



**FY Ended
JUNE 30
2025**

**Annual
Comprehensive
Financial Report**

Mayor: Bradley Belt

Mayor Pro Tem: Russell Berner

Town Council: Luke Farrell, Madeleine Kaye, Lance Spencer

Town Administrator: Stephanie Tillerson

Finance Director: Dorota Szubert

**TOWN OF KIAWAH ISLAND,
SOUTH CAROLINA**

ANNUAL COMPREHENSIVE FINANCIAL REPORT

**FOR THE FISCAL YEAR ENDED
JUNE 30, 2025**

**Prepared By:
Finance Department**

TOWN OF KIAWAH ISLAND, SOUTH CAROLINA

ANNUAL COMPREHENSIVE FINANCIAL REPORT FOR THE FISCAL YEAR ENDED JUNE 30, 2025

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INTRODUCTORY SECTION



October 2, 2025

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 (the “Town”), for the fiscal year ended June 30, 2025.

This report contains management's representations concerning the finances of the Town. 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 an internal control framework that is designed to protect the Town's assets from loss, theft, or misuse and to provide 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 framework of internal controls has been designed to provide reasonable, rather than absolute, assurance that the financial statements will be free from material misstatement. Management asserts 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'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, 2025, 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's financial statements for the year ended June 30, 2025, 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 requires 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 MD&A can be found immediately following the Independent Auditor's Report.

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 operates as a Mayor-Council form of government, i.e., a strong mayor. The Town Council is composed of a Mayor and four Council Members. The Council is elected on a non-partisan basis. All members serve four-year terms. Currently, there are approximately 2,300 registered voters.

The Mayor and four Council Members comprise the legislative branch of the Town. Council is responsible for setting overall policy for the Town.

The Mayor is further responsible for the executive functions of Town management, including the administration of policies adopted by the Council. The Mayor is also responsible for supervising Town employees and departments. The Town Administrator provides support and advice to the Mayor on these matters. Since incorporation, the Town's administration has grown to 28 full-time positions.

The Town is unique compared to other South Carolina municipalities. The Kiawah Island Community Association ("KICA"), a private nonprofit property homeowner association, provides some services, including road and drainage maintenance, security, landscaping, and recreation within the gated community, which are typically the responsibility of municipal government. The services that the Town provides to its citizens and visitors include:

- Public Safety: Emergency response, disaster planning and recovery. Law enforcement services are provided by the Charleston County Sheriff's Office. The Town contracts for supplemental coverage;
- Code Enforcement: Enforcement of municipal ordinances, including business licenses;
- Public Works: Street and drainage maintenance of Beachwalker Drive and Kiawah Island Parkway from the roundabout at Betsy Kerrison Parkway to the front gate; maintenance of the Municipal Center; landscaping at Town Hall and along Kiawah Island Parkway and Beachwalker Drive, and managing third-party contracts;
- Solid Waste Disposal: Garbage, recycling, yard debris, brown trash, and household hazardous waste collection and disposal for all residential property through a contract with Trident Waste and Recycling;
- Planning and Zoning Administration: Processing land use applications; providing general 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;
- Building Services and Business License Administration: Licensing, building permits, and inspections for all commercial and residential projects within the Town;
- Criminal Court Administration: As part of the unified judicial system in South Carolina, the court hears and determines municipal code violations that 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, weekly email blast, podcasts, social media accounts, municipal mobile app, and community forums; and
- Wildlife Management: Monitoring, managing and researching Kiawah's native wildlife species and habitats while educating the general public about these areas.

Committees

The Town relies on volunteer committees to support Town functions and strategies. The Town has committees as required by state statute and standing committees to review and recommend policies and ordinances. These committees include:

Planning Commission

The Planning Commission approves plats and makes 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 primary responsibilities: 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

The Construction Board of Appeals hears appeals regarding decisions and interpretations made by the Town's Building officials.

State Accommodations Tax Committee

The State Accommodation Tax Committee (“SATAX”) meets annually to consider SATAX applications and make recommendations to the Ways and Means Committee and Town Council 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 safety and initiating and considering proposals and methods to upgrade and improve public safety.

Environmental Committee

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

Resiliency Committee

Resiliency Committee assists the Mayor and the Town Council with proactively managing and advising on resiliency and sustainability issues.

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 has oversight and responsibility for financial matters, including the annual budget, capital purchases, and contracts.

Audit Committee

The Audit Committee serves in an advisory capacity to the Town Council, providing oversight of the Town's financial reporting process, system of internal controls and independent audit functions. The committee is responsible for recommending the external auditor and reviewing the annual financial statements. Additionally, it monitors management's response to audit findings and advises the town's officials on fiscal matters.

Infrastructure and Public Works Committee

The Infrastructure and Public Works Committee is an advisory body focusing on essential community services, including the Town municipal center, public roads and leisure trails, solid waste management, water and sewer, electricity, and communications management.

Budget

The annual budget is the foundation for the Town's financial planning and control. All departments and affiliates of the Town submit budget requests to the Mayor and the Town Administrator. The Mayor, Finance Director and Town Administrator then prepare the first draft and present it for review to the Town's Ways and Means Committee, which is comprised of the Mayor and the two Council Members. Any necessary revisions are made, and the final budget is then submitted to the Ways and Means Committee for its review and approval. Once the Ways and Means Committee has reviewed and approved the budget, it recommends adoption to the Town Council for first reading. A second reading is scheduled for the June meeting to meet the June 30 adoption deadline. In accordance with the State law, a public hearing is held to receive citizen input before 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. It may be amended as necessary during the fiscal year. Budget-to-actual comparisons are provided in this report for each 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, vehicles and equipment purchases that occur in the near future.

LOCAL ECONOMY

Kiawah Island is a coastal community located 20 miles south of Charleston, South Carolina. Its economy is driven primarily by tourism, high end real estate, and exceptional recreational offerings. Recent trends show continued strength, especially in property values and municipal finances.

Tourism is the primary economic driver. The Sanctuary, Kiawah's premier oceanfront hotel, features 255 deluxe guest rooms, a spa, meeting facilities, and fine dining. The Andell Inn, a boutique hotel with 100 rooms, along with approximately 1,400 rental properties, attracts visitors from across the nation and around the world. These visitors support restaurants, shops and services at Freshfields Village and throughout Kiawah.

Kiawah Island is a highly desirable destination for living. The island's housing market is among the strongest in South Carolina. Last year, real estate market shattered all previous records with over \$1 billion in total sales. Property values remain high, with the average sales price for single-family homes reaching \$3.9 million on the Island, compared to the statewide average of \$303,000.

Kiawah is internationally acclaimed for its seven world-class golf courses, highlighted by the legendary Ocean Course, host of the 1991 Ryder Cup and the 2012 and 2021 and upcoming 2031 PGA Championship. Beyond golf, Kiawah is celebrated as one of the top tennis destinations in South Carolina, offering racquet sports programs led by nationally recognized professionals. Kiawah's pristine natural landscape further enhances its appeal, supporting a vibrant eco-tourism culture with opportunities for biking, kayaking, and wildlife exploration, that showcase Kiawah's unique coastal environment.

Kiawah Island continues to receive national and international recognition for its natural beauty, luxury accommodations, and high-quality amenities. In 2025, Kiawah was ranked #7 among Best Islands in the Continental U.S. by *Travel and Leisure Magazine* and was inducted into the publication's Hall of Fame. *Travel and Leisure Magazine* also recognized the Sanctuary as one of the top five resorts in South Carolina, further reinforcing Kiawah's reputation as premier destination for leisure and luxury travel.

The growth in tourism and residential development in recent years has strengthened the Town's fiscal position. In FY2025, the Town collected \$22.9M in total revenues, the highest level ever recorded. The combined fund balance increased by \$6.8M reaching \$47.7M at fiscal year end and underscoring the Town's continued robust financial health and sound fiscal management.

TOWN INITIATIVES

The Town remains financially secure while advancing long-term goals to enhance civic infrastructure, preserve the natural environment, and improved service capacity and delivery. Key projects for the fiscal year 2024-2025 include:

- Municipal Building Expansion: Exploring the addition of a new wing to provide expanded performance, cultural event and meeting space.
- Comprehensive Plan-"Kiawah Next": Developing a new 10-year plan to guide future community priorities in land use, environmental preservation, housing, and infrastructure.
- Leisure trail Improvements: Enhancing sections of trail along Kiawah Island Parkway and Beachwalker Drive to mitigate tidal flooding and improve drainage.
- Roads Safety Enhancements: Installing speed-tracking equipment to slow vehicular traffic and increase safety for pedestrians and cyclists.
- Landscape and Tree Preservation Standards: Adopting updated requirements to protect and enhance the Island's natural environment.
- Updating Accounting policies and procedures, HR policy and new procurement ordinance.

In addition to one-time projects the Town is committed to environmental sustainability and community well-being. Ongoing key long-term initiatives include:

- Bobcat Ecology Study: Reducing the use of harmful rodenticides.
- Environmental Research: Including studies on alligator behavior and climate change.
- Bird Banding: Monitoring ecosystem health.
- Arts and Cultural Events: Enhance community life.
- Philanthropy: Supporting the broader Sea Island community.

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, 2024. This was the 20th consecutive year the Town achieved this prestigious award. A Certificate of Achievement is valid for one year only, and we believe that our current Annual Comprehensive Financial Report continues to meet the Certificate of Achievement requirements.

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



Bradley D. Belt
Mayor

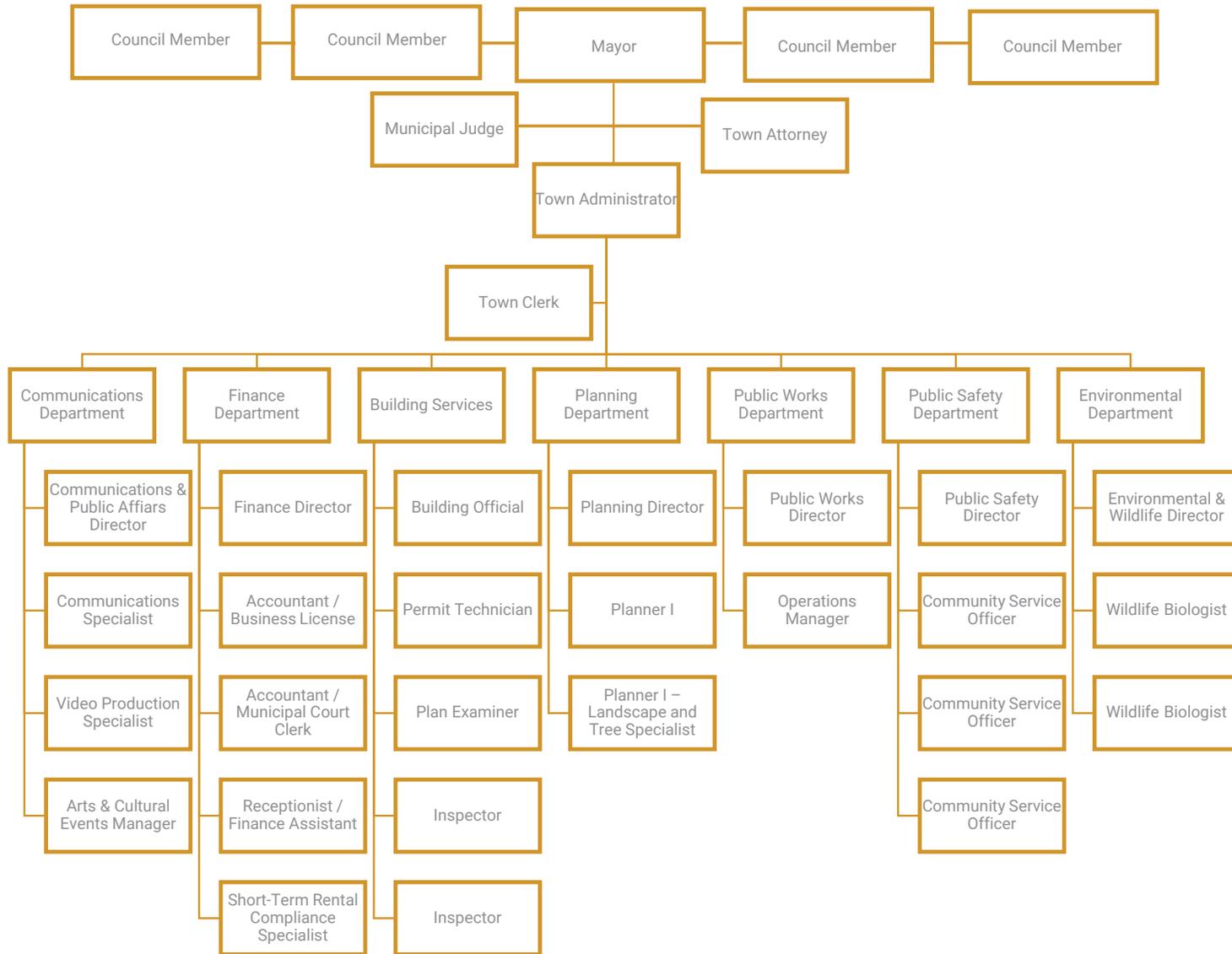


Stephanie Monroe Tillerson
Town Administrator



Dorota Szubert
Finance Director

Town of Kiawah Island Organizational Chart



TOWN OF KIAWAH ISLAND, SOUTH CAROLINA

PRINCIPAL OFFICIALS FOR THE FISCAL YEAR ENDED JUNE 30, 2025

Elected Officials

Bradley D. Belt	Mayor
Russell Berner	Council Member
Lance Spencer	Council Member
Luke Farrell	Council Member
Madeleine Kaye	Council Member

Other Officials

Stephanie Monroe Tillerson	Town Administrator
Dorota Szubert	Finance Director



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**Town of Kiawah Island
South Carolina**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2024

Christopher P. Morill

Executive Director/CEO

FINANCIAL SECTION



Independent Auditor's Report

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

Report on the Audit of the Financial Statements

Opinions

We have audited 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, 2025, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

In our opinion, the accompanying 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, 2025, 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.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis (MD&A), 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 is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board (GASB) who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. The Capital Projects Fund Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – GAAP Basis, and the comparative schedules of revenues and expenditures, 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. Such information is 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. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the 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.

We previously audited the Town's June 30, 2024 financial statements, and we expressed unmodified opinions on the governmental activities and each major fund in our report dated September 20, 2024. 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, 2024, is consistent, in all material respects, with the audited financial statements from which it has been derived.

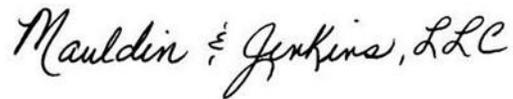
Other Information

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 2, 2025, 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.



Columbia, South Carolina
October 2, 2025

TOWN OF KIAWAH ISLAND, SOUTH CAROLINA

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE FISCAL YEAR ENDED JUNE 30, 2025

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, 2025. 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 assets and deferred outflows of the Town exceeded its liabilities and deferred inflows on June 30, 2025, by \$59,656,615, reflecting its net position. Of this amount, \$15,252,519 represents the investment in capital assets, and \$8,859,053 is considered restricted. The remaining \$35,545,043 (unrestricted) is available to meet the Town's ongoing obligations to vendors and residents.
- The Town's total net position increased by \$6,446,446 from the fiscal year ended June 30, 2024. This increase was largely attributable to steady growth in tourism-generated revenues, interest income and charges for services, including business licenses and building permits.
- On June 30, 2025, the Town's governmental funds reported an ending fund balance of \$47,906,958, an increase of \$6,986,594 compared to the previous year.
- At the end of the current fiscal year, the unassigned fund balance for the General Fund was \$27,964,680 representing 286% of the total General Fund expenditures and transfers. This amount exceeds the Town's fiscal policy requirement of 30% by 256%.

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 (RSI)* 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.

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 future fiscal periods.

MANAGEMENT'S DISCUSSION AND ANALYSIS

The government-wide financial statements consist of the Town's governmental activities, as the Town does not have any business-type activities. Governmental activities include general government, judicial, public safety, environmental services, and tourism and recreation. Accommodation 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 is provided to explain the relationship (or differences) between the two kinds of statements. 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 fund 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 on the financial statement amounts. The notes to the financial statements can be found as listed in the table of contents.

Required Supplementary Information (RSI)

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 Balances 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. RSI can be found as listed in the table of contents.

MANAGEMENT'S DISCUSSION AND ANALYSIS

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

Net Position

As noted earlier, net position serves as a useful indicator of a public government's financial position. The Town's net position on June 30, 2025, totaled \$59,656,615, which is an increase of \$6,446,446, or 12%, from the prior year. The following table provides a summary of the Town's net position for 2025 compared to 2024.

	Governmental Activities	
	2025	2024
Assets:		
Current Assets	\$ 48,938,681	\$ 41,977,305
Capital Assets, Net	15,263,769	15,764,584
Total Assets	\$ 64,202,450	\$ 57,741,889
Deferred Outflows of Resources:		
Deferred Pension Charges	\$ 1,249,481	\$ 1,003,503
Deferred OPEB Charges	13,801	25,100
Total Deferred Outflows of Resources	\$ 1,263,282	\$ 1,028,603
Liabilities:		
Net Pension Liability	\$ 4,176,411	\$ 3,982,349
Total OPEB Liability	284,831	288,978
Long-Term Obligations, due in one year	126,693	194,230
Other Liabilities	976,184	1,000,577
Total Liabilities	\$ 5,564,119	\$ 5,466,134
Deferred Inflows of Resources:		
Deferred Pension Credits	\$ 192,914	\$ 42,002
Deferred OPEB Credits	52,084	52,187
Total Deferred Inflows of Resources	\$ 244,998	\$ 94,189
Net Position:		
Net Investment in Capital Assets	\$ 15,252,519	\$ 15,691,594
Restricted	8,859,053	7,609,644
Unrestricted	35,545,043	29,908,931
Total Net Position	\$ 59,656,615	\$ 53,210,169

MANAGEMENT'S DISCUSSION AND ANALYSIS

The large portion of the Town's net position of \$15,252,519 (25% of total net position) reflects its investment in capital assets less capital-related accounts payable. 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 \$8,859,053 (15% of the total net position) represents resources that are subject to external restrictions as to how they may be used. This portion of the net position is restricted primarily for special revenue programs, which are restricted by the revenue source.

The remaining portion of the Town's net position is an unrestricted net position of \$35,545,043 (60% of the total net position), which may be used to meet the Town's ongoing obligations to residents and vendors.

Governmental Activities

Governmental activities increased the Town's net position by \$6,446,446 for the year ended June 30, 2025. The following table shows the changes in the Town's net position for fiscal year 2025 compared to 2024.

	Governmental Activities	
	2025	2024
Revenues		
Program Revenues:		
Charges for Services	\$ 9,258,763	\$ 7,932,359
Operating Grants and Contributions	177,672	-
General Revenues:		
Unrestricted SC Aid to Subdivisions	52,638	50,141
Local Option Sales Tax	1,010,530	995,279
Franchise Taxes	970,451	981,795
Interest	2,028,504	1,988,076
Hospitality Taxes	969,720	962,458
Accommodations Taxes	5,526,414	5,194,453
Miscellaneous	97,456	310,347
Total Revenues	20,092,148	18,414,908
Expenses		
General Government	8,097,012	7,349,820
Judicial	30,006	35,040
Public Safety	1,273,582	897,295
Tourism and Recreation	4,245,102	4,132,555
Total Expenses	13,645,702	12,414,710
Change in Net Position	6,446,446	6,000,198
Net Position - Beginning of Year	53,210,169	47,209,971
Net Position - End of Year	\$ 59,656,615	\$ 53,210,169

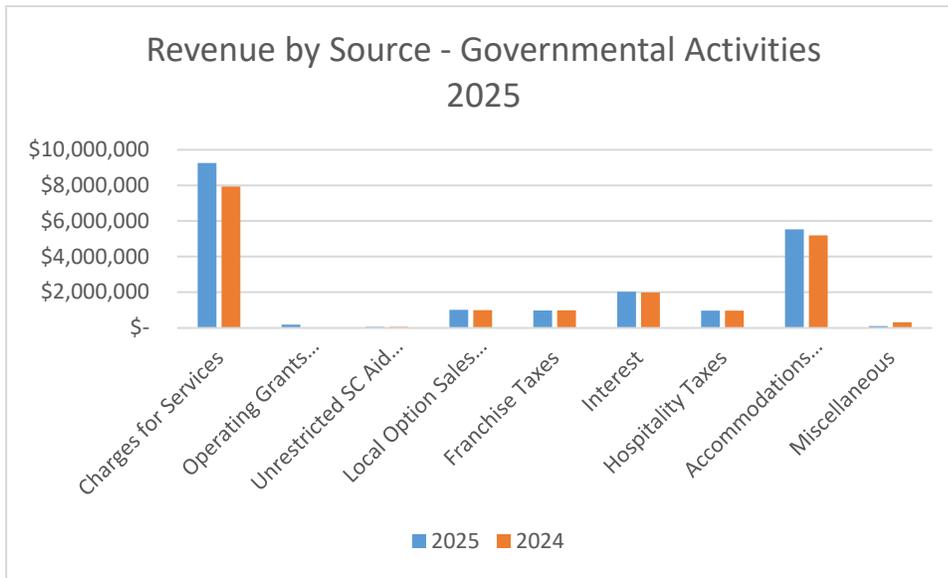
MANAGEMENT'S DISCUSSION AND ANALYSIS

Total revenues from governmental activities increased by \$1,677,240, or 9% from the prior year. The most significant changes in governmental revenues are outlined below:

- Charges for Services increased by \$1,326,404, or 14%, primarily due to an increase in business license revenue, building permits and environmental service fees. Business License revenue grew by \$271,399, or 6%, driven by enhanced enforcement of licensing compliance. Building permit revenue increased by \$448,346, or 17% reflecting higher permit fees implemented in October 2024. Environmental service fees rose by \$614,197, or 96%, primarily due to an increase in charges for garbage pickup resulting from higher contract cost.
- Operating Grants and Contributions increased by \$177,672, or 100% attributable to a grant from Charleston County to fund bike trail repairs.
- Accommodation Taxes increased by \$331,961, or 6%, due to a modest rise in the nightly accommodation rates.
- Miscellaneous Revenue declined \$212,891, or 68%. This decrease is mainly due to one-time revenues recognized in prior year, including payments from the Charleston County Sheriff's Office for the book value of the vehicles and equipment and restitution received from the former treasurer.

	Governmental Activities	
	2025	2024
Revenues		
Program Revenues:		
Charges for Services	\$ 9,258,763	\$ 7,932,359
Operating Grants and Contributions	177,672	-
General Revenues:		
Unrestricted SC Aid to Subdivisions	52,638	50,141
Local Option Sales Tax	1,010,530	995,279
Franchise Taxes	970,451	981,795
Interest	2,028,504	1,988,076
Hospitality Taxes	969,720	962,458
Accommodations Taxes	5,526,414	5,194,453
Miscellaneous	97,456	310,347
Total Revenues	\$ 20,092,148	\$ 18,414,908

MANAGEMENT'S DISCUSSION AND ANALYSIS

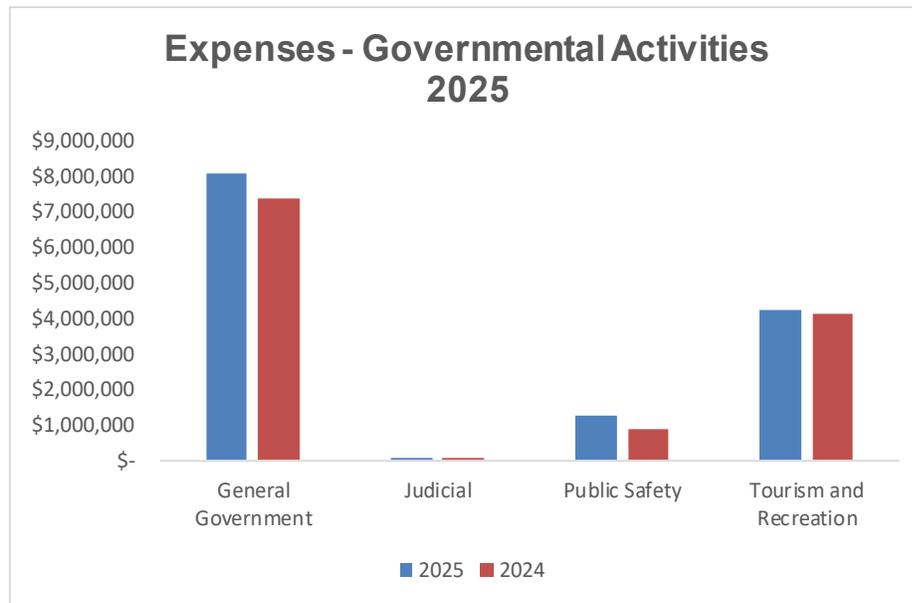


Total expenses for governmental activities increased by \$1,230,9992, or 9%, compared to the previous year. The key changes in expenditures are summarized below:

- General government increased \$747,192, or 9%. This increase was primarily the result of higher personnel costs and rising waste management expenses.
- Public Safety increased \$376,287, or 30%, driven by increased hourly cost and expended coverage provided by off-duty deputies.
- Tourism and Recreation increased \$112,547, or 3%, reflecting higher spending of State Accommodations Tax funds designated to attract or provide for tourists. These expenditures, which include promotion, advertising, and safety related activities, are mandated by State law to be used within two years.

	Governmental Activities	
	2025	2024
Expenses:		
General Government	\$ 8,097,012	\$ 7,349,820
Judicial	30,006	35,040
Public Safety	1,273,582	897,295
Tourism and Recreation	4,245,102	4,132,555
Total Expenses	\$ 13,645,702	\$ 12,414,710

MANAGEMENT'S DISCUSSION AND ANALYSIS



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, a 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 \$47,906,958 an increase of \$6,986,594, or 17%, from the prior year's fund balance. Of this amount, \$27,964,680 or 58%, constitutes an unassigned fund balance, which is available for spending at the Town's discretion. The remainder of fund balances of \$19,942,278 or 42%, are designated. They have been designated as follows: \$179,391 is non-spendable as prepaid expenses, \$8,837,975 is restricted for tourism-related expenditures, \$21,078 for victims' assistance support, and \$10,903,834 is committed to future capital improvements and emergency recovery funding.

The General Fund is the Town's primary operating fund. At the end of the current fiscal year, the General Fund's unassigned fund balance was \$27,964,680, and the total fund balance was \$28,144,071. As a measure of the General Fund's liquidity, it may be useful to compare the total unassigned fund balance and total fund balance to total General Fund expenditures and transfers out. The total unassigned fund balance represents 286% of the Total General Fund expenditures and transfers out, while the total fund balance represents 288%. The General Fund's total fund balance increased by \$4,208,450 during fiscal year 2025. This increase was driven by consistent growth in most General Fund revenues and the transfers of tourism-driven revenues to fund tourism-related expenditures.

MANAGEMENT'S DISCUSSION AND ANALYSIS

The State Accommodation Tax Fund had a fund balance of \$1,377,514, a decrease of \$273,150 or 17%, compared to the prior year. This decrease is due to additional spending on tourism-related expenditure to comply with the State requirement that these funds be spent within two years of receipt.

The County Accommodation Tax Fund had a fund balance of \$2,619,692, an increase of \$582,844 or 29%, over the prior year. This growth resulted primarily from higher collections of County Accommodation Tax and grant funding received.

The Local Accommodation Fund had a fund balance of \$2,873,784, an increase of \$486,675, or 20%, over the prior year. This increase is attributable to a reduction in transfers out for capital projects funded by Local Accommodation Tax.

The Beverage Tax Fund remained unchanged at \$0, as all the revenues collected from liquor licenses are transferred to the Capital Fund for future beach renourishments.

The Hospitality Tax Fund had a fund balance of \$1,966,985, an increase of \$453,138 or 30%, over the prior year. Much of the increase is due to a decrease in transfers out for capital projects eligible for Hospitality Tax funding.

The Victims' Assistance Fund had a fund balance of \$21,078, a decrease of \$98, or 0.5%. All the assessments for Victim Services are remitted to the State.

The Capital Fund had a fund balance of \$10,903,834 and an increase of \$1,528,735, or 16%, over the prior year. Of the total fund balance, \$7,549,174 is committed for future capital projects and \$3,354,660 for the unanticipated expenditures of an emergency nature and disaster recovery.

General Fund Budgetary Highlights. For the last fiscal year, actual revenues of \$12,530,105 exceeded the budget by \$3,3626,006, or 41%. The positive variance was driven primarily by building permits, business licenses, and interest income. Those revenue sources exceeded budgeted amounts by \$1,730,308, or 133%, and \$1,156,755, or 30%, and \$472,219, or 90% respectively. These favorable results reflect increase in permit fees, collection of revised permit fees for Upper and Lower Beachwalker development project, improved compliance in business licensing and steady rate of return on Town's investments.

Actual General Fund expenditures totaled \$9,538,082 which was \$315,679, or 3% under budget. The favorable variance was mainly due to lower-than-expected legal costs and savings in town hall operations. This disciplined expense management, combined with strong revenue performance, resulted in a stronger than projected financial outcome and an overall surplus for the fiscal year.

Capital Assets and Debt Administration

Capital Assets. As of June 30, 2025, the Town's capital assets totaled \$15,263,769 (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, along Kiawah Island Parkway and Beachwalker Drive.

MANAGEMENT'S DISCUSSION AND ANALYSIS

The Town's investments in capital assets decreased by \$500,815 during the fiscal year. Additions of \$292,138 included leisure trail improvements along Kiawah Island Parkway and Beachwalker Drive, the purchase of two new vehicles and other operating equipment. These additions were offset by depreciation expenses of \$792,593, and net disposals of \$41,535, resulting in decline in capital assets.

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

	Governmental Activities	
	2025	2024
Land	\$ 2,088,092	\$ 2,088,092
Construction in Progress	-	-
Furniture and Fixtures	397,803	397,803
Signs and Fences	183,845	183,845
Equipment	306,173	288,569
Computers and Software	82,475	87,074
Vehicles	609,574	588,777
Municipal Center - Buildings, Landscaping and Miscellaneous	8,812,806	8,812,806
Infrastructure	11,219,485	11,002,683
Less: Accumulated Depreciation	(8,436,484)	(7,685,065)
Total	\$ 15,263,769	\$ 15,764,584

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

Economic Factors and Next Year's Budget

Several economic factors continue to influence financial position of the Town of Kiawah Island. The Town's revenues are highly sensitive to construction activity, tourism trends, and business licensing compliance. Strong residential and commercial development generated higher building permit revenues, while enhanced enforcement of licensing requirements has sustained growth in business license collections. The local tourism sector remains robust, supported by steady visitor demand and rising accommodation rates, contributing to the Town's hospitality and accommodations tax revenues.

Looking ahead to the upcoming fiscal year, the Town's adopted budget reflects a conservative revenue approach while continuing to fund strategic priorities. For the fiscal year 2026, the total budget for all funds is \$17,563,487, with the General Fund budget of \$10,288,697. This represents a 14% overall budgetary increase and a 16% increase in the General Fund's operating budget. The majority of the revenues are projected to grow modestly across all sources.

MANAGEMENT'S DISCUSSION AND ANALYSIS

The budget reflects the Town's commitment to balancing operations, community needs, and a long-term investment. In addition to regular operations, the Town provides complimentary solid waste service and a credit for additional solid waste service for property owners. It also allocates resources for preliminary design of municipal building expansion to support cultural events and meeting spaces, infrastructure and landscape improvements along Beachwalker Drive and Kiawah Island Parkway, and esthetic enhancements to Betsy Kerrison Parkway. The budget further strengthens capital and emergency reserves, supports environmental stewardship through our wildlife programs, expands arts and cultural events programming and contributes to broader Sea Island community through the Town's charitable grants program and community support initiatives.

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:

Finance Director
Town of Kiawah Island
4475 Betsy Kerrison Parkway
Kiawah Island, South Carolina, 29455

BASIC FINANCIAL STATEMENTS

TOWN OF KIAWAH ISLAND, SOUTH CAROLINA

STATEMENT OF NET POSITION

JUNE 30, 2025

	Governmental Activities
ASSETS	
Cash and cash equivalents	\$ 33,979,236
Cash and cash equivalents, restricted	12,086,741
Accounts receivable	439,101
Due from state	1,563,285
Due from county	690,927
Prepaid expenses	179,391
Capital assets:	
Non-depreciable	2,088,092
Depreciable, net of accumulated depreciation	13,175,677
Total assets	64,202,450
DEFERRED OUTFLOWS OF RESOURCES	
Deferred pension charges	1,249,481
Deferred OPEB charges	13,801
Total deferred outflows of resources	1,263,282
LIABILITIES	
Accounts payable	915,609
Accrued liabilities	50,012
Court fines and assessments payable	1,257
Unearned revenues	9,306
OPEB liability, due within one year	8,015
Compensated absences due within one year	118,678
Long-term liabilities:	
Net pension liability, due in more than one year	4,176,411
Total OPEB liability, due in more than one year	284,831
Total liabilities	5,564,119
DEFERRED INFLOWS OF RESOURCES	
Deferred pension credits	192,914
Deferred OPEB credits	52,084
Total deferred inflows of resources	244,998
NET POSITION	
Net investment in capital assets	15,252,519
Restricted for:	
Tourism-related expenses	8,837,975
Victims' assistance	21,078
Unrestricted	35,545,043
Total net position	\$ 59,656,615

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, 2025**

Functions/Programs	Expenses	Program Revenues			Net (Expenses) Revenues and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Governmental Activities:					
General government	\$ 8,097,012	\$ 9,241,542	\$ 177,672	\$ -	\$ 1,322,202
Judicial	30,006	17,221	-	-	(12,785)
Public safety	1,273,582	-	-	-	(1,273,582)
Tourism and recreation	4,245,102	-	-	-	(4,245,102)
Interest on long-term debt	-	-	-	-	-
Total governmental activities	<u>\$ 13,645,702</u>	<u>\$ 9,258,763</u>	<u>\$ 177,672</u>	<u>\$ -</u>	<u>(4,209,267)</u>
General revenues:					
					52,638
					1,010,530
					970,451
					2,028,504
					969,720
					5,526,414
					97,456
					-
					<u>10,655,713</u>
					6,446,446
					53,210,169
					<u>\$ 59,656,615</u>

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

TOWN OF KIAWAH ISLAND, SOUTH CAROLINA

**BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2025**

ASSETS	General Fund	State Accommodations Tax Fund	County Accommodations Tax Fund	Local Accommodations Tax Fund
Cash and cash equivalents	\$ 25,380,718	\$ -	\$ -	\$ -
Cash and cash equivalents, restricted	-	2,556,351	1,816,806	4,751,815
Due from state	506,647	1,053,888	-	-
Due from county	-	-	408,155	282,772
Due from other funds	4,977,342	-	399,861	-
Accounts receivable	332,217	-	-	-
Prepaid expenditures	179,391	-	-	-
Total assets	<u>\$ 31,376,315</u>	<u>\$ 3,610,239</u>	<u>\$ 2,624,822</u>	<u>\$ 5,034,587</u>
 LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
LIABILITIES				
Accounts payable	\$ 388,850	\$ 493,609	\$ 5,130	\$ -
Accrued liabilities	50,012	-	-	-
Municipal court fines and assessments payable	1,257	-	-	-
Unearned revenues	9,306	-	-	-
Due to other funds	2,727,280	1,739,116	-	2,160,803
Total liabilities	<u>3,176,705</u>	<u>2,232,725</u>	<u>5,130</u>	<u>2,160,803</u>
 DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue	55,539	-	-	-
Total deferred inflows of resources	<u>55,539</u>	<u>-</u>	<u>-</u>	<u>-</u>
 FUND BALANCES				
Nonspendable	179,391	-	-	-
Restricted for:				
Tourism-related expenditures	-	1,377,514	2,619,692	2,873,784
Victims' assistance	-	-	-	-
Committed for:				
Capital improvements	-	-	-	-
Unassigned	27,964,680	-	-	-
Total fund balances	<u>28,144,071</u>	<u>1,377,514</u>	<u>2,619,692</u>	<u>2,873,784</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 31,376,315</u>	<u>\$ 3,610,239</u>	<u>\$ 2,624,822</u>	<u>\$ 5,034,587</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
\$ -	\$ -	\$ -	\$ 8,598,518	\$ 33,979,236
-	2,961,769	-	-	12,086,741
2,750	-	-	-	1,563,285
-	-	-	-	690,927
-	-	22,103	2,305,316	7,704,622
-	106,884	-	-	439,101
-	-	-	-	179,391
<u>\$ 2,750</u>	<u>\$ 3,068,653</u>	<u>\$ 22,103</u>	<u>\$ 10,903,834</u>	<u>\$ 56,643,303</u>
\$ -	\$ 26,995	\$ 1,025	\$ -	\$ 915,609
-	-	-	-	50,012
-	-	-	-	1,257
-	-	-	-	9,306
2,750	1,074,673	-	-	7,704,622
<u>2,750</u>	<u>1,101,668</u>	<u>1,025</u>	<u>-</u>	<u>8,680,806</u>
-	-	-	-	55,539
-	-	-	-	55,539
-	-	-	-	179,391
-	1,966,985	-	-	8,837,975
-	-	21,078	-	21,078
-	-	-	10,903,834	10,903,834
-	-	-	-	27,964,680
<u>-</u>	<u>1,966,985</u>	<u>21,078</u>	<u>10,903,834</u>	<u>47,906,958</u>
<u>\$ 2,750</u>	<u>\$ 3,068,653</u>	<u>\$ 22,103</u>	<u>\$ 10,903,834</u>	<u>\$ 56,643,303</u>

TOWN OF KIAWAH ISLAND, SOUTH CAROLINA

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION JUNE 30, 2025

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

Fund balances, end of year	\$ 47,906,958
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	15,263,769
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.	55,539
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.	(3,119,844)
The total OPEB liability and related deferred outflows and inflows of resources do not require the use of current financial resources, therefore, they are not reported in the governmental funds.	(331,129)
Compensated absences are not due or payable in the current period and, therefore, are not reported in the governmental funds.	<u>(118,678)</u>
Net position of governmental activities	<u><u>\$ 59,656,615</u></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, 2025**

	<u>General Fund</u>	<u>State Accommodations Tax Fund</u>	<u>County Accommodations Tax Fund</u>	<u>Local Accommodations Tax Fund</u>
Revenues				
Building permits	\$ 3,030,308	\$ -	\$ -	\$ -
Business licenses	4,906,755	-	-	-
Franchise fee revenue	970,451	-	-	-
Beverage permit revenue	-	-	-	-
Local option sales tax	1,010,530	-	-	-
Fines and forfeitures	12,972	-	-	-
Interest	997,219	117,926	91,476	222,945
Miscellaneous	150,094	-	-	-
Accommodations tax	194,547	2,959,219	738,652	1,634,821
Environmental service fee	1,257,229	-	-	-
Grant revenue	-	-	177,672	-
Hospitality tax	-	-	-	-
Total revenues	<u>12,530,105</u>	<u>3,077,145</u>	<u>1,007,800</u>	<u>1,857,766</u>
Expenditures				
Current:				
General government	7,530,030	-	-	-
Judicial	25,207	-	-	-
Public safety	1,243,420	-	-	-
Tourism and recreation	355,521	2,469,295	816,956	103,645
Capital outlay	383,904	-	-	-
Total expenditures	<u>9,538,082</u>	<u>2,469,295</u>	<u>816,956</u>	<u>103,645</u>
Excess (deficiency) of revenues over (under) expenditures	<u>2,992,023</u>	<u>607,850</u>	<u>190,844</u>	<u>1,754,121</u>
Other financing sources (uses)				
Transfers in	1,444,224	-	392,000	-
Transfers out	(227,797)	(881,000)	-	(1,267,446)
Total other financing sources (uses)	<u>1,216,427</u>	<u>(881,000)</u>	<u>392,000</u>	<u>(1,267,446)</u>
Net change in fund balances	4,208,450	(273,150)	582,844	486,675
Fund balances, beginning of year	<u>23,935,621</u>	<u>1,650,664</u>	<u>2,036,848</u>	<u>2,387,109</u>
Fund balances, end of year	<u>\$ 28,144,071</u>	<u>\$ 1,377,514</u>	<u>\$ 2,619,692</u>	<u>\$ 2,873,784</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
\$ -	\$ -	\$ -	\$ -	\$ 3,030,308
-	-	-	-	4,906,755
-	-	-	-	970,451
47,250	-	-	-	47,250
-	-	-	-	1,010,530
-	-	4,249	-	17,221
-	158,923	-	440,015	2,028,504
-	-	-	-	150,094
-	-	-	-	5,527,239
-	-	-	-	1,257,229
-	-	-	-	177,672
-	969,720	-	-	969,720
<u>47,250</u>	<u>1,128,643</u>	<u>4,249</u>	<u>440,015</u>	<u>20,092,973</u>
-	-	-	-	7,530,030
-	-	4,347	-	29,554
-	-	-	-	1,243,420
-	174,054	-	-	3,919,471
-	-	-	-	383,904
<u>-</u>	<u>174,054</u>	<u>4,347</u>	<u>-</u>	<u>13,106,379</u>
<u>47,250</u>	<u>954,589</u>	<u>(98)</u>	<u>440,015</u>	<u>6,986,594</u>
-	-	-	1,088,720	2,924,944
(47,250)	(501,451)	-	-	(2,924,944)
<u>(47,250)</u>	<u>(501,451)</u>	<u>-</u>	<u>1,088,720</u>	<u>-</u>
-	453,138	(98)	1,528,735	6,986,594
-	1,513,847	21,176	9,375,099	40,920,364
<u>\$ -</u>	<u>\$ 1,966,985</u>	<u>\$ 21,078</u>	<u>\$ 10,903,834</u>	<u>\$ 47,906,958</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, 2025

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

Net change in fund balances - total governmental funds	\$	6,986,594
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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 depreciation expense exceeded capital outlay in the current period.

Total capital outlay	\$	292,139	
Total depreciation expense		<u>(792,555)</u>	(500,416)

The net effect of the sale of capital assets is to decrease net position.		(399)
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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.		(825)
--	--	-------

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

Net pension liability	\$	(98,996)	
Total OPEB liability		(7,049)	
Compensated absences		<u>67,537</u>	<u>(38,508)</u>

Change in net position of governmental activities.	\$	<u><u>6,446,446</u></u>
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NOTES TO THE FINANCIAL STATEMENTS

TOWN OF KIAWAH ISLAND, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FISCAL YEAR ENDED JUNE 30, 2025

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 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. Nonmajor 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)

Governmental Fund Types (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/short term rentals 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) General obligations of the State of South Carolina or any of its political units; or 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 fair 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 \$1 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 assets 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 assets 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 Balance/Net Position

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 Town Council or by an official or body to which the Town Council delegates the authority. The Town Council has not delegated such authority as of June 30, 2025.

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 Balance/ Net Position (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 GAAP 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

A. 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 Town Council.

There were no amendments to the budget for the year ended June 30, 2025.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (CONTINUED)

B. Excess Expenditures over Appropriations

For the fiscal year ended June 30, 2025, the following funds had expenditures that exceeded appropriations:

Fund	Excess
Hospitality Tax Fund	\$ 7,554

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, 2025, the Town's bank balances were properly collateralized.

As of June 30, 2025, the Town had the following cash equivalents and maturities:

Cash Equivalents	Maturity	Percentage	Fair Value
South Carolina Government Investment Pool	75 days	100%	\$ 45,210,625

NOTES TO THE FINANCIAL STATEMENTS

NOTE 3. DEPOSITS AND INVESTMENTS (CONTINUED)

Custodial Credit Risk for Deposits (Continued): South Carolina Local Government Investment Pool (LGIP or “the Pool”) amounts are held by 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. 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 to 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.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 3. DEPOSITS AND INVESTMENTS (CONTINUED)

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.

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

Statement of Net Position:

Cash and cash equivalents	\$ 33,979,236
Cash and cash equivalents, restricted	12,086,741
Total cash and investments	\$ 46,065,977
Cash deposited with financial institutions	\$ 855,352
South Carolina Local Government Investment Pool	45,210,625
	\$ 46,065,977

NOTE 4. RECEIVABLES

Receivables at June 30, 2025, 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	\$ 451,179	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 451,179
Accommodations taxes	-	1,053,888	-	-	-	-	1,053,888
Due from County	-	-	408,155	282,772	-	-	690,927
Franchise fees	232,754	-	-	-	-	-	232,754
Beverage permits	-	-	-	-	2,750	-	2,750
Hospitality tax	-	-	-	-	-	106,884	106,884
Other receivables	154,931	-	-	-	-	-	154,931
Net total receivables	\$ 838,864	\$ 1,053,888	\$ 408,155	\$ 282,772	\$ 2,750	\$ 106,884	\$ 2,693,313

No significant amounts were deemed uncollectible for the year ended June 30, 2025. Lien and judgement receivables of \$55,539 were not collected soon enough after year-end to pay for expenditures of the current period; thus, they have been recorded as unavailable until the revenue is received.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 5. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

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

Fund	Receivables	Payables
Major Governmental Funds:		
General Fund	\$ 4,977,342	\$ 2,727,280
Beverage Permits Fund	-	2,750
Victims' Assistance Fund	22,103	-
Capital Projects Fund	2,305,316	-
State Accommodations Tax Fund	-	1,739,116
County Accommodations Tax Fund	399,861	-
Local Accommodations Tax Fund	-	2,160,803
Hospitality Tax Fund	-	1,074,673
	\$ 7,704,622	\$ 7,704,622

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, State 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 and County Accommodations when deposits are received after year-end. The 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, 2025, consisted of the following:

Fund	Transfers In	Transfers Out
Major Governmental Funds:		
General Fund	\$ 1,444,224	\$ 227,797
State Accommodations Tax Fund	-	881,000
County Accommodations Tax Fund	392,000	-
Local Accommodations Tax Fund	-	1,267,446
Beverage Permits Fund	-	47,250
Hospitality Tax Fund	-	501,451
Capital Projects Fund	1,088,720	-
	\$ 2,924,944	\$ 2,924,944

NOTES TO THE FINANCIAL STATEMENTS

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

The General Fund *transfers in* represent funds transferred from the Local 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. 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 future capital 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 future capital 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 future capital 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, 2025, 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
Total	<u>2,088,092</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,088,092</u>
Capital assets, being depreciated:					
Furniture and fixtures	397,803	-	-	-	397,803
Signs and fences	183,845	-	-	6,135	189,980
Equipment	288,569	17,604	-	(47,995)	258,178
Computers and software	87,074	2,651	(7,250)	72,905	155,380
Vehicles	588,777	55,082	(34,285)	(31,045)	578,529
Municipal Center - buildings, landscaping and miscellaneous	8,812,806	-	-	-	8,812,806
Infrastructure	11,002,683	216,802	-	-	11,219,485
Total	<u>21,361,557</u>	<u>292,139</u>	<u>(41,535)</u>	<u>-</u>	<u>21,612,161</u>
Less accumulated depreciation for:					
Furniture and fixtures	(392,981)	(1,284)	-	1,142	(393,123)
Signs and fences	(99,935)	(18,998)	-	(6,134)	(125,067)
Equipment	(143,840)	(38,703)	-	2,166	(180,377)
Computers and software	(77,573)	(23,801)	6,851	(27,080)	(121,603)
Vehicles	(427,266)	(69,409)	34,285	29,906	(432,484)
Municipal Center - buildings, landscaping and miscellaneous	(1,519,452)	(239,584)	-	-	(1,759,036)
Infrastructure	(5,024,018)	(400,776)	-	-	(5,424,794)
Total	<u>(7,685,065)</u>	<u>(792,555)</u>	<u>41,136</u>	<u>-</u>	<u>(8,436,484)</u>
Total capital assets, being depreciated, net	<u>13,676,492</u>	<u>(500,416)</u>	<u>(399)</u>	<u>-</u>	<u>13,175,677</u>
Governmental activities capital assets, net	<u>\$ 15,764,584</u>	<u>\$ (500,416)</u>	<u>\$ (399)</u>	<u>\$ -</u>	<u>\$ 15,263,769</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:

General government	\$ 466,924
Tourism and recreation	325,631
Total depreciation expense - governmental activities	\$ 792,555

NOTE 7. COMPENSATED ABSENCES

The following is a summary of changes in the Town's compensated absences for the year ended June 30, 2025:

	Beginning Balance	Additions	Reductions	Ending Balance	Due within One Year
Compensated absences	\$ 186,215	\$ -	\$ (67,537)	\$ 118,678	\$ 118,678

The net decrease in the compensated absences liability for the fiscal year ended June 30, 2025, was \$67,537. The entire compensated absences liability is generally liquidated by the General Fund. The portion reported as "Due within One Year" is management's estimate of the payments expected to be made for compensated absences during the upcoming fiscal year. The Town implemented GASB Statement No. 101, as of July 1, 2024, and the amount reported is accrued in accordance with this standard.

NOTE 8. COMMITMENTS AND CONTINGENCIES

A. Agreements

In May 2024, the Town entered into a five-year contract with Trident Waste & Recycling, LLC for the collection and disposal of residential solid waste, recycling and yard debris. The contract includes an option for the Town to unilaterally renew 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. For the year ended June 30, 2025, the total expense was \$2,120,473.

In February 2023, the Town reentered into a contract with Island Beach Services for code enforcement services, specifically focusing on enforcing the Town's short-term rental ordinance. This one-year agreement includes an option to renew for two additional one-year extensions. The annual cost of this contract is \$389,376 and is funded through the General Fund from short-term rental application fees.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 8. COMMITMENTS AND CONTINGENCIES (CONTINUED)

A. Agreements (Continued)

Additionally, the Town has an existing contract with the Island Beach Services for beach patrol and safety services for the beach guests. This agreement, effective February 2022, has a three-year term with options for two one-year extensions. The annual cost of this contract is \$584,000, funded from County and State Accommodations Taxes.

For several years, the Town has contracted with the Charleston County Sheriff's Office to provide police protection, traffic control and emergency response services. The most recent agreement was executed in February 2024 and remained in effect until May 2025. It provided for two deputies 24/7, with two additional deputies on the first shift during weekends from Friday before Memorial Day through Labor Day. The deputies were compensated at an hourly rate of \$55 through the Town's payroll system. For the year ended June 30, 2025, the total expense for this contract was \$707,167, funded from State and Local Accommodations Taxes and the General Fund.

In June 2025, the Town entered into a three-year contract with LandOne Group, LLC for weekly landscape maintenance and litter removal at the Municipal Center, Kiawah Island Parkway, Beachwalker Drive and Round-About at Freshfields. This agreement includes two optional one-year extensions and has an annual cost not to exceed \$140,289, except for the first year, which shall total \$135,289. Funding for this contract comes from the Hospitality Tax and the General Fund.

B. 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.

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, 2025, the Town made premium payments totaling \$100,739. 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, 2025, was \$185,687,611.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 9. RISK MANAGEMENT (CONTINUED)

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, 2025, the Town made payments totaling \$50,564. The State Accident Fund's net position from its most recently issued audited financial statements as of June 30, 2024, was \$102,381,797.

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, 2024, the Town made premium payments totaling approximately \$293,667. The EIP's net position from its most recently issued audited financial statements as of June 30, 2024 was approximately \$484,500,000.

NOTE 10. EMPLOYEE BENEFITS

A. 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 Retirement 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 Retirement 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 Retirement Systems and additions to/deductions from the Retirement Systems' fiduciary net position have been determined on the accrual basis of accounting as they are reported by the Retirement 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.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 10. EMPLOYEE BENEFITS (CONTINUED)

A. Retirement Plans (Continued)

PEBA issues an Annual Comprehensive Financial Report (ACFR) containing financial statements and required supplementary information for the Retirement 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.

Plan Description

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

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

NOTES TO THE FINANCIAL STATEMENTS

NOTE 10. EMPLOYEE BENEFITS (CONTINUED)

A. Retirement Plans (Continued)

Plan Membership

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

- SCRS – Generally, all employees of covered employers are required to participate in and contribute to the Retirement System as a condition of employment. This plan covers general employees and teachers and individuals first elected to the South Carolina General Assembly at or after the general election in November 2012. A member of the Retirement System with an effective date of membership prior to July 1, 2012, is a Class Two member. An employee member of the Retirement 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. A member of the Retirement System with an effective date of membership prior to July 1, 2012, is a Class Two member. An employee member of the Retirement 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)

A. 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 Retirement 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)

A. 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. The Retirement Funding and Administration Act of 2017 increased, but also established a ceiling, for SCRS and PORS employee contribution rates. Effective July 1, 2017, employee rates were increased to a capped rate of 9.00% for SCRS and 9.75% for PORS. The legislation also increased employer contribution rates beginning July 1, 2017, for both SCRS and PORS until reaching 18.56% for SCRS and 21.24% for PORS. The legislation included a further provision that if the scheduled contributions are not sufficient to meet the funding periods set in state statute, the PEBA board would increase the employer contribution rates as necessary to meet the funding periods set for the applicable year.

Pension reform legislation modified statute such that the employer contribution rates for SCRS and PORS to be further increased, not to exceed one-half of 1% in any one year if necessary, in order to improve the funding of the plans. The statute set rates intended to reduce the unfunded liability of SCRS and PORS to the maximum amortization period of 20 years from 30 years over a 10-year schedule, as determined by the annual actuarial valuations of the plan. Finally, under the revised statute, the contribution rates for SCRS and PORS may not be decreased until the plans are at least 85% funded.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 10. EMPLOYEE BENEFITS (CONTINUED)

A. 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		
	2023	2024	2025	2023	2024	2025
Employer Contribution Rate:						
Retirement	17.41%	18.41%	18.41%	18.84%	20.84%	20.84%
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>17.56%</u>	<u>18.56%</u>	<u>18.56%</u>	<u>19.24%</u>	<u>21.24%</u>	<u>21.24%</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:

Year Ended June 30,	SCRS Contributions		PORS Contributions	
	Required	% Contributed	Required	% Contributed
2025	\$ 413,622	100%	\$ 138,737	100%
2024	378,892	100%	96,741	100%
2023	322,026	100%	56,729	100%

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

Year Ended June 30,	SCRS Payroll	PORS Payroll	Total Payroll
2025	\$ 1,803,881	\$ 659,395	\$ 2,463,276
2024	2,041,445	455,464	2,496,909
2023	1,833,860	285,930	2,119,790

NOTES TO THE FINANCIAL STATEMENTS

NOTE 10. EMPLOYEE BENEFITS (CONTINUED)

A. 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 Retirement Systems was most recently issued for the period ended June 30, 2019. A more recent experience report on the Systems was issued for the period ending June 30, 2023, and will be used in future valuations.

The June 30, 2024 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, 2023. The total pension liability was rolled-forward from the valuation date to the plans' fiscal year-end, June 30, 2024, using generally accepted actuarial principles. There was no legislation enacted during the 2024 legislative session that had a material change in the benefit provisions for any of the Retirement Systems.

The following table provides a summary of the actuarial assumptions and methods used to calculate the total pension liability as of June 30, 2024.

	<u>SCRS</u>	<u>PORS</u>
Actuarial cost method	Entry Age Normal	Entry Age Normal
Actuarial assumptions:		
Investment rate of return	7.00%	7.00%
Projected salary increases	3.0% to 11.0% (varies by service)	3.5% to 10.5% (varies by service)
Benefit adjustments	Lesser of 1% or \$500 annually	Lesser of 1% or \$500 annually

NOTES TO THE FINANCIAL STATEMENTS

NOTE 10. EMPLOYEE BENEFITS (CONTINUED)

A. 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 2020 Public Retirees of South Carolina Mortality table ("2020 PRSC"), was developed using the Retirement Systems' mortality experience. These base rates are adjusted for future improvement in mortality using 80% of Scale UMP projected from the year 2020.

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

Long-term Expected Rate of Return

The long-term expected rate of return on pension plan investments is based upon 20-year capital market assumptions. The long-term expected rate of returns represents 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)

A. 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 2024 fiscal year. The long-term expected rate of return is produced by weighting the expected future real rates of return by the target allocation percentage and adding expected inflation and is summarized in the following table. For actuarial purposes, the 7.00% assumed annual investment rate of return used in the calculation of the total pension liability includes a 4.75% 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>
Public Equity	46.0%	6.23%	2.86%
Bonds	26.0%	2.60%	0.68%
Private Equity	9.0%	9.60%	0.86%
Private Debt	7.0%	6.90%	0.48%
Real Assets	12.0%		
Real Estate	9.0%	4.30%	0.39%
Infrastructure	3.0%	7.30%	0.22%
	100%		
		Total expected real return	5.49%
		Inflation for actuarial purposes	2.25%
		Total expected nominal return	<u>7.74%</u>

NOTES TO THE FINANCIAL STATEMENTS

NOTE 10. EMPLOYEE BENEFITS (CONTINUED)

A. 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 Retirement System and represents that particular Retirement System's total pension liability determined in accordance with GASB No. 67 less that Retirement System's fiduciary net position. NPL totals, as of the June 30, 2024 measurement date, for the SCRS and PORS, are presented in the following table:

<u>Retirement 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	\$ 9,117,098	\$ 5,633,367	\$ 3,483,731	61.8%	0.014856%
PORS	\$ 2,350,180	\$ 1,657,500	\$ 692,680	70.5%	0.02309%

The total pension liability is calculated by the Retirement Systems' actuary, and each plan's fiduciary net position is reported in the Retirement Systems' financial statements. The net pension liability is disclosed in accordance with the requirements of GASB No. 67 in the Retirement Systems' notes to the financial statements and required supplementary information. Liability calculations performed by the Retirement 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, 2025, the Town reported liabilities of \$3,483,731 and \$692,680 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, 2024, 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, 2022 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, 2024 measurement date, the Town's SCRS proportion was 0.014856%, which was an increase of 0.000784% from its proportion measured as of June 30, 2023. At the June 30, 2024 measurement date, the Town's PORS proportion was 0.02309%, which was an increase of 0.00403% from its proportion measured as of June 30, 2023.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 10. EMPLOYEE BENEFITS (CONTINUED)

A. Retirement Plans (Continued)

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

For the year ended June 30, 2025, the Town recognized pension expense of \$401,059 and \$236,497 for the SCRS and PORS, respectively. At June 30, 2025, 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	\$ 114,488	\$ 4,324
Changes of assumptions	61,418	-
Net difference between projected and actual earnings on pension plan investments	-	134,229
Changes in proportionate share and differences between employer contributions and proportionate share of total plan employer contributions	159,451	11,555
Employer contributions subsequent to the measurement date	413,622	-
Total	\$ 748,979	\$ 150,108

NOTES TO THE FINANCIAL STATEMENTS

NOTE 10. EMPLOYEE BENEFITS (CONTINUED)

A. 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	\$ 65,052	\$ 3,971
Changes of assumptions	15,081	-
Net difference between projected and actual earnings on pension plan investments	-	38,835
Changes in proportionate share and differences between employer contributions and proportionate share of total plan employer contributions	281,632	-
Employer contributions subsequent to the measurement date	138,737	-
Total	\$ 500,502	\$ 42,806

The amounts of \$413,622 and \$138,737 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, 2026. 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
2026	\$ 22,357	\$ 140,456
2027	170,753	160,098
2028	27,389	28,674
2029	(35,250)	(10,269)

NOTES TO THE FINANCIAL STATEMENTS

NOTE 10. EMPLOYEE BENEFITS (CONTINUED)

A. 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	\$ 3,483,731	\$ 692,680	\$ 4,176,411
Deferred outflows	748,979	500,502	1,249,481
Deferred inflows	150,108	42,806	192,914
Pension expense	327,099	180,549	507,648

Discount Rate

The discount rate used to measure the total pension liability was 7.00%. 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 Retirement 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 7.00%, as well as what it would be if it were calculated using a discount rate that is 1-percentage-point lower (6.00%) or 1-percentage-point higher (8.00%) than the current rate:

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

	<u>1% Decrease (6.00%)</u>	<u>Current Discount Rate (7.00%)</u>	<u>1% Increase (8.00%)</u>
Town's portion - SCRS	\$ 4,514,522	\$ 3,483,731	\$ 2,534,454
Town's portion - PORS	\$ 1,003,561	\$ 692,680	\$ 438,053

NOTES TO THE FINANCIAL STATEMENTS

NOTE 10. EMPLOYEE BENEFITS (CONTINUED)

A. 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 \$17,720 and \$4,404 to the PEBA as of June 30, 2025, representing required employer and employee contributions for the month of June 2025 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 2025.

B. 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 the fiscal year ended June 30, 2025, were approximately \$40,492.

C. 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, 2025, and no assets are accumulated in a trust as defined by GAAP.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 10. EMPLOYEE BENEFITS (CONTINUED)

C. Other Post-employment Benefit Plan (Continued)

Plan Membership

As of June 30, 2024, 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	28
	28
Total Membership	29

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 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).

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:

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

NOTES TO THE FINANCIAL STATEMENTS

NOTE 10. EMPLOYEE BENEFITS (CONTINUED)

C. Other Post-employment Benefit Plan (Continued)

Plan Benefits and Contributions (Continued)

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, 2025, the Town paid benefits of \$8,465. 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.

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, 2024
Actuarial Cost Method	Entry Age Normal
Asset Valuation Method	Fair Value
Actuarial Assumptions:	
Inflation	2.25%
Discount Rate	4.71%
Healthcare Cost Trend Rate	5.75% graded to 4.00% for 2036 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	2023 Public Retirees of South Carolina Mortality Table

NOTES TO THE FINANCIAL STATEMENTS

NOTE 10. EMPLOYEE BENEFITS (CONTINUED)

C. Other Post-employment Benefit Plan (Continued)

Actuarial Assumptions and Method (Continued)

The discount rate was based on the Fidelity Municipal AA 20-year index.

The actuarial assumptions used in the June 30, 2024 valuation were based on the results of an actuarial experience study for the period July 1, 2023, through June 30, 2024.

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, 2025, and the total OPEB liability used to calculate the total OPEB liability was determined by an actuarial valuation as of June 30, 2024.

	<u>Total OPEB Liability (a)</u>
Balances as of June 30, 2024	\$ 296,993
Changes for the year:	
Service cost	25,094
Interest	11,361
Change of assumptions	(18,713)
Benefit payments	(8,465)
Implicit rate subsidy fulfillment	<u>(13,424)</u>
Net changes	<u>(4,147)</u>
Balances as of June 30, 2025	<u>\$ 292,846</u>

The changes of assumptions above is a result of the Town increasing the discount rate from 3.97% to 4.71% for the year ended June 30, 2025.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 10. EMPLOYEE BENEFITS (CONTINUED)

C. 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, 2025, the Town recognized OPEB expense of approximately \$28,938. At June 30, 2025, 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	\$ 4,882	\$ 20,443
Change of assumptions	8,919	31,641
Total	\$ 13,801	\$ 52,084

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
2026	\$ (9,794)
2027	(14,174)
2028	(7,439)
2029	(4,953)
2030	(1,923)
Total	\$ (38,283)

Discount Rate

The discount rate used to measure the total OPEB liability was 4.71%. 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 increased the discount rate from 3.97% to 4.71% for the year ended June 30, 2025.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 10. EMPLOYEE BENEFITS (CONTINUED)

C. Other Post-employment Benefit Plan (Continued)

Sensitivity of the Total 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 4.71%, as well as what it would be if it were calculated using a discount rate that is 1-percentage-point lower (3.71) or 1-percentage-point higher (5.71%) than the current rate:

	1% Decrease (3.71%)	Current Discount Rate (4.71%)	1% Increase (5.71%)
Total OPEB Liability	\$ 318,496	\$ 292,846	\$ 269,902

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 5.75%, as well as what it would be if it were calculated using a healthcare cost trend rate that is 1-percentage-point lower (4.75%) or 1-percentage-point higher (6.75%) than the current rate:

	1% Decrease (4.75%)	Current Discount Rate (5.75%)	1% Increase (6.75%)
Total OPEB Liability	\$ 261,145	\$ 292,846	\$ 330,951

REQUIRED SUPPLEMENTARY INFORMATION

TOWN OF KIAWAH ISLAND, SOUTH CAROLINA

**GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL - GAAP BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

	Budget		Actual	Variance with Final Budget
	Original	Final		
Revenues				
Building permits	\$ 1,300,000	\$ 1,300,000	\$ 3,030,308	\$ 1,730,308
Business licenses	3,750,000	3,750,000	4,906,755	1,156,755
Franchise fee revenue	970,000	970,000	970,451	451
Local option sales tax	900,000	900,000	1,010,530	110,530
Fines and forfeitures	30,000	30,000	12,972	(17,028)
Interest	525,000	525,000	997,219	472,219
Miscellaneous	172,012	172,012	150,094	(21,918)
Environmental service fee	1,068,000	1,068,000	1,257,229	189,229
Accommodations tax	189,087	189,087	194,547	5,460
Total revenues	<u>8,904,099</u>	<u>8,904,099</u>	<u>12,530,105</u>	<u>3,626,006</u>
Expenditures				
Current:				
General government	8,085,655	8,085,655	7,530,030	555,625
Judicial	25,287	25,287	25,207	80
Public safety	1,177,779	1,177,779	1,243,420	(65,641)
Tourism and recreation	303,540	303,540	355,521	(51,981)
Capital outlay	261,500	261,500	383,904	(122,404)
Total expenditures	<u>9,853,761</u>	<u>9,853,761</u>	<u>9,538,082</u>	<u>315,679</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(949,662)</u>	<u>(949,662)</u>	<u>2,992,023</u>	<u>3,941,685</u>
Other Financing Sources (Uses)				
Transfers in	1,329,870	1,329,870	1,444,224	114,354
Transfers out	(133,000)	(133,000)	(227,797)	(94,797)
Total other financing sources, net	<u>1,196,870</u>	<u>1,196,870</u>	<u>1,216,427</u>	<u>19,557</u>
Net change in fund	<u>247,208</u>	<u>247,208</u>	<u>4,208,450</u>	<u>3,961,242</u>
Fund balances, beginning of year	<u>23,935,621</u>	<u>23,935,621</u>	<u>23,935,621</u>	<u>-</u>
Fund balances, end of year	<u>\$ 24,182,829</u>	<u>\$ 24,182,829</u>	<u>\$ 28,144,071</u>	<u>\$ 3,961,242</u>

TOWN OF KIAWAH ISLAND, SOUTH CAROLINA

**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, 2025**

	Budget		Actual	Variance with Final Budget
	Original	Final		
Revenues				
Interest	\$ 50,000	\$ 50,000	\$ 117,926	\$ 67,926
Accommodations tax	2,810,913	2,810,913	2,959,219	148,306
Total revenues	<u>2,860,913</u>	<u>2,860,913</u>	<u>3,077,145</u>	<u>216,232</u>
Expenditures				
Purchased services:				
Tourism and recreation	2,963,845	2,963,845	2,469,295	494,550
Total expenditures	<u>2,963,845</u>	<u>2,963,845</u>	<u>2,469,295</u>	<u>494,550</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(102,932)</u>	<u>(102,932)</u>	<u>607,850</u>	<u>710,782</u>
Other Financing Uses				
Transfers out	<u>(879,429)</u>	<u>(879,429)</u>	<u>(881,000)</u>	<u>(1,571)</u>
Total other financing uses	<u>(879,429)</u>	<u>(879,429)</u>	<u>(881,000)</u>	<u>(1,571)</u>
Net change in fund balances	<u>(982,361)</u>	<u>(982,361)</u>	<u>(273,150)</u>	<u>709,211</u>
Fund balances, beginning of year	<u>1,650,664</u>	<u>1,650,664</u>	<u>1,650,664</u>	<u>-</u>
Fund balances, end of year	<u>\$ 668,303</u>	<u>\$ 668,303</u>	<u>\$ 1,377,514</u>	<u>\$ 709,211</u>

TOWN OF KIAWAH ISLAND, SOUTH CAROLINA

**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, 2025**

	Budget		Actual	Variance with Final Budget
	Original	Final		
Revenues				
Interest	\$ 65,000	\$ 65,000	\$ 91,476	\$ 26,476
Accommodations tax	612,000	612,000	738,652	126,652
County revenue	-	-	177,672	177,672
Total revenues	<u>677,000</u>	<u>677,000</u>	<u>1,007,800</u>	<u>330,800</u>
Expenditures				
Purchased services:				
Tourism and recreation	1,172,800	1,172,800	816,956	355,844
Total expenditures	<u>1,172,800</u>	<u>1,172,800</u>	<u>816,956</u>	<u>355,844</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(495,800)</u>	<u>(495,800)</u>	190,844	<u>686,644</u>
Other Financing Sources				
Transfers in	392,000	392,000	392,000	-
Total other financing sources	<u>392,000</u>	<u>392,000</u>	<u>392,000</u>	<u>-</u>
Net change in fund balances	<u>(103,800)</u>	<u>(103,800)</u>	<u>582,844</u>	<u>686,644</u>
Fund balances, beginning of year	<u>2,036,848</u>	<u>2,036,848</u>	<u>2,036,848</u>	<u>-</u>
Fund balances, end of year	<u>\$ 1,933,048</u>	<u>\$ 1,933,048</u>	<u>\$ 2,619,692</u>	<u>\$ 686,644</u>

TOWN OF KIAWAH ISLAND, SOUTH CAROLINA

**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, 2025**

	<u>Budget</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Interest	\$ 150,000	\$ 150,000	\$ 222,945	\$ 72,945
Accommodations tax	1,500,000	1,500,000	1,634,821	134,821
Total revenues	<u>1,650,000</u>	<u>1,650,000</u>	<u>1,857,766</u>	<u>207,766</u>
Expenditures				
Purchased services:				
Tourism and recreation	141,945	141,945	103,645	38,300
Total expenditures	<u>141,945</u>	<u>141,945</u>	<u>103,645</u>	<u>38,300</u>
Excess of revenues over expenditures	<u>1,508,055</u>	<u>1,508,055</u>	<u>1,754,121</u>	<u>246,066</u>
Other Financing Uses				
Transfers out	<u>(1,107,712)</u>	<u>(1,107,712)</u>	<u>(1,267,446)</u>	<u>(159,734)</u>
Total other financing uses	<u>(1,107,712)</u>	<u>(1,107,712)</u>	<u>(1,267,446)</u>	<u>(159,734)</u>
Net change in fund balances	<u>400,343</u>	<u>400,343</u>	<u>486,675</u>	<u>86,332</u>
Fund balances, beginning of year	<u>2,387,109</u>	<u>2,387,109</u>	<u>2,387,109</u>	<u>-</u>
Fund balances, end of year	<u>\$ 2,787,452</u>	<u>\$ 2,787,452</u>	<u>\$ 2,873,784</u>	<u>\$ 86,332</u>

TOWN OF KIAWAH ISLAND, SOUTH CAROLINA

**BEVERAGE PERMITS FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL - GAAP BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

	<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	\$ 47,250	\$ 2,250
Total revenues	<u>45,000</u>	<u>45,000</u>	<u>47,250</u>	<u>2,250</u>
Other Financing Uses				
Transfers out	<u>(45,000)</u>	<u>(45,000)</u>	<u>(47,250)</u>	<u>(2,250)</u>
Total other financing uses	<u>(45,000)</u>	<u>(45,000)</u>	<u>(47,250)</u>	<u>(2,250)</u>
Net change in fund balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances, beginning of year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

TOWN OF KIAWAH ISLAND, SOUTH CAROLINA

**HOSPITALITY TAX FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL - GAAP BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

	Budget		Actual	Variance with Final Budget
	Original	Final		
Revenues				
Interest	\$ 110,000	\$ 110,000	\$ 158,923	\$ 48,923
Hospitality tax	900,000	900,000	969,720	69,720
Total revenues	<u>1,010,000</u>	<u>1,010,000</u>	<u>1,128,643</u>	<u>118,643</u>
Expenditures				
Purchased services:				
Tourism and recreation	166,500	166,500	174,054	(7,554)
Total expenditures	<u>166,500</u>	<u>166,500</u>	<u>174,054</u>	<u>(7,554)</u>
Excess of revenues over expenditures	<u>843,500</u>	<u>843,500</u>	<u>954,589</u>	<u>111,089</u>
Other Financing Uses				
Transfers out	(411,750)	(411,750)	(501,451)	(89,701)
Total other financing uses	<u>(411,750)</u>	<u>(411,750)</u>	<u>(501,451)</u>	<u>(89,701)</u>
Net change in fund balances	<u>431,750</u>	<u>431,750</u>	<u>453,138</u>	<u>21,388</u>
Fund balances, beginning of year	<u>1,513,847</u>	<u>1,513,847</u>	<u>1,513,847</u>	<u>-</u>
Fund balances, end of year	<u>\$ 1,945,597</u>	<u>\$ 1,945,597</u>	<u>\$ 1,966,985</u>	<u>\$ 21,388</u>

TOWN OF KIAWAH ISLAND, SOUTH CAROLINA

**VICTIMS' ASSISTANCE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL - GAAP BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

	Budget		Actual	Variance with Final Budget
	Original	Final		
Revenues				
Fines and forfeitures	\$ 10,000	\$ 10,000	\$ 4,249	\$ (5,751)
Total revenues	<u>10,000</u>	<u>10,000</u>	<u>4,249</u>	<u>(5,751)</u>
Expenditures				
Purchased services:				
Judicial	10,000	10,000	4,347	5,653
Total expenditures	<u>10,000</u>	<u>10,000</u>	<u>4,347</u>	<u>5,653</u>
Net change in fund balances	<u>-</u>	<u>-</u>	<u>(98)</u>	<u>(98)</u>
Fund balances, beginning of year	<u>21,176</u>	<u>21,176</u>	<u>21,176</u>	<u>-</u>
Fund balances, end of year	<u><u>\$ 21,176</u></u>	<u><u>\$ 21,176</u></u>	<u><u>\$ 21,078</u></u>	<u><u>\$ (98)</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>
2024	0.014856%	\$ 3,483,731	\$ 2,041,455	170.6%	61.8%
2023	0.014072%	3,402,164	1,833,860	185.5%	58.6%
2022	0.014179%	3,437,290	1,688,384	203.6%	57.1%
2021	0.013622%	2,947,901	1,520,748	193.8%	60.7%
2020	0.013631%	3,483,021	1,483,554	234.8%	50.7%
2019	0.014049%	3,208,008	1,429,682	224.4%	54.4%
2018	0.013796%	3,091,317	1,578,737	195.8%	54.1%
2017	0.015650%	3,522,391	1,259,731	279.6%	53.3%
2016	0.013100%	2,797,286	1,328,143	210.6%	52.9%
2015	0.014070%	2,668,443	1,069,095	249.6%	57.0%

Notes to Schedule:

The assumptions used in the preparation of the above schedule are 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
2025	\$ 413,622	\$ 413,622	\$ -	\$ 1,803,881	22.93%
2024	378,892	378,892	-	2,041,445	18.56%
2023	322,026	322,026	-	1,833,860	17.56%
2022	279,596	279,596	-	1,688,384	16.56%
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%

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,**

Plan Year Ended June 30,	Town's proportion of the net pension liability	Town's proportionate share of the net pension liability	Town's covered payroll	Town's share of the net pension liability as a percentage of its covered payroll	Plan fiduciary net position as a percentage of the total pension liability
2024	0.02309%	\$ 692,680	\$ 455,464	152.1%	70.5%
2023	0.01906%	580,185	285,930	202.9%	67.8%
2022	0.00492%	147,627	78,945	187.0%	66.4%
2021	0.00419%	107,883	49,589	217.6%	70.4%
2020	0.00328%	108,860	56,651	192.2%	58.8%
2019	0.00391%	111,936	77,500	144.4%	62.7%
2018	0.00560%	158,653	71,327	222.4%	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%

Notes to Schedule:

The assumptions used in the preparation of the above schedule are 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
2025	\$ 138,737	\$ 138,737	\$ -	\$ 659,395	21.04%
2024	96,741	96,741	-	455,464	21.24%
2023	56,729	56,729	-	285,930	19.84%
2022	15,051	15,051	-	78,945	19.07%
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%

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,**

	2025	2024	2023	2022	2021	2020	2019	2018
Total OPEB Liability								
Service cost	\$ 25,094	\$ 22,798	\$ 22,389	\$ 21,158	\$ 20,569	\$ 16,783	\$ 15,401	\$ 11,726
Interest	11,361	10,591	9,873	6,665	6,523	10,350	10,635	7,413
Differences between expected and actual experience	-	(8,378)	-	(13,050)	-	(36,045)	-	64,946
Change of assumptions	(18,713)	(7,954)	(2,572)	(28,082)	1,149	22,707	8,678	(8,579)
Benefit payments	(8,465)	(8,015)	(7,420)	(7,816)	(8,694)	(8,725)	(9,286)	(9,614)
Implicit rate subsidy fulfillment	(13,424)	(12,253)	(9,199)	(8,301)	(4,967)	(6,233)	(3,407)	(2,650)
Net Changes in Total OPEB Liability	(4,147)	(3,211)	13,071	(29,426)	14,580	(1,163)	22,021	63,242
Total OPEB Liability - Beginning of Year	296,993	300,204	287,133	316,559	301,979	303,142	281,121	217,879
Total OPEB Liability - End of Year	<u>\$ 292,846</u>	<u>\$ 296,993</u>	<u>\$ 300,204</u>	<u>\$ 287,133</u>	<u>\$ 316,559</u>	<u>\$ 301,979</u>	<u>\$ 303,142</u>	<u>\$ 281,121</u>
Covered Employee Payroll	\$ 2,177,455	\$ 2,177,455	\$ 1,457,259	\$ 1,457,259	\$ 1,239,635	\$ 1,239,635	\$ 1,087,930	\$ 1,087,930
Total OPEB Liability as a Percentage of Covered Employee Payroll	13.45%	13.64%	20.60%	19.70%	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 are disclosed in Note 10 to the financial statements.

There are no assets accumulated in a trust that meets the criteria of GASB codification P22.101 or P52.101 to pay related benefits for the OPEB plan.

OTHER SUPPLEMENTARY INFORMATION

TOWN OF KIAWAH ISLAND, SOUTH CAROLINA

GENERAL FUND COMPARATIVE SCHEDULES OF REVENUES AND EXPENDITURES FOR THE FISCAL YEARS ENDED JUNE 30, 2025 AND 2024

	<u>2025</u>	<u>2024</u>	<u>Variance</u>
Revenues			
Building permits	\$ 3,030,308	\$ 2,581,962	\$ 448,346
Business licenses	4,906,755	4,635,356	271,399
Franchise fee revenue	970,451	981,795	(11,344)
Local option sales tax	1,010,530	995,279	15,251
Fines and forfeitures	12,972	18,778	(5,806)
Interest	997,219	888,838	108,381
Miscellaneous	150,094	360,488	(210,394)
Environmental service fee	1,257,229	643,032	614,197
Accommodations tax	194,547	188,737	5,810
Total revenues	<u>12,530,105</u>	<u>11,294,265</u>	<u>1,235,840</u>
Expenditures			
Current:			
General government	7,530,030	6,772,979	757,051
Judicial	25,207	29,562	(4,355)
Public safety	1,243,420	885,258	358,162
Tourism and recreation	355,521	315,615	39,906
Capital outlay	383,904	597,996	(214,092)
Total expenditures	<u>9,538,082</u>	<u>8,601,410</u>	<u>936,672</u>
Excess of revenues over expenditures	<u>\$ 2,992,023</u>	<u>\$ 2,692,855</u>	<u>\$ 299,168</u>

TOWN OF KIAWAH ISLAND, SOUTH CAROLINA

**STATE ACCOMMODATIONS TAX FUND
COMPARATIVE SCHEDULES OF REVENUES AND EXPENDITURES
FOR THE FISCAL YEARS ENDED JUNE 30, 2025 AND 2024**

	<u>2025</u>	<u>2024</u>	<u>Variance</u>
Revenues			
Interest	\$ 117,926	\$ 129,955	\$ (12,029)
Accommodations tax	<u>2,959,219</u>	<u>2,848,828</u>	<u>110,391</u>
Total revenues	<u>3,077,145</u>	<u>2,978,783</u>	<u>98,362</u>
Expenditures			
Purchased services:			
Advertising/promotional	<u>2,469,295</u>	<u>2,321,977</u>	<u>147,318</u>
Total expenditures	<u>2,469,295</u>	<u>2,321,977</u>	<u>147,318</u>
Excess of revenues over expenditures	<u>\$ 607,850</u>	<u>\$ 656,806</u>	<u>\$ (48,956)</u>

TOWN OF KIAWAH ISLAND, SOUTH CAROLINA

**COUNTY ACCOMMODATIONS TAX FUND
COMPARATIVE SCHEDULES OF REVENUES AND EXPENDITURES
FOR THE FISCAL YEARS ENDED JUNE 30, 2025 AND 2024**

	<u>2025</u>	<u>2024</u>	<u>Variance</u>
Revenues			
Interest	\$ 91,476	\$ 104,968	\$ (13,492)
Accommodations tax	738,652	629,859	108,793
County revenue	177,672	-	177,672
Total revenues	<u>1,007,800</u>	<u>734,827</u>	<u>272,973</u>
Expenditures			
Purchased services:			
Advertising/promotional	<u>816,956</u>	<u>819,627</u>	<u>(2,671)</u>
Total expenditures	<u>816,956</u>	<u>819,627</u>	<u>(2,671)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 190,844</u>	<u>\$ (84,800)</u>	<u>\$ 275,644</u>

TOWN OF KIAWAH ISLAND, SOUTH CAROLINA

**LOCAL ACCOMMODATIONS TAX FUND
COMPARATIVE SCHEDULES OF REVENUES AND EXPENDITURES
FOR THE FISCAL YEARS ENDED JUNE 30, 2025 AND 2024**

	<u>2025</u>	<u>2024</u>	<u>Variance</u>
Revenues			
Interest	\$ 222,945	\$ 260,228	\$ (37,283)
Accommodations tax	<u>1,634,821</u>	<u>1,566,940</u>	<u>67,881</u>
Total revenues	<u>1,857,766</u>	<u>1,827,168</u>	<u>30,598</u>
Expenditures			
Purchased services:			
Advertising/promotional	<u>103,645</u>	<u>90,629</u>	<u>13,016</u>
Total expenditures	<u>103,645</u>	<u>90,629</u>	<u>13,016</u>
Excess of revenues over expenditures	<u>\$ 1,754,121</u>	<u>\$ 1,736,539</u>	<u>\$ 17,582</u>

TOWN OF KIAWAH ISLAND, SOUTH CAROLINA

**BEVERAGE PERMITS FUND
COMPARATIVE SCHEDULES OF REVENUES AND EXPENDITURES
FOR THE FISCAL YEARS ENDED JUNE 30, 2025 AND 2024**

	<u>2025</u>	<u>2024</u>	<u>Variance</u>
Revenues			
Beverage permits revenue	\$ 47,250	\$ 48,050	\$ (800)
Total revenues	<u>\$ 47,250</u>	<u>\$ 48,050</u>	<u>\$ (800)</u>

TOWN OF KIAWAH ISLAND, SOUTH CAROLINA

**HOSPITALITY TAX FUND
COMPARATIVE SCHEDULES OF REVENUES AND EXPENDITURES
FOR THE FISCAL YEARS ENDED JUNE 30, 2025 AND 2024**

	<u>2025</u>	<u>2024</u>	<u>Variance</u>
Revenues			
Interest	\$ 158,923	\$ 157,382	\$ 1,541
Hospitality tax	969,720	962,458	7,262
Total revenues	<u>1,128,643</u>	<u>1,119,840</u>	<u>8,803</u>
Expenditures			
Purchased services:			
Advertising/promotional	174,054	249,315	(75,261)
Total expenditures	<u>174,054</u>	<u>249,315</u>	<u>(75,261)</u>
Excess of revenues over expenditures	<u>\$ 954,589</u>	<u>\$ 870,525</u>	<u>\$ 84,064</u>

TOWN OF KIAWAH ISLAND, SOUTH CAROLINA

**VICTIMS' ASSISTANCE FUND
COMPARATIVE SCHEDULES OF REVENUES AND EXPENDITURES
FOR THE FISCAL YEARS ENDED JUNE 30, 2025 AND 2024**

	<u>2025</u>	<u>2024</u>	<u>Variance</u>
Revenues			
Fines and forfeitures	\$ 4,249	\$ 5,181	\$ (932)
Total revenues	<u>4,249</u>	<u>5,181</u>	<u>(932)</u>
Expenditures			
Purchased services:			
Judicial	4,347	5,181	(834)
Total expenditures	<u>4,347</u>	<u>5,181</u>	<u>(834)</u>
Deficiency of revenues under expenditures	<u>\$ (98)</u>	<u>\$ -</u>	<u>\$ (98)</u>

TOWN OF KIAWAH ISLAND, SOUTH CAROLINA

**CAPITAL PROJECTS FUND
COMPARATIVE SCHEDULES OF REVENUES AND EXPENDITURES
FOR THE FISCAL YEARS ENDED JUNE 30, 2025 AND 2024**

	<u>2025</u>	<u>2024</u>	<u>Variance</u>
Revenues			
Interest	\$ 440,015	\$ 446,705	\$ (6,690)
Total revenues	<u>440,015</u>	<u>446,705</u>	<u>(6,690)</u>
 Excess of revenues over expenditures	 <u>\$ 440,015</u>	 <u>\$ 446,705</u>	 <u>\$ (6,690)</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, 2025**

	<u>Budget</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Interest	\$ 300,000	\$ 300,000	\$ 440,015	\$ 140,015
Total revenues	<u>300,000</u>	<u>300,000</u>	<u>440,015</u>	<u>140,015</u>
Other Financing Sources				
Transfers in	1,005,000	1,005,000	1,088,720	83,720
Total other financing sources	<u>1,005,000</u>	<u>1,005,000</u>	<u>1,088,720</u>	<u>83,720</u>
Net change in fund balances	<u>1,305,000</u>	<u>1,305,000</u>	<u>1,528,735</u>	<u>223,735</u>
Fund balances, beginning of year	<u>9,375,099</u>	<u>9,375,099</u>	<u>9,375,099</u>	<u>-</u>
Fund balances, end of year	<u>\$ 10,680,099</u>	<u>\$ 10,680,099</u>	<u>\$ 10,903,834</u>	<u>\$ 223,735</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, 2025**

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	\$ 32,290	\$ 32,290
Court fines and assessments remitted to State Treasurer	N/A	N/A	(14,563)	(14,563)
Total Court Fines and Assessments retained	N/A	N/A	\$ 17,727	\$ 17,727
Surcharges and Assessments retained for victim services:				
Surcharges collected and retained	N/A	N/A	\$ 1,471	\$ 1,471
Assessments retained	N/A	N/A	2,826	2,826
Total Surcharges and Assessments retained for victim services	N/A	N/A	\$ 4,297	\$ 4,297

TOWN OF KIAWAH ISLAND, SOUTH CAROLINA

**UNIFORM SCHEDULE OF COURT FINES, ASSESSMENTS
AND SURCHARGES (PER ACT 96)
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

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	\$ 21,176	N/A	\$ 21,176
<u>Victim Service Revenue:</u>			
Victim Service Fines Retained by City/County Treasurer	-	N/A	-
Victim Service Assessments Retained by City/County Treasurer	1,471	N/A	1,471
Victim Service Surcharges Retained by City/County Treasurer	2,778	N/A	2,778
Interest Earned	-	N/A	-
Grant Funds Received			
Grant from:	-	N/A	-
General Funds Transferred to Victim Service Fund	-	N/A	-
Contribution Received from Victim Service Contracts:			
(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)	\$ 25,425	N/A	\$ 25,425

Expenditures for Victims' 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	4,347	N/A	4,347
(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 Victims' Service Fund/Program (B)	\$ 4,347	N/A	\$ 4,347
Total Victims' Service Funds Retained by Municipal/County Treasurer (A-B)	\$ 21,078	N/A	\$ 21,078
Less: Prior Year Fund Deficit Repayment	-	N/A	-
Carryforward Funds – End of Year	\$ 21,078	N/A	\$ 21,078

STATISTICAL SECTION

TOWN OF KIAWAH ISLAND, SOUTH CAROLINA

STATISTICAL SECTION JUNE 30, 2025

This part of the Town of Kiawah Island's (the "Town") Annual Comprehensive Financial Report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, required supplementary information, and supplementary information says about the Town's overall financial health.

<u>Contents</u>	<u>Page</u>
Financial Trends	85 - 89
<i>These schedules contain trend information to help the reader understand how the Town's financial performance and well-being have changed over time.</i>	
Revenue Capacity	90 - 92
<i>These schedules contain information to help the reader assess the Town's most significant local revenue sources.</i>	
Debt Capacity	93 - 95
<i>These schedules present information to help the reader assess the affordability of the Town's current levels of outstanding debt and the Town's ability to issue additional debt in the future.</i>	
Demographic and Economic Information	96 - 100
<i>These schedules offer demographic and economic indicators to help the reader understand the environment within which the Town's financial activities take place.</i>	
Operating Information	101 - 103
<i>These schedules contain service and infrastructure data to help the reader understand how the information in the Town's financial report relates to the services the Town provides and the activities it performs.</i>	

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

TOWN OF KIAWAH ISLAND, SOUTH CAROLINA
FINANCIAL TRENDS INFORMATION
NET POSITION BY COMPONENT – LAST TEN FISCAL YEARS
SCHEDULE 1

	Fiscal Year									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Governmental Activities										
Net Investment in Capital Assets	\$ 10,278,569	\$ 11,320,757	\$ 11,733,871	\$ 11,791,626	\$ 13,660,509	\$ 15,982,703	\$ 16,239,740	\$ 15,980,202	\$ 15,691,594	\$ 15,252,519
Restricted	9,046,099	8,138,456	8,491,565	6,574,713	3,880,535	4,321,491	5,349,279	6,613,211	7,609,644	8,859,102
Unrestricted	<u>5,550,418</u>	<u>6,116,525</u>	<u>7,029,886</u>	<u>11,567,148</u>	<u>13,340,319</u>	<u>15,058,999</u>	<u>19,937,186</u>	<u>24,616,558</u>	<u>29,908,931</u>	<u>35,545,043</u>
 Total government activities net position	 <u>\$ 24,875,086</u>	 <u>\$ 25,575,738</u>	 <u>\$ 27,255,322</u>	 <u>\$ 29,933,487</u>	 <u>\$ 30,881,363</u>	 <u>\$ 35,363,193</u>	 <u>\$ 41,526,205</u>	 <u>\$ 47,209,971</u>	 <u>\$ 53,210,169</u>	 <u>\$ 59,656,664</u>

(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									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Expenses										
Government activities:										
General government ⁽²⁾	\$ 3,376,047	\$ 5,498,034	\$ 4,485,727	\$ 4,669,754	\$ 5,835,726	\$ 5,246,741	\$ 5,400,345	\$ 6,741,756	\$ 7,349,820	\$ 8,097,012
Judicial	2,023	23,831	39,539	30,768	26,606	33,351	27,832	14,651	35,040	29,957
Public safety	747,401	693,444	774,770	555,211	492,322	475,604	556,749	731,548	897,295	1,273,582
Environmental services ⁽²⁾	820,353	-	-	-	-	-	-	-	-	-
Tourism and recreation	2,386,979	2,277,351	2,413,088	2,388,329	2,171,250	2,533,631	3,300,709	3,908,502	4,132,555	4,245,102
Interest and other charges	-	51,032	36,872	32,539	29,045	11,361	-	-	-	-
Total governmental activities expenses	<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>	<u>9,285,635</u>	<u>11,396,457</u>	<u>12,414,710</u>	<u>13,645,653</u>
Program Revenues										
Government activities:										
Charges for services:										
General government ⁽²⁾	3,173,464	3,899,157	4,196,703	4,381,154	4,225,273	5,578,353	6,824,199	6,929,877	7,908,400	9,241,542
Judicial	10,914	17,595	90,043	37,375	24,625	52,479	33,735	41,588	23,959	17,221
Environmental services ⁽²⁾	357,877	-	-	-	-	-	-	-	-	-
Operating grants and contributions	-	119,541	42,072	102,440	179,872	-	440,343	440,743	-	177,672
Total governmental activities revenues	<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>	<u>7,298,277</u>	<u>7,412,208</u>	<u>7,932,359</u>	<u>9,436,435</u>
Net (Expense) Revenue										
Government activities	<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>	<u>(1,987,358)</u>	<u>(3,984,249)</u>	<u>(4,482,351)</u>	<u>(4,209,218)</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									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
General Revenue and Other Changes in Net Position										
Government activities										
SC aid to subdivisions	\$ 35,590	\$ 37,235	\$ 36,724	\$ 37,177	\$ 38,551	\$ 39,290	\$ 33,810	\$ 47,764	\$ 50,141	\$ 52,638
Franchise fee revenue	747,873	755,815	793,197	857,732	867,100	964,496	916,492	961,847	981,795	970,451
Local option sales tax	501,770	530,338	548,248	585,738	548,356	760,172	894,993	984,706	995,279	1,010,530
Interest ⁽¹⁾	163,965	45,952	210,255	432,733	361,789	39,087	59,831	1,153,023	1,988,076	2,028,504
Hospitality tax	490,388	518,632	560,182	576,884	468,407	667,602	898,462	931,309	962,458	969,720
Accommodations tax	2,929,710	3,229,911	3,008,349	3,180,810	2,659,808	4,668,972	5,299,406	5,480,509	5,194,453	5,526,414
Lease revenue	72,600	21,858	-	-	-	-	-	-	-	-
Beverage permits	36,000	42,000	42,100	-	-	-	-	-	-	-
Miscellaneous	132,801	26,310	119,586	148,313	109,044	12,067	47,376	108,857	310,347	97,456
Gain on sale of assets	11,000	-	-	14,410	20,000	-	-	-	-	-
Total governmental activities	<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>	<u>8,150,370</u>	<u>9,668,015</u>	<u>10,482,549</u>	<u>10,655,713</u>
Change in Net Position										
Governmental activities	<u>\$ 1,331,149</u>	<u>\$ 700,652</u>	<u>\$ 1,897,463</u>	<u>\$ 2,678,165</u>	<u>\$ 947,876</u>	<u>\$ 4,481,830</u>	<u>\$ 6,163,012</u>	<u>\$ 5,683,766</u>	<u>\$ 6,000,198</u>	<u>\$ 6,446,495</u>

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, 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									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
General Fund										
Nonspendable for prepaid Items	\$ 49,147	\$ 107,538	\$ 114,752	\$ 72,059	\$ 86,830	\$ 169,038	\$ 249,705	\$ 257,614	\$ 309,856	\$ 179,391
Restricted for tourism-related capital improvements ⁽¹⁾	-	-	-	-	-	-	-	-	-	-
Assigned for budget carryovers for future years' expenditures	602,653	-	-	-	-	-	-	-	-	-
Assigned for future years' expenditures	1,742,296	-	-	-	-	-	-	-	-	-
Unassigned	5,357,910	6,805,230	7,923,320	10,348,426	11,650,708	12,587,381	16,284,939	19,642,142	23,625,765	27,964,680
Total General Fund	7,752,006	6,912,768	8,038,072	10,420,485	11,737,538	12,756,419	16,534,644	19,899,756	23,935,621	28,144,071
All Other Governmental Funds										
Restricted for:										
Victims' assistance	22,617	21,150	21,150	21,150	21,150	21,150	21,176	21,176	21,176	21,127
Tourism-related capital improvements ⁽¹⁾	1,222,645	-	-	-	-	-	-	-	-	-
Tourism-related expenditures	7,800,837	8,117,306	8,470,415	6,553,563	3,859,385	4,300,341	5,328,103	6,592,035	7,588,468	8,837,975
Committed for:										
Capital improvements	-	1,572,645	1,852,420	4,279,132	4,907,385	5,782,211	6,722,152	8,040,717	9,375,099	10,903,834
	9,046,099	9,711,101	10,343,985	10,853,845	8,787,920	10,103,702	12,071,431	14,653,928	16,984,743	19,762,936
Total all governmental funds	\$ 16,798,105	\$ 16,623,869	\$ 18,382,057	\$ 21,274,330	\$ 20,525,458	\$ 22,860,121	\$ 28,606,075	\$ 34,553,684	\$ 40,920,364	\$ 47,907,007

Notes:

⁽¹⁾ 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									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Building permits	\$ 990,258	\$ 1,246,429	\$ 1,337,513	\$ 1,250,846	\$ 889,009	\$ 1,559,967	\$ 2,206,404	\$ 2,307,091	\$ 2,581,962	\$ 3,030,308
Business licenses	2,183,207	2,290,018	2,502,770	2,535,128	2,695,112	3,386,599	3,958,450	3,897,737	4,635,356	4,906,755
Lease revenue	72,600	21,858	-	-	-	-	-	-	-	-
SC aid to subdivision	35,590	37,235	36,724	37,177	38,551	39,290	33,810	47,764	50,141	52,638
Franchise fee revenue	747,873	755,815	793,197	857,732	867,100	964,496	916,492	984,706	981,795	970,451
Beverage permits revenue	36,000	42,000	42,100	44,000	44,800	35,700	27,900	63,150	48,050	47,250
Local option sales tax	501,770	530,338	548,248	585,738	548,356	760,172	894,993	961,847	995,279	1,010,530
Fines and forfeitures	10,913	17,595	90,043	37,375	24,625	52,479	33,735	41,587	23,959	17,221
Interest ⁽¹⁾	163,965	45,952	210,255	432,733	361,789	39,087	59,831	1,153,023	1,988,076	2,028,504
Miscellaneous	120,454	53,020	40,322	148,313	109,044	12,067	47,376	108,858	310,347	97,456
Accommodations tax - state	1,576,964	1,664,086	1,632,897	1,713,500	1,457,958	2,802,651	3,173,262	3,143,899	3,037,565	3,153,766
Accommodations tax - county	450,622	477,000	422,000	484,000	354,000	484,000	609,937	681,098	629,859	738,652
Accommodations tax - local	902,124	1,088,825	953,452	967,051	851,050	1,384,691	1,519,444	1,692,935	1,566,940	1,634,821
Environmental service fee	357,877	362,710	356,420	551,180	596,352	596,087	631,445	661,899	643,032	1,257,229
Federal revenue	-	119,541	42,072	102,440	179,872	-	440,343	440,743	-	177,672
Hospitality tax	490,388	518,632	560,182	576,884	468,407	667,602	898,462	931,309	962,458	969,720
Total revenues	8,640,605	9,271,054	9,568,195	10,324,097	9,486,025	12,784,888	15,451,884	17,117,646	18,454,819	20,092,973
General government ⁽²⁾	3,145,721	4,200,915	3,839,105	4,024,914	5,420,934	4,785,046	5,249,142	6,398,159	6,772,979	7,530,030
Judicial	2,023	23,831	39,304	28,781	25,197	31,967	29,138	14,926	34,743	29,505
Public safety	732,014	665,838	665,533	505,544	458,489	430,561	596,010	743,516	885,258	1,243,420
Environmental service ⁽²⁾	820,353	-	-	-	-	-	-	-	-	-
Tourism and recreation	2,104,111	2,043,326	2,177,990	2,154,785	1,943,047	2,299,376	3,046,416	3,584,060	3,797,163	1,243,420
Capital outlay	1,516,457	7,052,056	717,145	365,703	2,045,185	883,094	785,224	429,376	597,996	3,919,471
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	8,320,679	14,027,113	7,810,046	7,446,234	10,254,897	10,450,225	9,705,930	11,170,037	12,088,139	13,965,846
Excess of revenues over (under) expenditures	319,926	(4,756,059)	1,758,149	2,877,863	(768,872)	2,334,663	5,745,954	5,947,609	6,366,680	6,127,127
Bonds issued	-	3,000,000	-	-	-	-	-	-	-	-
Proceeds from sale of assets	11,000	1,581,823	39	14,410	20,000	-	-	-	-	-
Transfers In	2,494,500	3,839,497	2,306,625	4,586,394	4,887,071	4,670,523	2,583,440	3,022,712	2,744,102	2,924,944
Transfers out	(2,494,500)	(3,839,497)	(2,306,625)	(4,586,394)	(4,887,071)	(4,670,523)	(2,583,440)	(3,022,712)	(2,744,102)	(2,924,944)
Net change in fund balance	\$ 330,926	\$ (174,236)	\$ 1,758,188	\$ 2,892,273	\$ (748,872)	\$ 2,334,663	\$ 5,745,954	\$ 5,947,609	\$ 6,366,680	\$ 6,127,127
Debt service as a percentage of noncapital expenditures	0%	1%	5.21%	5.16%	4.48%	59.45%	0.00%	0.00%	0.00%	0.00%

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
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>
2025	\$ 4,906,755	\$ 1,010,530	\$ 970,451	\$ 3,030,308	\$ 9,918,044
2024	4,635,356	995,279	981,795	2,581,962	9,194,392
2023	3,897,737	961,847	984,706	2,307,091	8,151,381
2022	3,958,450	894,993	916,492	2,206,404	7,976,339
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

**Special Revenue Funds
Accommodations Taxes**

<u>Fiscal Year Ended June 30,</u>	<u>State</u>	<u>County</u>	<u>Local</u>	<u>Total</u>
2025	\$ 2,959,219	\$ 738,652	\$ 1,634,821	\$ 5,332,692
2024	2,848,828	629,859	1,566,940	5,045,627
2023	2,949,786	681,098	1,692,935	5,323,819
2022	2,977,740	609,937	1,519,444	5,107,121
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

(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									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Lessors of real estate	29.4%	26.8%	29.1%	31.2%	39.9%	43.7%	43.4%	45.1%	42.4%	38%
Construction	18.1%	18.6%	19.2%	18.3%	12.1%	11.8%	7.4%	7.4%	9.1%	12.3%
Landscaping	3.9%	3.1%	2.9%	2.7%	3.4%	3.3%	3.0%	3.5%	3.1%	3.2%
Plumbing/Heating/AC	1.0%	0.9%	1.1%	1.0%	3.3%	4.5%	4.0%	1.5%	1.1%	2.2%
Painting	1.1%	1.3%	1.2%	1.5%	4.3%	1.7%	2.2%	1.8%	2.3%	1.9%
Carpentry	3.1%	3.0%	2.5%	2.1%	2.6%	3.3%	2.8%	3.0%	3.5%	3.2%
Electrical contractors	1.9%	2.1%	2.4%	2.2%	2.4%	2.6%	3.0%	2.3%	3.2%	3.1%
Janitorial services	0.8%	0.6%	0.5%	0.8%	0.7%	1.8%	1.1%	2.4%	3.1%	1.8%
Carpet/Upholstery	0.3%	0.4%	0.5%	0.4%	0.9%	1.1%	0.9%	0.5%	1.1%	1.1%
Masonry/Stone	0.4%	0.4%	0.7%	0.6%	1.1%	1.6%	2.3%	0.7%	1.2%	1.1%
Floor laying	0.8%	1.0%	1.9%	1.7%	0.9%	1.1%	0.8%	1.0%	1.5%	1.1%
Architectural services	1.8%	2.1%	1.0%	1.2%	1.3%	1.5%	1.4%	2.0%	2.2%	1.9%
Roofing/Siding	0.5%	0.8%	0.9%	1.1%	1.3%	1.3%	1.3%	1.1%	1.9%	1.7%
Interior design services	1.1%	0.9%	0.2%	0.4%	0.7%	0.8%	0.8%	0.8%	1.1%	2.2%
Exterminating/Pest control	0.4%	0.5%	0.0%	0.3%	1.2%	1.4%	1.3%	1.2%	0.9%	1.1%
All other classes	35.4%	37.5%	35.9%	34.5%	23.9%	18.5%	24.3%	25.7%	22.3%	24.2%
	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Source:
Town records

TOWN OF KIAWAH ISLAND, SOUTH CAROLINA

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

Class License Description	2017	2018	2019	2020	2021	2022	2023	2024	2025
Hotels	40%	36%	42.0%	36.0%	22.0%	28.0%	31.0%	30.0%	30.0%
Real estate/Rental management companies	45%	51%	55.0%	60.0%	75.0%	70.0%	64.0%	51.0%	52.0%
Homes/Villas	15%	13%	3.0%	4.0%	3.0%	2.0%	5.0%	19.0%	18.0%
	<u>100%</u>	<u>100%</u>							

Source:
Town records

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 Income⁽¹⁾</u>	<u>Per Capita⁽²⁾</u>
2025	\$ -	\$ -	n/a	n/a
2024	-	-	n/a	n/a
2023	-	-	n/a	n/a
2022	-	-	n/a	n/a
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

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 Property⁽¹⁾</u>	<u>Per Capita⁽²⁾</u>
2025	\$ -	\$ -	\$ -	n/a	n/a
2024	-	-	-	n/a	n/a
2023	-	-	-	n/a	n/a
2022	-	-	-	n/a	n/a
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

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									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Debt limit	n/a	\$ 24,276,473	\$ 25,904,913	\$ 27,753,870	\$ 27,454,880	\$ 28,689,610	\$ 29,533,215	\$ 31,296,938	\$ 33,051,707	\$ 34,736,697
Total net debt applicable to limit	n/a	3,000,000	2,667,000	2,334,000	2,001,000	-	-	-	-	-
Legal debt margin	n/a	<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>	<u>\$ 29,533,215</u>	<u>\$ 31,296,938</u>	<u>\$ 33,051,707</u>	<u>\$ 34,736,697</u>
Total net debt applicable to the limit as a percentage of debt limit	n/a	12%	10.30%	8.41%	7.29%	0.00%	0.00%	0.00%	0.00%	0.00%
Legal Debt Margin Calculation for Fiscal Year 2025										
										\$ 434,208,710
										\$ 434,208,710
										\$ 34,736,697
										-
										-
										-
										\$ 34,736,697

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.

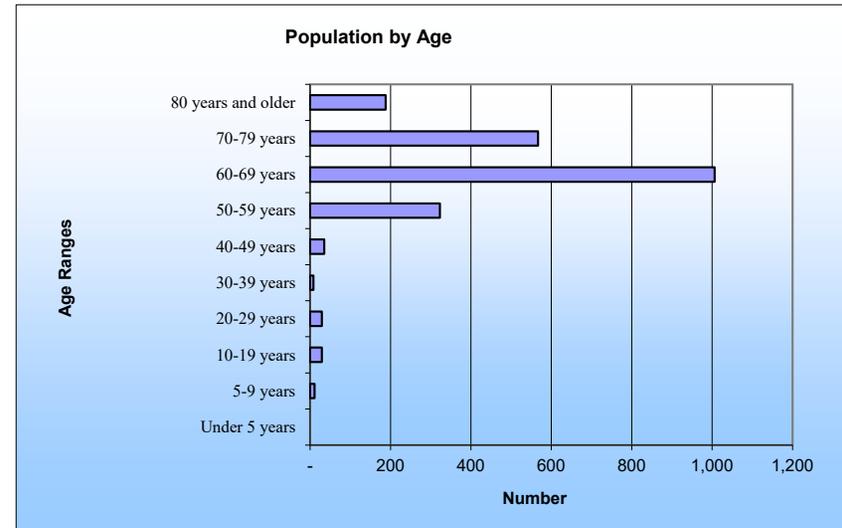
TOWN OF KIAWAH ISLAND, SOUTH CAROLINA

DEMOGRAPHIC AND ECONOMIC INFORMATION PROFILE OF GENERAL DEMOGRAPHIC CHARACTERISTICS SCHEDULE 1

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



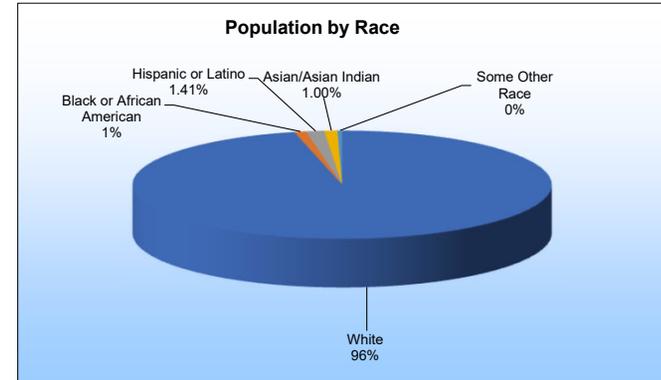
	Number	Percent
Population	2196	100
Gender and Age		
Male	1092	49.7
Female	1104	50.3
Under 5 years	-	-
5-9 years	11	0.5
10-19 years	29	1.3
20-29 years	29	1.3
30-39 years	8	0.4
40-49 years	35	1.6
50-59 years	323	14.7
60-69 years	1006	45.8
70-79 years	567	25.8
80 years and older	188	8.6
Median age	67.2	(X)



Source:
U.S. Census Bureau 2024 American Community Survey, 5-Year Estimate

TOWN OF KIAWAH ISLAND, SOUTH CAROLINA
DEMOGRAPHIC AND ECONOMIC INFORMATION
PROFILE OF GENERAL DEMOGRAPHIC CHARACTERISTICS
SCHEDULE 1

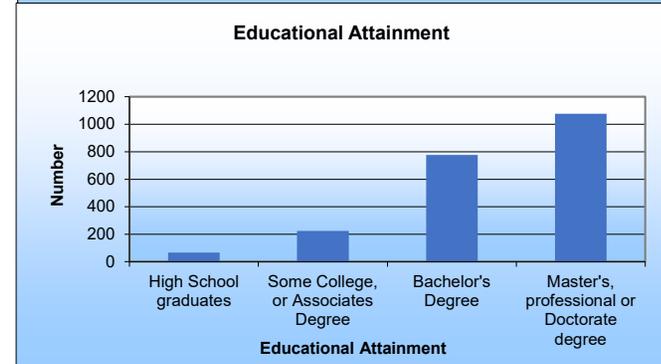
Race	Number	Percent
White	2115	96.3
Black or African American	20	0.9
Hispanic or Latino	31	1.4
Asian/Asian Indian	22	1.0
Some Other Race	8	0.4



Housing Occupancy	Number	Percent
Total Housing Units	3896	100.0
Occupied Units	1135	29.1
Vacant housing Units	2761	70.9
Home owner vacancy rate (%)	89.1	(X)
Rental Vacancy rate (%)	6.9	(X)



Educational Attainment	Number	Percent
Population 25 and older	2144	
High School graduates	66	3.1
Some College, or Associates Degree	224	10.5
Bachelor's Degree	777	36.2
Master's, professional or Doctorate degree	1077	50.2

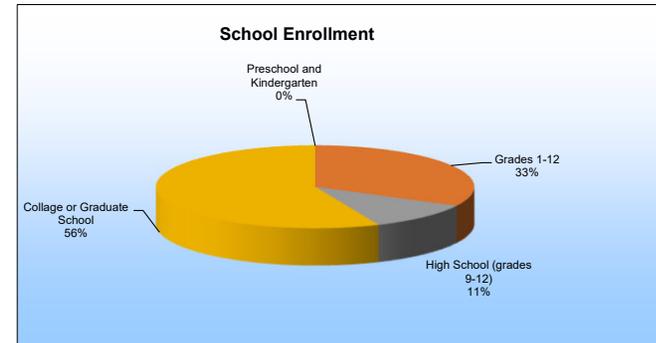


Source:
U.S. Census Bureau 2024 American Community Survey, 5-Year Estimate

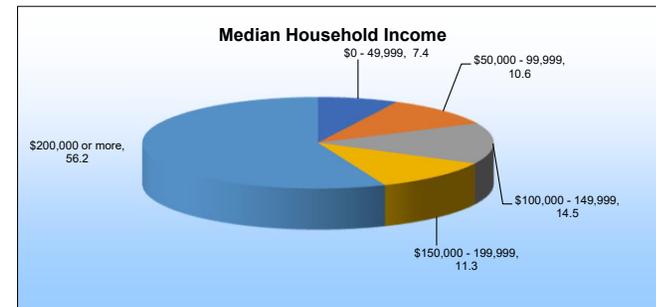
TOWN OF KIAWAH ISLAND, SOUTH CAROLINA

DEMOGRAPHIC AND ECONOMIC INFORMATION PROFILE OF GENERAL DEMOGRAPHIC CHARACTERISTICS SCHEDULE 1

School Enrollment		
	Number	
Population 3 years and older	92	
	Number	Percent
Preschool and Kindergarten	-	-
Grades 1-12	30	32.6
High School (grades 9-12)	10	11
Collage or Graduate School	52	56.5



Median Household Income in \$	Amount	Percent
Median Household income	\$ 236,607	
\$0 - 49,999	163	7.4
\$50,000 - 99,999	233	10.6
\$100,000 - 149,999	318	14.5
\$150,000 - 199,999	248	11.3
\$200,000 or more	1,235	56.2



Source:
U.S. Census Bureau 2024 American Community Survey, 5-Year Estimate

TOWN OF KIAWAH, SOUTH CAROLINA

**DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS
SCHEDULE 2**

Fiscal Year	Population ⁽¹⁾	Personal Income ⁽²⁾	Per Capita Personal Income ⁽³⁾	Unemployment Rate ⁽³⁾
2014	1,311	\$ 146,108,328	\$ 111,448	2.2%
2015	1,432	172,372,704	120,372	2.3%
2016	1,456	177,004,464	121,569	2.2%
2017	1,488	203,680,416	136,882	2.4%
2018	1,525	217,823,375	142,835	3.3%
2019	1,676	282,186,444	168,369	4.1%
2020	1,772	307,248,852	173,391	2.9%
2021	1,964	376,891,600	191,900	3.0%
2022	2,130	421,426,890	197,853	4.4%
2023	2,196	466,327,188	212,353	3.8%
2024*				
2025*				

Source:

⁽¹⁾ U.S. Census Bureau, American Community Survey, 5-Year Estimate

⁽²⁾ Personal income is calculated by multiplying population by per capita personal income

⁽³⁾ U.S. Census Bureau, American Community Survey, 5-Year Estimate

Notes:

(*) Data not available

TOWN OF KIAWAH ISLAND, SOUTH CAROLINA

**PRINCIPAL EMPLOYERS
CURRENT YEAR AND NINE YEARS AGO
SCHEDULE 3**

Employer	2025			2016		
	Employees*	Rank	Percentage of Total Employment	Employees	Rank	Percentage of Total Employment
Kiawah Island Golf Resort	1,487	1	65.62%	1,288	1	67.68%
Kiawah Partners	648	2	28.60%	480	2	25.22%
Kiawah Island Community Association	131	3	5.78%	135	3	7.09%
	<u>2,266</u>		<u>100.00%</u>	<u>1,903</u>		<u>100.00%</u>

Source:

Human Resources Department of individual employers

Notes:

* Total number of employees includes seasonal, part-time and on-call positions.
This schedule accounts for more than 50% of employment.

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>
2025	1	5	5	8	9	29	0	57
2024	1	4	6	8	9	24	0	52
2023	1	4	5	7	7	18	0	42
2022	1	4	5	6	7	22	0	45
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

Source:

Town's Human Resource Office

Notes:

Deputies are recorded at actual number of contractual staff.

The deputies are all part-time and are full-time County deputies.

TOWN OF KIAWAH ISLAND, SOUTH CAROLINA

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

Function	Fiscal Year									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Police										
Traffic tickets issued	154	165	51	47	65	48	60	156	1	0
Criminal issues	29	1	1	1	2	5	5	7	2	0
Solid waste										
Waste by (tons)	2,098	2,141	1,700	1,697	1,995	2,153	2,358	2,453	2,512	2,518
Culture and recreation										
Recreation permits issued	3	3	12	31	5	3	3	4	9	8
Town sponsored events	37	38	35	36	20	0	51	35	34	36
Code enforcement										
Tickets issued	28	85	541	190	284	189	252	265	121	205

Source:
Town of Kiawah Island

TOWN OF KIAWAH ISLAND, SOUTH CAROLINA

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

Function	Fiscal Year									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Public safety										
Vehicles	4	7	7	8	7	8	9	9	10	12
Radios	34	34	34	38	26	26	26	26	26	26
Solid waste										
Collection trucks	5	5	4	4	4	4	4	4	5	5
Contractors	1	1	1	1	1	1	1	1	1	1
Land and building										
Municipal meeting rooms	3	3	4	4	4	4	4	4	4	4
Municipal center square footage	6,500	6,500	13,900	13,900	13,900	13,900	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	68	71	95	95	121	121	121	122	122	122

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
Town of Kiawah Island
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, 2025, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements and have issued our report thereon dated October 2, 2025.

Report on Internal Control Over Financial Reporting

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

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

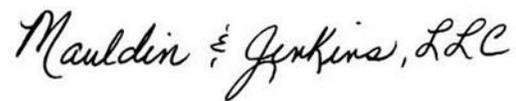
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit, we did not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

Report on Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the 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 Town of Kiawah Island, South Carolina's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Columbia, South Carolina
October 2, 2025

TOWN OF KIAWAH ISLAND, SOUTH CAROLINA

SCHEDULE OF FINDINGS AND RESPONSES FOR THE FISCAL YEAR ENDED JUNE 30, 2025

SECTION I SUMMARY OF AUDIT RESULTS

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP.

Unmodified

Internal control over financial reporting:

Material weaknesses identified?

Yes No

Significant deficiencies identified not considered to be material weaknesses?

Yes No

Noncompliance material to financial statements noted?

Yes No

Federal Awards

There was not an audit of major federal award programs as of June 30, 2025, 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.