



# Financial Audit Presentation Year Ended June 30, 2025

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Greene Finney Cauley, LLP



## 2025 FINANCIAL AUDIT TOWN OF SULLIVAN'S ISLAND

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### **Greene Finney Cauley, LLP**

- Firmwide focus on serving local governments and nonprofits
- Audits are performed out of offices in Mauldin and Charleston
- Over 15 municipal audits performed annually
- We regularly exhibit and speak at MASC and the SCCCMA conferences
- Firm has served local governments for over 25 years



# 2025 FINANCIAL AUDIT TOWN OF SULLIVAN'S ISLAND

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## **OPINION**

- The Town'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



## 2025 FINANCIAL AUDIT TOWN OF SULLIVAN'S ISLAND

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### GFC responsibility:

- Opinion – reasonable assurance that financial statements are materially correct
  - Does not address the financial condition of the Town
  - Purpose of the audit is not to detect fraud. We cannot take responsibility for finding fraud, if it existed.
- Issued unmodified opinion (best opinion available)



# 2025 FINANCIAL AUDIT TOWN OF SULLIVAN'S ISLAND

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General Fund: Total Fund Balance of \$12.6M at 6/30/2025

## Fund Balance Classifications:

- Nonspendable – unavailable for spending (prepaids, inventories, etc.)
- Restricted – available for spending only for specific purposes due to external constraints (such as debt covenants or legislation)
- Committed – available for spending only for specific purposes due to constraints imposed by Town Council (requires formal action by Council prior to fiscal year-end)
- Assigned – available for spending only for specific purposes due to constraints imposed by Town Council (assignments may be made through the report date)
- Unassigned – available for future spending

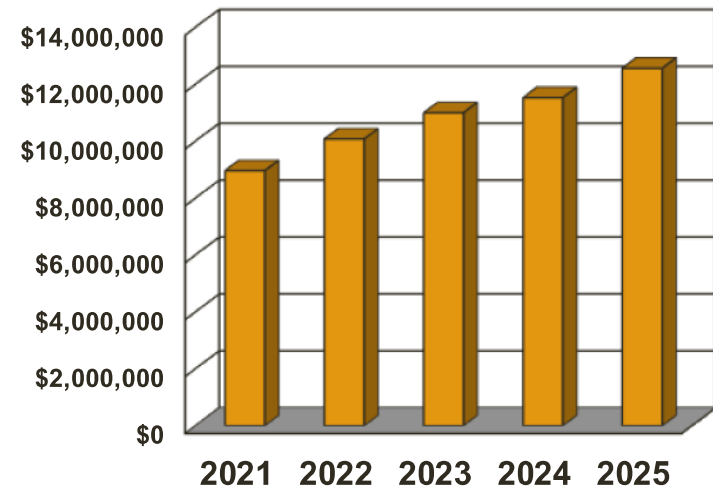


# 2025 FINANCIAL AUDIT TOWN OF SULLIVAN'S ISLAND

## General Fund

- Total fund balance increased \$1.0M to \$12.6M.
- Nonspendable fund balance of \$340k (prepaid amounts)
- Restricted fund balance of \$187k primarily for debt service and victims services
- Committed fund balance of \$770k for capital projects
- Assigned fund balance of \$20k
- Unassigned fund balance of \$11.3M

## GENERAL FUND



Total Fund Balance

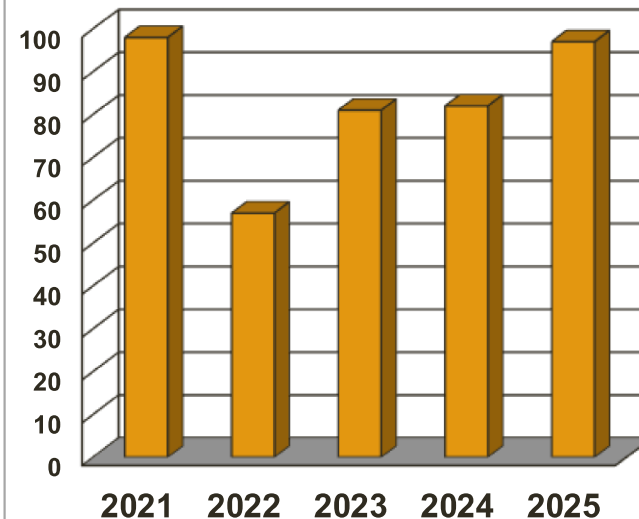


# 2025 FINANCIAL AUDIT TOWN OF SULLIVAN'S ISLAND

## General Fund

- Unassigned fund balance is \$11.3M & includes capital improvements reserve of \$2.6M and emergency reserve of \$3.0M
- Unassigned fund balance represents 97% of FY2025 operating expenditures
- GFOA recommends a minimum of 16.7% (two months), but we believe the Town's unassigned fund balance should be higher than two months – see next slide.

**Unassigned Fund Balance  
as a % of General Fund  
Expenditures**





## 2025 FINANCIAL AUDIT TOWN OF SULLIVAN'S ISLAND

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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 (Town has an emergency reserve).
- Flexibility for discretionary funding needs (Town has capital improvements reserve)
- Potential for better interest rates on debt issues (can save the Town money).
- Unique requirements for a beach coastal municipality (Town has an emergency reserve).

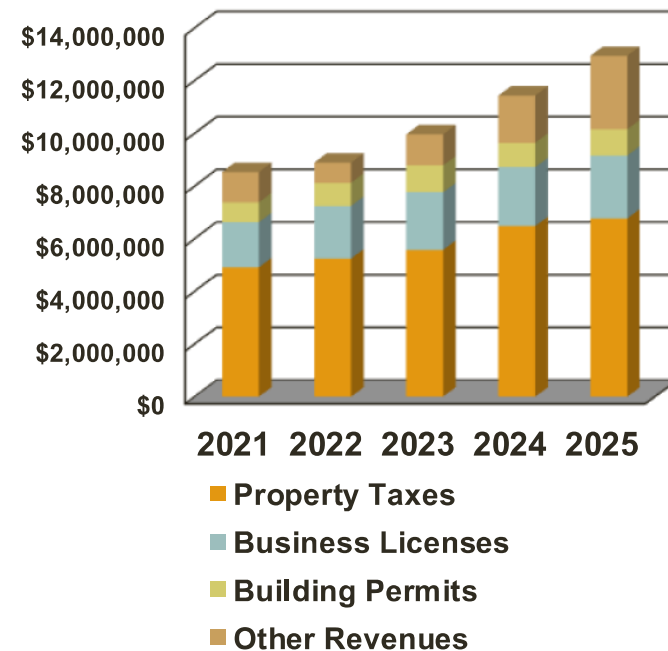


# 2025 FINANCIAL AUDIT TOWN OF SULLIVAN'S ISLAND

## General Fund Revenues:

- \$12.9 million for 2025:
  - \$6.8m in property taxes
  - \$2.4m in business licenses
  - \$1.0m in building permits
  - \$419k in local option sales taxes
  - \$493k in interest income
  - \$1.2m in grant revenue
  - \$586k in all other revenues
- \$1.5m (13%) increase from 2024
  - Primarily due to increases in revenue of \$300k and \$936k related to property taxes and grant income, respectively
- \$2.1m (19%) better than budget
  - Primarily due to revenues from property taxes, grant income and interest income being higher than anticipated
- In addition to revenues, the General Fund reported transfers from other funds of \$1.8m

## GENERAL FUND REVENUES





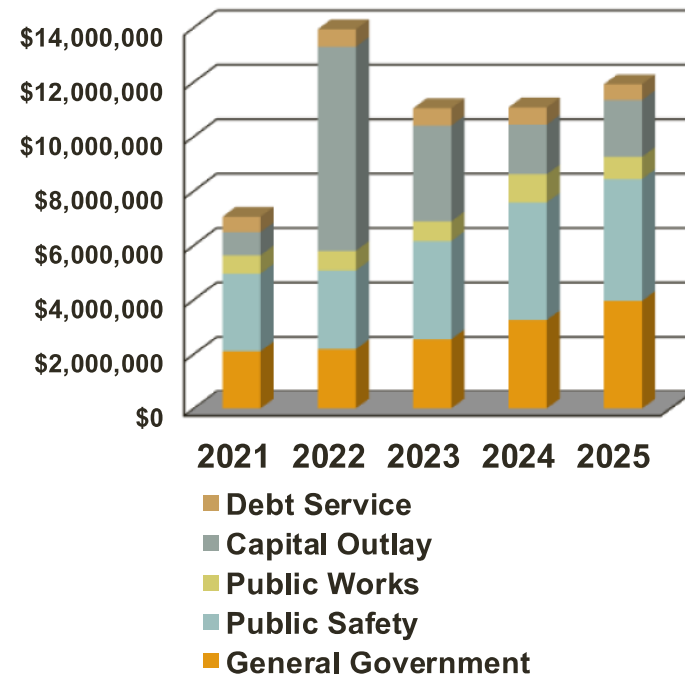
# 2025 FINANCIAL AUDIT

## TOWN OF SULLIVAN'S ISLAND

### General Fund Expenditures:

- \$11.9 million for 2025:
  - \$3.9m in general government
  - \$4.5m in public safety
  - \$821k in public works
  - \$2.1m in capital outlay
  - \$581k in debt service
- \$844k (8%) increase from 2024
- Current expenditures were \$325k over budget primarily as a result of increases in public safety personnel and equipment costs and engineering fees
- Capital outlay was primarily funded through IPRB proceeds (transfers in from Capital Projects fund), hospitality taxes and grants and thus was not included in the operating budget (\$2.1M in 2025)
- Expenditures over budget were offset by higher than budgeted revenues and transfers in, resulting in an increase to fund balance of \$1.0m
- \$1.8M Transfer to Debt Service fund

### GENERAL FUND EXPENDITURES





# 2025 FINANCIAL AUDIT TOWN OF SULLIVAN'S ISLAND

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## **Public Facilities Corporation**

- The Corporation was created for the purpose of issuing debt to finance the cost of certain upgrades and improvements, including improvements to the wastewater treatment plant and sewer collection system.
  - Capital Projects Fund – Reports the issuance of the bonds and use of proceeds (unspent proceeds of \$2.1M as of 6/30/2025).
  - Debt Service Fund – Reports principal and interest payments which are funded through General Fund transfers.
  - Expenditures and expenses related to projects financed through debt proceeds in FY2025 were primarily reported in the General Fund.



# 2025 FINANCIAL AUDIT TOWN OF SULLIVAN'S ISLAND

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## Enterprise Funds

- **The Water Fund** had an increase in net position of \$704k to \$6.6M (including \$2.7M invested in capital assets).
  - Total Water Fund revenues increased \$368k and expenses decreased \$152k compared to the prior year.
  - The Water System was 67% depreciated at June 30, 2025 (cost of system was \$4.8M with accumulated depreciation of \$3.2M)
- **The Sewer Fund** had a decrease in net position of \$267k to \$27.6M (including \$25.2M invested in capital assets).
  - Total sewer operating revenues and expenses were consistent with the prior year.
- Debt coverage ratio for the Water and Sewer Bonds is approximately 17.32 as of June 30, 2025 (exceeds requirement of 1.10).



## 2025 FINANCIAL AUDIT TOWN OF SULLIVAN'S ISLAND

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### **Other Items of Note:**

- Total capital assets, net of accumulated depreciation, were \$45.3M at 6/30/2025. Capital additions of \$1.8M exceeded depreciation expense was \$1.6M.
  - Significant additions included:
    - Boardwalks and Nature Trail
    - Fire truck and Dump truck
  - CWS Capacity Capital Contribution of \$1.0M is being amortized over the life of the agreement



# 2025 FINANCIAL AUDIT

## TOWN OF SULLIVAN'S ISLAND

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### **Other Items of Note:**

- Total long-term obligations outstanding at 6/30/2025 were \$39.4M – decrease of \$1.0M from 6/30/2024:
  - Total principal payments on debt and financed purchase agreements were \$1.0M.
- Net pension liability of \$6.5M as of June 30, 2025 on the full accrual statements. As required for all participants in the retirement system, this represents the Town's proportionate share of the total net pension liability for the State pension plans.
  - The contribution rates for FY2025 were 18.56% and 21.24% for the SCRS and PORS, respectively (7.50% increase compared to 2016).



# 2025 FINANCIAL AUDIT TOWN OF SULLIVAN'S ISLAND

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## **Compliance**

- No findings, significant deficiencies, or material weaknesses were noted.
- Single Audit is required for 2025 based on federal expenditures being more than \$750k.
  - ARPA program – no findings reported

## **Management Letter**

- Required communications to management and those charged with governance – no issues to report as management has done a good job of addressing issues noted in past years.



# 2025 FINANCIAL AUDIT TOWN OF SULLIVAN'S ISLAND

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## **Summary**

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