	Number	Percent
Total Housing Units	3665	100.0
Occupied Units	1024	27.9
Vacant housing Units	2641	72.1
Home owner vacancy rate (%)	96.8	(X)
Rental Vacancy rate (%)	3.2	(X)



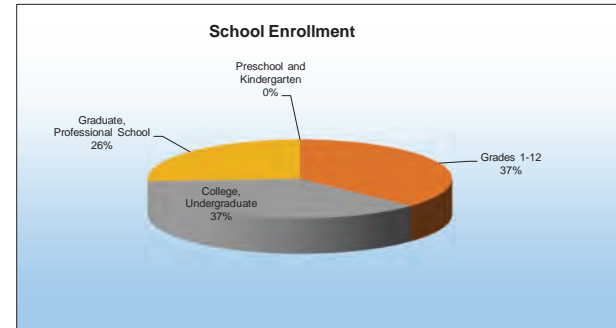
Educational Attainment	Number	Percent
Population 25 and older	1627	
High School graduates	60	3.7
Some College, or Associates Degree	236	14.5
Bachelor's Degree	670	41.2
Master's, professional or Doctorate degree	661	40.6



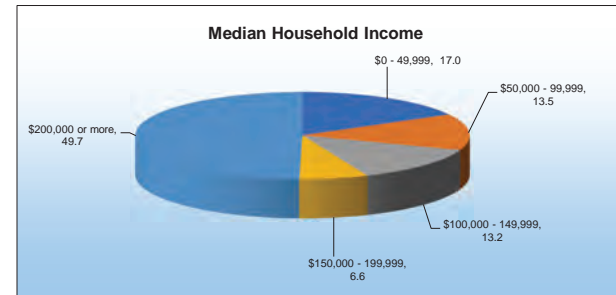
TOWN OF KIAWAH ISLAND, SOUTH CAROLINA

DEMOGRAPHIC AND ECONOMIC INFORMATION PROFILE OF GENERAL DEMOGRAPHIC CHARACTERISTICS

School Enrollment		
	Number	
Population 3 years and older	81	
	Number	Percent
Preschool and Kindergarten	-	-
Grades 1-12	30	37.0
College, Undergraduate	30	37.0
Graduate, Professional School	21	25.9



Median Household Income in \$	Amount	Percent
Median Household income	\$ 193,750	
\$0 - 49,999	280	17.0
\$50,000 - 99,999	222	13.5
\$100,000 - 149,999	217	13.2
\$150,000 - 199,999	109	6.6
\$200,000 or more	818	49.7



Sources: 2019: ACS Five-Year Estimates per the U.S. Census Bureau

TOWN OF KIAWAH ISLAND, SOUTH CAROLINA

OPERATING INFORMATION NARRATIVE JUNE 30, 2021

The operating information section of the Annual Comprehensive Financial Report for the year ended June 30, 2021 for the Town of Kiawah Island, South Carolina is comprised of three schedules. The schedules are:

- Full-time Equivalent Town Government Employees by Function/Program – This schedule shows the breakdown by function of the Town’s employees. These numbers are compared to previous years.
- Operating Indicators by Function – This schedule shows operating indicators like traffic ticket volume and solid waste tons to demonstrate services provided. These numbers are compared to previous years.
- Capital Assets Statistics by Function – This schedule shows capital asset statistics to demonstrate the use of assets acquired. These numbers are compared to previous years.

TOWN OF KIAWAH ISLAND, SOUTH CAROLINA

**OPERATING INFORMATION
FULL-TIME EQUIVALENT TOWN GOVERNMENT EMPLOYEES
BY FUNCTION/PROGRAM – LAST TEN FISCAL YEARS – SCHEDULE 1**

	<u>Management Services</u>	<u>Finance</u>	<u>Administrative Services</u>	<u>Building</u>	<u>Other</u>	<u>Deputies</u>	<u>Solid Waste</u>	<u>Total</u>
2021	1	4	3	7	4	28	0	47
2020	1	4	3	7	4	26	0	45
2019	1	3	3	7	4	41	0	59
2018	1	3	3	7	3	46	0	63
2017	1	3	3	7	3	46	0	63
2016	1	3	3	4	3	58	0	72
2015	1	3	3	4	3	55	0	69
2014	1	3	2	4	2	40	0	52
2013	1	2	2	3	2	29	0	39
2012	1	2	2	2	2	29	0	38

Notes:

Deputies are recorded at actual number of contractual staff.
The deputies are all part-time and are full-time County deputies.

Source: Town's Human Resource Office

TOWN OF KIAWAH ISLAND, SOUTH CAROLINA

**OPERATING INFORMATION
OPERATING INDICATORS BY FUNCTION – LAST TEN FISCAL YEARS
SCHEDULE 2**

	Fiscal Year									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Function:										
Police										
Traffic tickets issued	123	126	165	254	154	165	51	47	65	48
Criminal issues	4	2	17	24	29	1	1	1	2	5
Solid Waste										
Waste by (tons)	2354	2044	1995	1939	2098	2141	1700	1697	1995	2153
Culture and recreation										
Recreation permits issued	4	3	26	6	3	3	12	31	5	3
Town sponsored events	32	33	34	39	37	38	35	36	20	0
Code Enforcement										
Tickets issued	90	181	79	104	28	85	541	190	284	189

Source: Town of Kiawah Island

TOWN OF KIAWAH ISLAND, SOUTH CAROLINA

**OPERATING INFORMATION
CAPITAL ASSETS STATISTICS BY FUNCTION – LAST TEN FISCAL YEARS
SCHEDULE 3**

	Fiscal Year									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Function:										
Public Safety										
Vehicles	2	3	4	4	4	7	7	8	7	8
Radios	13	13	13	31	34	34	34	38	26	26
Solid Waste										
Collection trucks	3	3	3	3	5	5	4	4	4	4
Contractors	1	1	1	1	1	1	1	1	1	1
Land and Building										
Municipal meeting rooms	3	3	3	3	3	3	4	4	4	4
Municipal center square footage	6,500	6,500	6,500	6,500	6,500	6,500	13,900	13,900	13,900	13,900
Highways and Streets										
Streets (miles)	3.5	3.5	3.5	3.5	3.5	3.5	3.5	3.5	3.5	3.5
Signs	57	57	57	57	68	71	95	95	121	121

Source: Town of Kiawah Island

COMPLIANCE SECTION



**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 the Town Council
Kiawah Island, South Carolina**

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of the Town of Kiawah Island, South Carolina (the "Town") as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements and have issued our report thereon dated September 29, 2021.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the 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.

Mauldin & Jenkins, LLC

Savannah, Georgia
September 29, 2021

TOWN OF KIAWAH ISLAND, SOUTH CAROLINA

SCHEDULE OF FINDINGS AND RESPONSES FOR THE FISCAL YEAR ENDED JUNE 30, 2021

SECTION I SUMMARY OF AUDIT RESULTS

Financial Statements

Type of auditor's report issued Unmodified

Internal control over financial reporting:
Material weaknesses identified? ___ Yes X No

Significant deficiencies identified not considered to be material weaknesses? ___ Yes X No

Noncompliance material to financial statements noted? ___ Yes X No

Federal Awards

There was not an audit of major federal award programs as of June 30, 2021, due to the total amount expended being less than \$750,000.

SECTION II FINANCIAL STATEMENT FINDINGS AND RESPONSES

None reported.

SECTION III FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

Not applicable.

SECTION IV STATUS OF PRIOR YEAR AUDIT FINDINGS

None reported.