



Financial Audit Presentation Year Ended June 30, 2025



CITY OF FOLLY BEACH

2025 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



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- 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



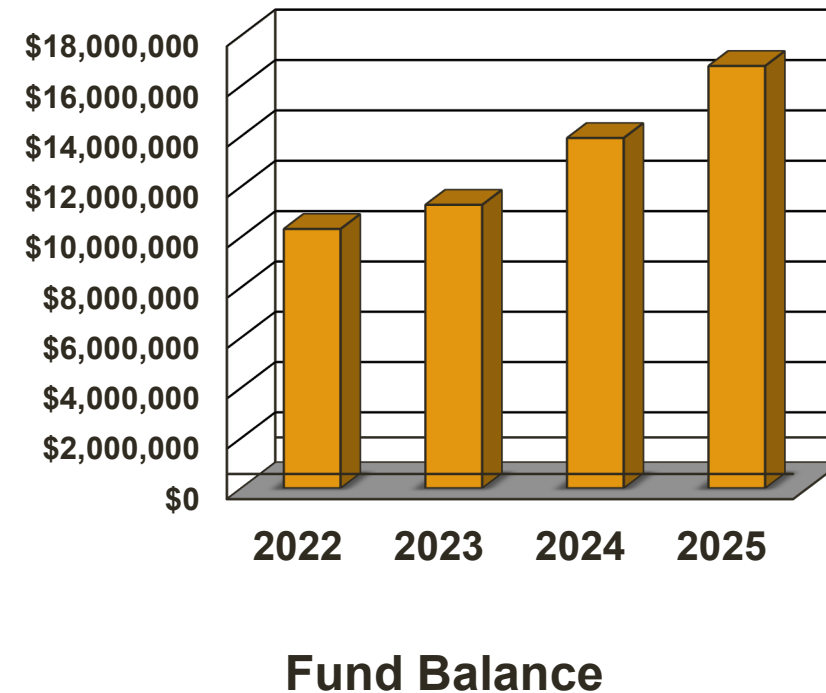
CITY OF FOLLY BEACH

2025 FINANCIAL AUDIT

General Fund

- Total fund balance increased \$2.9M to \$16.8M
- Restricted fund balance of \$25k for Victims Services.
- Committed fund balance (including the City's reserve accounts) of \$1.9M for future capital outlay; claims, judgements, and contingencies, and other items
- Assigned fund balance of \$7.0M for FY2026 budget appropriations (increase of \$5.5M due to budgeted infrastructure project costs related to capital grants)

GENERAL FUND



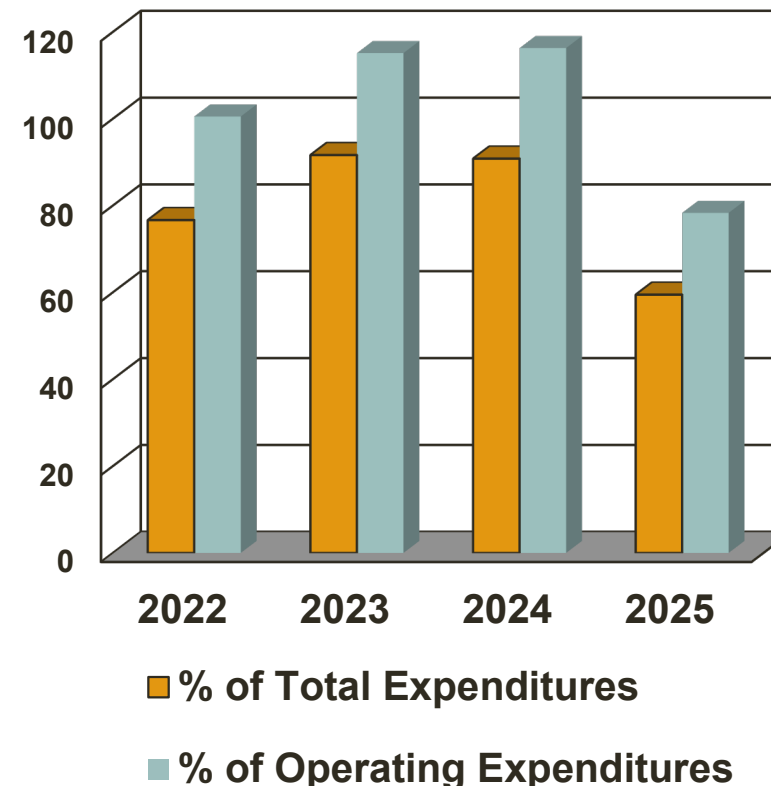


CITY OF FOLLY BEACH 2025 FINANCIAL AUDIT

General Fund

- Unassigned fund balance is \$7.9M, which is 59% of 2025 actual expenditures
- GFOA recommends a minimum of 16.7% (two months)
- City's policy is to maintain a minimum of 30%

GENERAL FUND





CITY OF FOLLY BEACH

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Benefits of Maintaining a Healthy 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

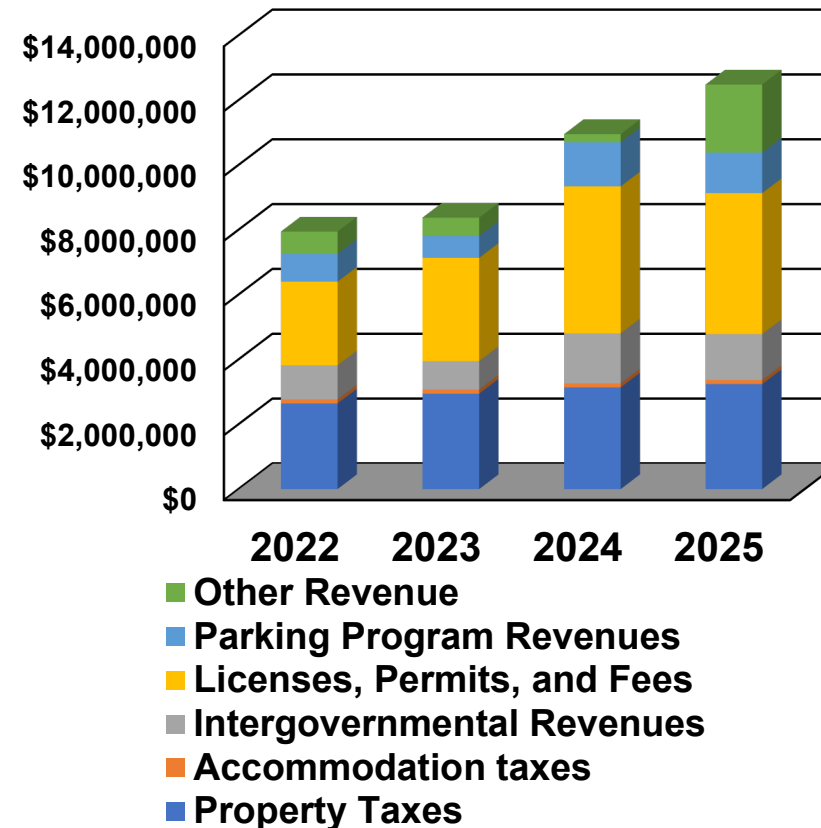


CITY OF FOLLY BEACH 2025 FINANCIAL AUDIT

General Fund Revenues:

- \$12.5M for 2025:
 - \$3.2M from property taxes
 - \$1.4M in intergovernmental revenue
 - \$4.3M in licenses, permits, and fees
 - \$1.3M in parking program revenue
 - \$2.3M for all other revenues
- \$1.5M (14%) increase from 2024
 - Primarily due to \$1.6M in outside court judgements
- \$600k (5%) better than budget
- \$3.7M in net other financing sources
 - Primarily transfers from other funds

GENERAL FUND REVENUES





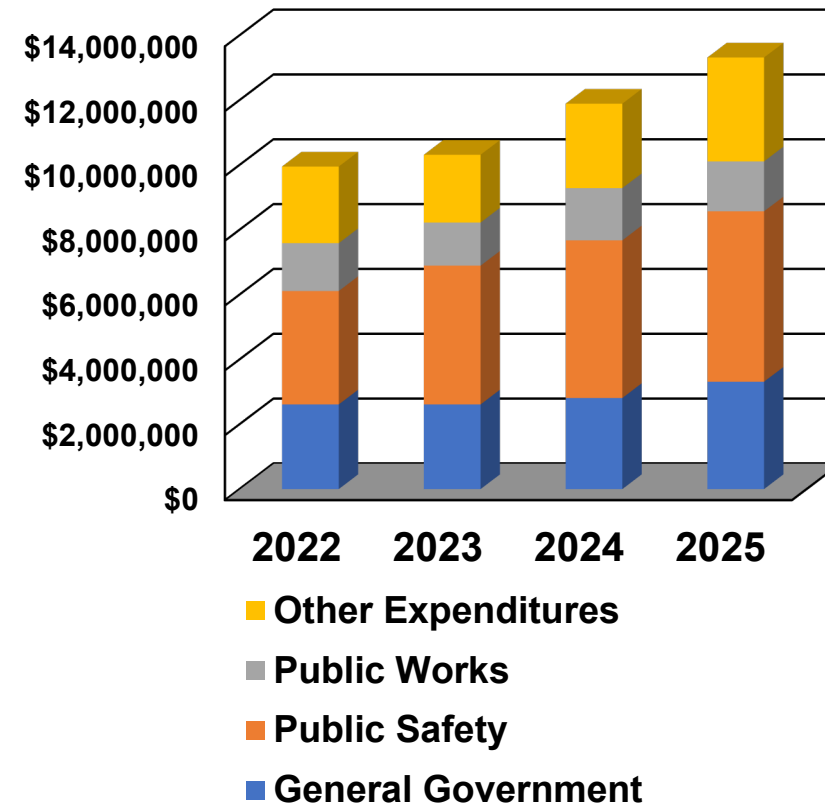
CITY OF FOLLY BEACH

2025 FINANCIAL AUDIT

General Fund Expenditures:

- \$13.3M for 2025:
 - \$3.3M in general government
 - \$5.3M in public safety
 - \$1.6M in public works
 - \$2.6M in capital outlay
 - \$625k in debt service
- \$1.4M (12%) increase from 2024
 - Increases in personnel costs
- \$3.9M (23%) under budget
 - Primarily due to public works expenditures being less than budget by \$3.5M as a result of capital projects being deferred to FY2026

GENERAL FUND EXPENDITURES





CITY OF FOLLY BEACH 2025 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 – \$18.9M
 - Expenditures – \$14.8M
 - Net other financing sources of \$146k



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2025 FINANCIAL AUDIT

Enterprise Funds

- The **Water Fund** had an increase in net position of \$630k – total net position of \$3.5M as of 6/30/2025 (including \$2.0M invested in capital assets)
- The **Sewer Fund** had an increase in net position of \$164k – total net position of \$2.7M as of 6/30/2025 (including \$413k invested in capital assets and \$44k in restricted funds)



CITY OF FOLLY BEACH

2025 FINANCIAL AUDIT

Other Items of Note

- **Capital Assets**

- Total capital assets were \$18.1M at June 30, 2025 – an increase of \$1.9M from June 30, 2024:
 - Total capital asset additions of \$2.8M exceeded depreciation expense of \$862k.
 - Significant additions included:
 - Stormwater improvements
 - Pedestrian path projects
 - Arctic Avenue redesign
 - Public Works vehicles



CITY OF FOLLY BEACH

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Other Items of Note (Continued)

- **Long-Term Obligations**

- Total long-term debt outstanding at June 30, 2025 was \$2.8M – a decrease of \$567 thousand from June 30, 2024 due to scheduled principal payments
- Total compensated absences outstanding at June 30, 2025 – \$918k
 - Compensatory time of \$35k
 - Vacation leave of \$323k
 - Sick leave of \$560k
- Total debt service payments (principal and interest) for FY2026 on outstanding debt obligations is expected to be \$625k.



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2025 FINANCIAL AUDIT

Net Pension Liability

- 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 6/30/2025
- 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 FY2025



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Compliance

- Financial Statement Findings:
 - Accrual of Receivables and Payables
- No Single Audit was required for fiscal year 2025 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 2025 FINANCIAL AUDIT

Summary

- Unmodified opinion on the Financial Statements from GFC
- Good financial condition as of June 30, 2025