



Financial Audit Presentation Year Ended June 30, 2023



CITY OF FOLLY BEACH

2023 FINANCIAL AUDIT

OPINION

- The City's responsibility:
 - Maintain effective internal controls
 - There are limitations on internal controls.
 - Regular risk assessment is important, including assessing the risk of fraud.
 - Financial Statements
 - Accuracy, completeness, and propriety of balances, amounts, and disclosures



CITY OF FOLLY BEACH

2023 FINANCIAL AUDIT

- Greene Finney Cauley, LLP's ("GFC") responsibility:
 - Opinion – reasonable assurance that financial statements are materially correct
 - Does not address the financial condition of the Organization
 - Purpose of the audit is not to detect fraud. GFLLP cannot take responsibility for finding fraud, if it existed
- Issued unmodified opinion



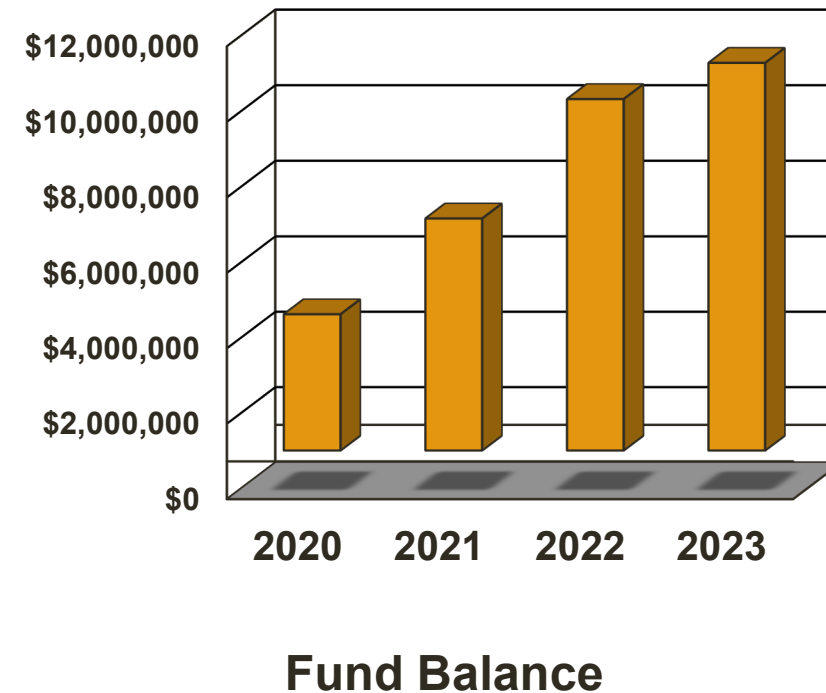
CITY OF FOLLY BEACH

2023 FINANCIAL AUDIT

General Fund

- Total fund balance increased \$958k to \$11.3M
- Restricted fund balance of \$23k for Victims Services.
- Committed fund balance (including the City's reserve accounts) of \$1.6M for future capital outlay; claims, judgements, and contingencies, and other items
- Assigned fund balance of \$197k for FY24 budget appropriations
- Unassigned fund balance of \$9.5M

GENERAL FUND





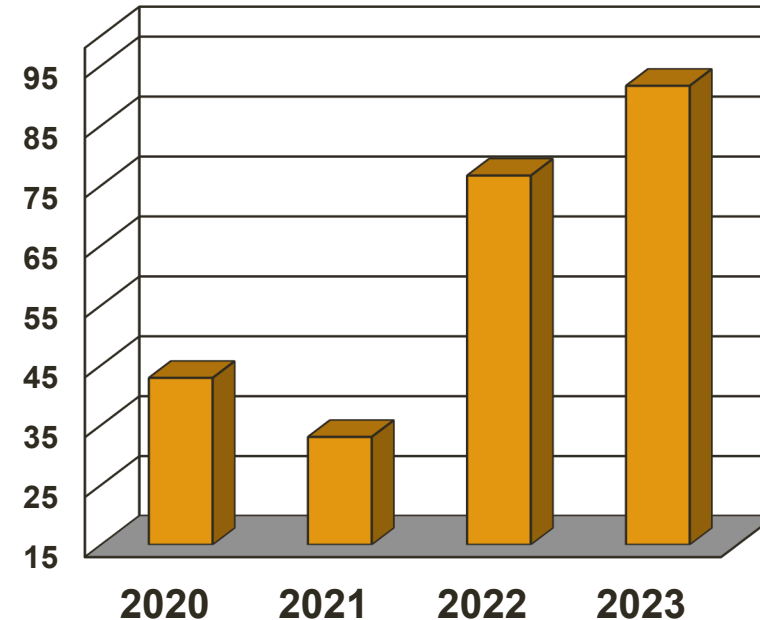
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2023 FINANCIAL AUDIT

General Fund

- Unassigned fund balance is \$9.5M, which is 92% of 2023 actual expenditures and 78% of 2024 budgeted expenditures
- GFOA recommends a minimum of 16.7% (two months)
- City's policy is a minimum of 30% prior year's audited expenditures

GENERAL FUND



Unassigned Fund Balance as a %
of General Fund Expenditures



CITY OF FOLLY BEACH

2023 FINANCIAL AUDIT

Major Reasons To Maintain An Adequate Fund Balance:

- Cash flow through second half of calendar year; property taxes and business licenses are cyclical.
- Significant emergencies and unanticipated expenditures.
- Flexibility for discretionary funding needs.
- Potential for better interest rates on debt issues (can save the City money).
- To cover potential shortfalls from the state (a) due to budget cuts or (b) as a result of the change in legislation



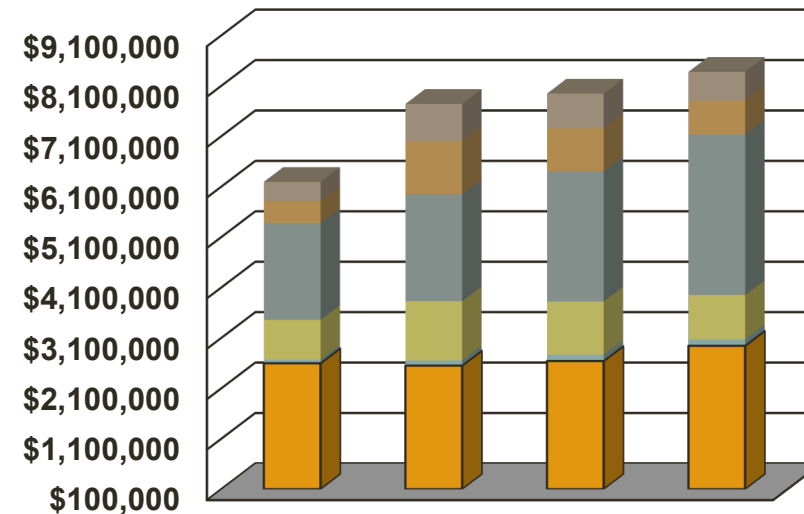
CITY OF FOLLY BEACH

2023 FINANCIAL AUDIT

General Fund Revenues:

- \$8.2 million for 2023:
 - \$2.9 million from property taxes
 - \$127 thousand in accommodation taxes
 - \$760 thousand in intergovernmental revenue
 - \$3.2 million in licenses, permits, and fees
 - \$676 thousand in parking program revenue
 - \$565 thousand for all other revenues
- \$367k (5%) increase from 2022
- \$1.2M (17%) better than budget
 - Primarily due to higher licenses, permits and fees.
- \$2.9M in net other financing sources
 - \$3.1M in transfers from other funds

GENERAL FUND REVENUES



- Other Revenue
- Parking Program Revenues
- Licenses, Permits, and Fees
- Intergovernmental Revenues
- Accommodation taxes
- Property Taxes



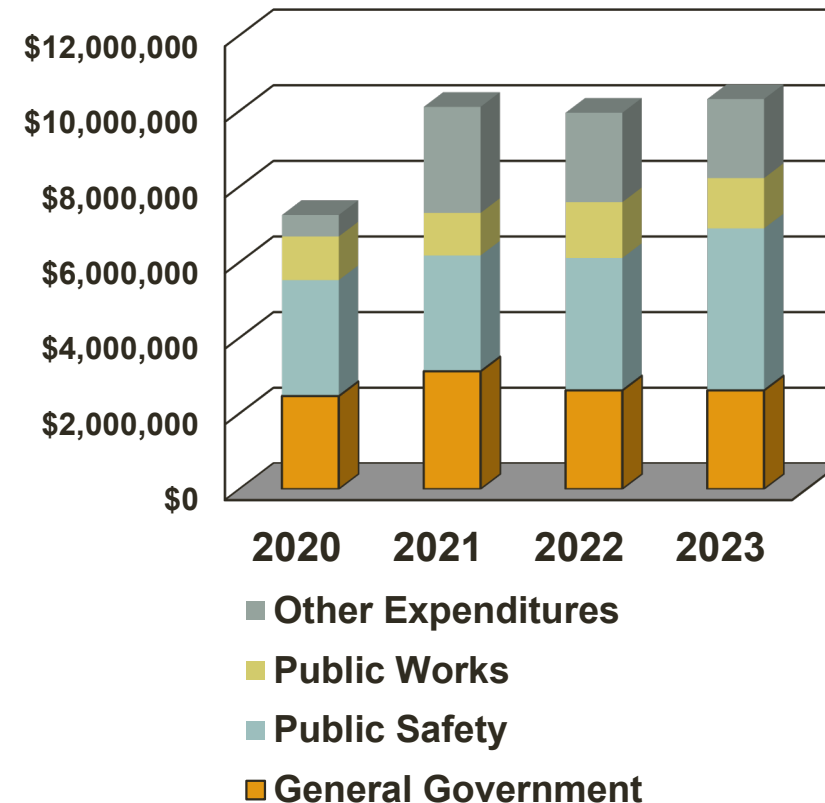
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2023 FINANCIAL AUDIT

General Fund Expenditures:

- \$10.3 million for 2023:
 - \$2.6 million in general government
 - \$4.3 million in public safety
 - \$1.3 million in public works
 - \$1.6 million in capital outlay
 - \$486 thousand in debt service
- \$363k (4%) increase from 2022
 - Primarily due to an increase in public safety
- \$31k (<1%) over budget

GENERAL FUND EXPENDITURES





CITY OF FOLLY BEACH

2023 FINANCIAL AUDIT

Totals for All Governmental Funds

- Includes General Fund, State and Local Accommodations Funds, Beach Preservation Fund, Local Hospitality Fund and Tourism Fund
 - Revenues – \$13.8M
 - Expenditures – \$11.3M
 - Net other financing sources of \$60k



CITY OF FOLLY BEACH

2023 FINANCIAL AUDIT

Enterprise Fund

- The **Water Fund** had an increase in net position of \$296k – total net position of \$2.7M as of 6/30/23 (including \$1.4M invested in capital assets):
 - Water Fund operating revenues increased approximately \$236k, or 17%, from the prior year. The increase was primarily due to an increase in water fees.
 - Water Fund operating expenses decreased approximately \$14k, or 1%.
- The **Sewer Fund** had an increase in net position of \$136k – total net position of \$2.3M as of 6/30/23 (including \$411k invested in capital assets and \$61k in restricted funds):
 - Sewer Fund operating revenues increased approximately \$99k, or 13%, from the prior year. The increase was primarily due to an increase in sewer fees.
 - Sewer Fund operating expenses increased approximately \$70k, or 11%.



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Other Items of Note

- **Capital Assets**

- Total capital assets were \$14.5m at June 30, 2023 – increase of \$745k from June 30, 2022:
 - Total capital asset additions of \$1.6m exceeded depreciation expense of \$827 thousand.
 - Significant additions included:
 - Pedestrian path improvements
 - City Hall exterior renovation
 - Fire quarters renovation
 - Public safety dock



CITY OF FOLLY BEACH

2023 FINANCIAL AUDIT

Other Items of Note (Continued)

- **Long-Term Obligations**

- Total long-term debt outstanding at June 30, 2023 were \$3.2 million – decrease of \$385 thousand from June 30, 2022:
 - Principal payments of \$439 thousand made during 2023.
- Compensated absences outstanding at June 30, 2023 – \$312 thousand (including \$43k in compensatory time and \$269k in vacation leave).
- Total debt service payments (principal and interest) for FY 2024 on outstanding debt obligations is expected to be \$486 thousand.



CITY OF FOLLY BEACH

2023 FINANCIAL AUDIT

Pension Accounting

- Relates to the City's proportionate shares of the net pension liabilities and deferred outflows/inflows of resources related to the City's participation in the South Carolina Retirement System and the SC Police Officers Retirement System ("Plans").
- Net pension liability of \$6.5M as of 6/30/2023.
- Impacts the City's proprietary and government-wide financial statements (full accrual)
- Rates for SCRS and PORS were 17.56% and 20.24%, respectively, for FY2023 and have increased by 1% to 18.56% and 21.24% for FY2024.



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2023 FINANCIAL AUDIT

Compliance

- Financial Statement Findings:
 - Prior Period Adjustment
 - Accruals
 - Unrealized Gain on Investments
- No Single Audit was required for fiscal year 2023 as the federal expenditures were less than \$750k.

Management Letter

- Required communications to management and those charged with governance – no matters to report.



CITY OF FOLLY BEACH 2023 FINANCIAL AUDIT

Summary

- Unmodified opinion on the Financial Statements from GFC
- Good financial condition as of June 30, 2023