



COUNCIL AGENDA SUMMARY

TO: Mayor Craft & Members of the City Council
FROM: Cindy King, Finance & Administration Director
SUBJECT: 2021 Annual Financial Report (Audit)
DATE: July 27, 2022

ISSUE: Annual City financial audit results: Revenues exceeded expenditures by **\$21,004,065** (page 35 of the 2021 audit). The \$21,004,065 added to the City General Fund balance minus debt service transfer for payments resulting in a fund balance at 2020 year-end of \$46,450,165. The City's fund balance goal is 70% of revenues or expenditures. The fund balance of \$46,450,165 represents the following for 2021:

120% of expenditures of \$38,511,138 (70% if including transfers out for debt service)
82% of revenues of \$59,515,203 (75% if including transfers in from the Beach fund)

The revenue overage was used for the following purposes:

- Pay down a line of credit used for Hurricane Sally related expenses
- Pay for 2021 transportation projects without using borrowed funds.

No major findings were reported for the City. Page 35 Statement of Revenues, Expenditures, and Changes in Fund Balance Governmental Funds provides more details.

Assets exceeded liabilities by \$132,297,941 and increased by \$22,245,095 from 2020.

Governmental Revenues increased by \$11 million to \$70,312,871 reflecting:

Local Taxes increased \$13,947,405 due to increased revenue from Lodging Tax
\$5,427,761 decrease in federal grants for FEMA damages from Hurricane Sally paid in 2020
Other Receipts increase of \$1,854,651 for funds received from developers (\$700K), insurance reimbursements related to Hurricane Sally and for Beach Restoration funds.

Governmental Expenses increased by \$9.275 million primarily due to City School System capital outlay for improvements.

BACKGROUND: The City Financial Audit is conducted annually by the accounting firm Grant, Sanders & Taylor with an extensive review of city accounting records and procedures.

PREVIOUS COUNCIL ACTION: None

BUDGET IMPLICATIONS: Annual Audit Expense of \$76,000 included in 2022 budget.

RELATED ISSUES: The City has received the Government Finance Officers Association (GFOA) award for 10 years. The 2020 audit received the **Certificate of Achievement for Excellence in Financial Reporting** and the 2021 audit will be submitted for GFOA consideration for the Certificate of Achievement for Excellence in Financial Reporting. The City also received the Popular Annual Financial Report for its first ever report prepared in 2020 based on the 2020 Annual Financial Report and the City will submit for 2021 a Popular Annual Financial Report for GFOA award consideration.

ATTACHMENTS: 2021 Annual Financial Report page 35 Statement of Revenues, Expenditures and Changes in Fund Balance Governmental Funds.

DEPARTMENT: Finance & Administration

STAFF CONTACT: Cindy King