



Financial Audit Presentation Year Ended June 30, 2024



CITY OF FOLLY BEACH 2024 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

2024 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



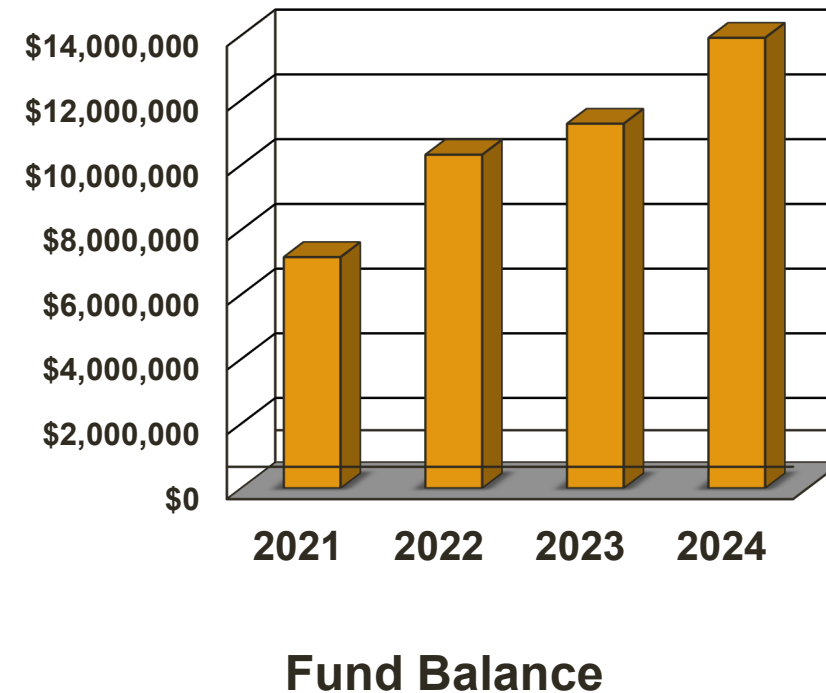
CITY OF FOLLY BEACH

2024 FINANCIAL AUDIT

General Fund

- Total fund balance increased \$2.6M to \$13.9M
- Restricted fund balance of \$25k 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 \$1.5M for FY2025 budget appropriations
- Unassigned fund balance of \$10.8M

GENERAL FUND



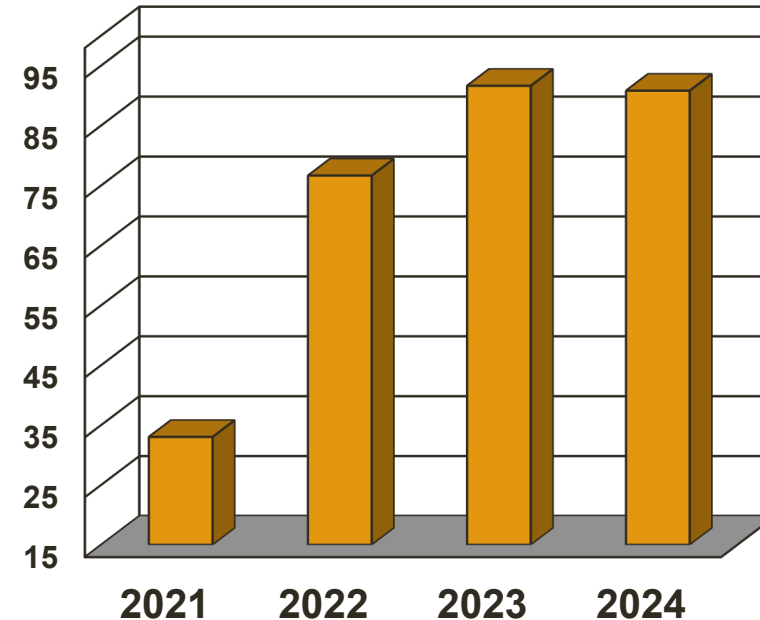


CITY OF FOLLY BEACH 2024 FINANCIAL AUDIT

General Fund

- Unassigned fund balance is \$10.8M, which is 63% of 2025 budgeted expenditures
- GFOA recommends a minimum of 16.7% (two months)

GENERAL FUND



Unassigned Fund Balance as a %
of General Fund Expenditures



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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



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Accounting changes for FY2024:

- GASB #87 (Leases): The City entered into several vehicle leases during the current year. As a result, the City was required to report lease proceeds (other financing source) and offsetting capital outlay (expenditure) to reflect the transaction in the General Fund. In the government-wide financial statements, the leases are reported as a long-term liability and a related capital asset.
- GASB #101 (Compensated Absences): The City implemented this standard for the year ended June 30, 2024. As a result, the City is now required to report a liability for all earned but unused leave (previously sick leave was not accrued as it is only paid when used).

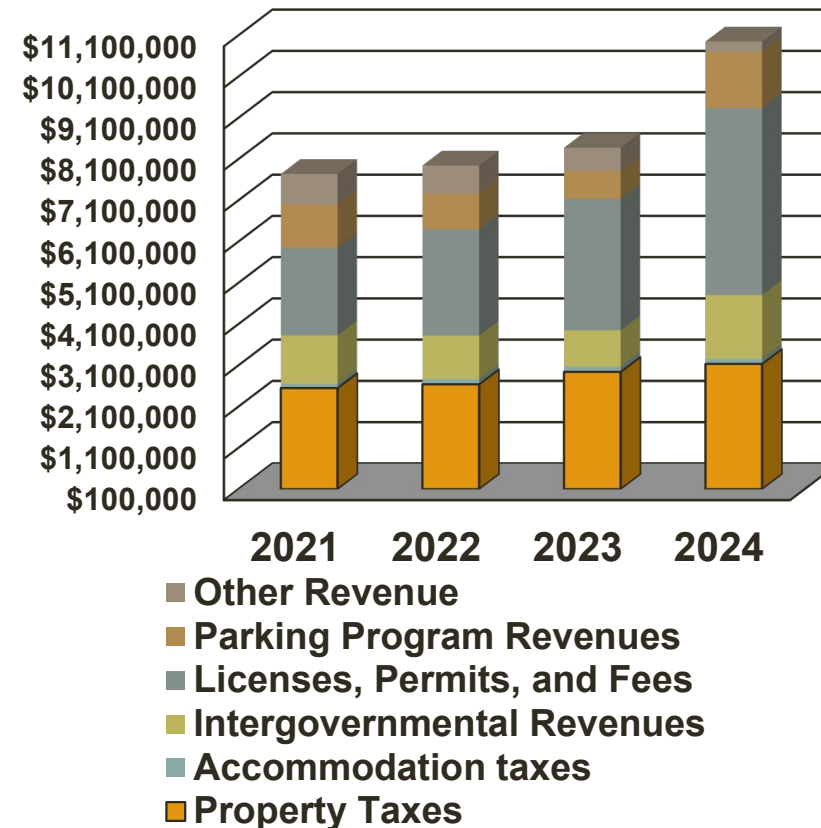


CITY OF FOLLY BEACH 2024 FINANCIAL AUDIT

General Fund Revenues:

- \$11.0M for 2024:
 - \$3.1M from property taxes
 - \$1.7M in intergovernmental revenue
 - \$4.5M in licenses, permits, and fees
 - \$1.4M in parking program revenue
 - \$251k for all other revenues
- \$2.7M (33%) increase from 2023
 - Primarily due to increased rental registration collections and parking fees
- \$2.0M (22%) better than budget
 - Primarily due to higher licenses, permits and fees.
- \$3.6M in net other financing sources
 - Primarily transfers from other funds and lease proceeds

GENERAL FUND REVENUES



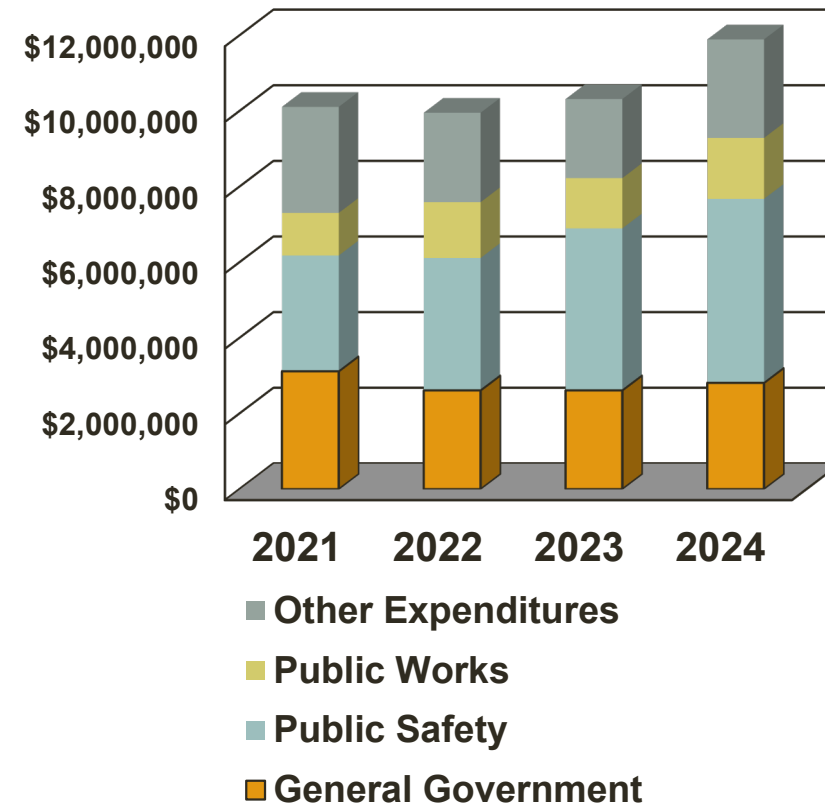


CITY OF FOLLY BEACH 2024 FINANCIAL AUDIT

General Fund Expenditures:

- \$11.9M for 2024:
 - \$2.8M in general government
 - \$4.9M in public safety
 - \$1.6M in public works
 - \$2.0M in capital outlay
 - \$562k in debt service
- \$1.6M (15%) increase from 2023
 - Vehicle lease issuances of \$620k
 - Increases in personnel costs
- \$283k (2%) under budget

GENERAL FUND EXPENDITURES





CITY OF FOLLY BEACH

2024 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 – \$16.7M
 - Expenditures – \$13.0M
 - Net other financing sources of \$686k
 - Primarily represents lease proceeds



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Enterprise Funds

- The **Water Fund** had an increase in net position of \$171k – total net position of \$2.9M as of 6/30/2024 (including \$2.0M invested in capital assets)
- The **Sewer Fund** had an increase in net position of \$238k – total net position of \$2.5M as of 6/30/2024 (including \$413k invested in capital assets and \$61k in restricted funds)



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Other Items of Note

- **Capital Assets**
 - Total capital assets were \$16.2M at June 30, 2024 – increase of \$1.7M from June 30, 2023:
 - Total capital asset additions of \$2.7M exceeded depreciation expense of \$954k.
 - Significant additions included:
 - Stormwater improvements
 - Water Main projects
 - Arctic Avenue redesign
 - Leased vehicles



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Other Items of Note (Continued)

- **Long-Term Obligations**

- Total long-term debt outstanding at June 30, 2024 was \$3.3M – increase of \$114 thousand from June 30, 2023:
 - Principal payments of \$506k made during 2024.
 - Vehicle leases of \$621k entered during 2024.
- Compensated absences outstanding at June 30, 2024 – \$641k
 - Compensatory time of \$20k
 - Vacation leave of \$233k
 - Sick leave of \$388k (accrual is new for FY24 as a result of implementing GASB #101)
- Total debt service payments (principal and interest) for FY2025 on outstanding debt obligations is expected to be \$567k.



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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 \$6.9M as of 6/30/2024.
- Impacts the City's proprietary and government-wide financial statements (full accrual)
- Rates for SCRS and PORS were 18.56% and 21.24%, respectively, for FY2024 (1% increase from FY2023).



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Compliance

- Financial Statement Findings:
 - Unrealized Gain on Investments
- No Single Audit was required for fiscal year 2024 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 2024 FINANCIAL AUDIT

Summary

- Unmodified opinion on the Financial Statements from GFC
- Good financial condition as of June 30, 2024