

**CITY OF TYBEE ISLAND, GEORGIA**

**FINANCIAL REPORT**

**FOR THE FISCAL YEAR ENDED  
JUNE 30, 2018**

**CITY OF TYBEE ISLAND, GEORGIA**  
**FINANCIAL REPORT**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

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## INDEPENDENT AUDITOR'S REPORT

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**Honorable Mayor and Members  
Of City Council  
City of Tybee Island  
Tybee Island, Georgia**

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Tybee Island, Georgia (the "City") as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the City of Tybee Island, Georgia's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditor's Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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**Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Tybee Island, Georgia, as of June 30, 2018, and the respective changes in financial position, and, where applicable, cash flows thereof, and the budgetary comparison information for the General Fund, the Hotel/Motel Tax Fund, and the FEMA/GEMA Grant Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

**Other Matters***Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 4-17, the Schedule of Changes in the City's Net Pension Liability and Related Ratios, and the Schedule of City Contributions on pages 57 and 58 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

**Other Information**

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Tybee Island, Georgia's basic financial statements. The combining and individual nonmajor fund financial statements and schedules as listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedules of expenditures of special purpose local option sales tax proceeds, as required by the Official Code of Georgia 48-8-121, are also presented for purposes of additional analysis and are not a required part of the basic financial statements. The Schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations *Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)* and is also not a required part of the basic financial statements of the City.

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The combining and individual nonmajor fund financial statements and schedules, the schedules of expenditures of special purpose local option sales tax proceeds, and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and schedules, the schedules of expenditures of special purpose local option sales tax proceeds, and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 18, 2018, on our consideration of the City of Tybee Island, Georgia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Tybee Island, Georgia's internal control over financial reporting and compliance.

*Mauldin & Jenkins, LLC*

Macon, Georgia  
December 18, 2018

# Management's Discussion and Analysis

**CITY OF TYBEE ISLAND**

**JUNE 30, 2018**

As management of the City of Tybee Island, we offer readers of the City of Tybee Island's financial statements this narrative overview and analysis of the financial activities of the City of Tybee Island for the fiscal year ended June 30, 2018. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in the financial statements and the notes to the financial statements.

## **FINANCIAL HIGHLIGHTS**

Key financial highlights for fiscal year 2018 are as follows:

- The City's total net position is \$37,081,997, an increase of \$2,289,911. Net position from governmental activities and business-type activities increased \$179,864 and \$2,110,047, respectively.
- The General Fund reported fund balance of \$9,183,861. This is a slight decrease of \$137,070 over the prior year. The General Fund balance represents 92.03% of current year expenditures.

## **OVERVIEW OF THE FINANCIAL STATEMENTS**

This Discussion and Analysis is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to those financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

### **Government-wide Financial Statements**

The government-wide financial statements are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business. All governmental and business-type activities are consolidated to arrive at a total for the Primary Government. There are two government-wide statements, the statement of net position and the statement of activities, which are described below.

The statement of net position presents information on all of the City's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating. It is important to note that this statement consolidates the governmental fund's current financial resources (short-term) with capital assets, deferred outflows of resources, long-term liabilities, and deferred inflows of resources.

# Management's Discussion and Analysis

**CITY OF TYBEE ISLAND**

**JUNE 30, 2018**

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The statement of activities presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

The governmental activities of the City include general government, judicial, public safety, public works, culture and recreation, and housing and community development.

The business-type activities of the City include water and sewer, sanitation, and campground management.

The City's government-wide financial statements are presented on pages 18 and 19.

## **Reporting the City's Most Significant Funds**

Unlike government-wide financial statements, the focus of fund financial statements is directed at specific activities of the City rather than the City as a whole. Except for the General Fund, a specific fund is established to satisfy managerial control over resources or to satisfy finance-related legal requirements established by external parties or governmental statutes or regulations. The City's fund financial statements are divided into three broad categories, namely, (1) governmental funds, (2) proprietary funds, and (3) fiduciary fund.

## **Governmental Funds**

The governmental fund financial statements consist of a balance sheet and statement of revenues, expenditures, and change in fund balances and are prepared on an accounting basis that is significantly different from that used to prepare the government-wide financial statements.

In general, these financial statements have a short-term emphasis and, for the most part, measure and account for cash and other assets that can easily be converted to cash. For example, amounts reported on the balance sheet include items such as cash and receivables collectible within a very short period of time, but do not include capital assets such as land and buildings. Fund liabilities include amounts that are to be paid within a very short period after the end of the fiscal year. The difference between a fund's assets, liabilities, and deferred inflows of resources is labeled as the fund balance, and generally indicates the amount that can be used to finance the next fiscal year's activities. Likewise, the operating statement for governmental funds reports only those revenues and expenditures that were collected in cash or paid with cash, respectively, during the current period or very shortly after the end of the year.



# Management's Discussion and Analysis

**CITY OF TYBEE ISLAND**

**JUNE 30, 2018**

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For the most part, the balances and activities accounted for in governmental funds are also reported in the governmental activities columns of the government-wide financial statements; however, because different accounting bases are used to prepare fund financial statements, there are often significant differences between the totals presented in these financial statements. For this reason, there is an analysis at the bottom of the balance sheet that reconciles the total fund balance to the amount of net position presented in the governmental activities column on the statement of net position. Also, there is an analysis at the bottom of the statement of revenues, expenditures, and changes in fund balances that reconciles the total change in fund balances for all governmental funds to the change in net position as reported in the governmental activities column in the statement of activities.

The City presents, in separate columns, funds that are most significant to the City (major funds) and all other governmental funds are aggregated and reported in a single column (non-major funds). The City's governmental fund financial statements are presented on pages 20-27.

## **Proprietary Funds**

The proprietary fund financial statements consist of a statement of net position, statement of revenues, expenses, and changes in fund net position and statement of cash flows, and are prepared on an accounting basis that is similar to the basis used to prepare the government-wide financial statements.

The City uses proprietary funds to account for business-type activities that charge fees to customers for the use of specific goods or services. For the most part, the balances and activities accounted for in the City's proprietary funds are also reported in the business-type activities columns of the government-wide financial statements.

The City presents in separate columns proprietary funds that are most significant to the City and all other proprietary funds are aggregated and reported in a single column. A statement of cash flows is presented at the fund financial statement level for proprietary funds, but no equivalent statement is presented in the government-wide financial statements for either governmental activities or business-type activities.

The City's proprietary fund financial statements are presented on pages 28-31.

# Management's Discussion and Analysis

## CITY OF TYBEE ISLAND

JUNE 30, 2018

### Overview of the City's Financial Position and Operations

The City's overall financial position and operations for the past two years are summarized as follows based on the information included in the government-wide financial statements (see pages 18 and 19):

City of Tybee Island Summary of Net Position

	Governmental Activities		Business-type Activities		Totals	
	2018	2017	2018	2017	2018	2017
<b>Assets</b>						
Current and other assets	\$ 11,255,326	\$ 11,675,838	\$ 3,763,930	\$ 1,292,293	\$ 15,019,256	\$ 12,968,131
Capital Assets	12,187,054	11,803,199	22,744,999	22,316,265	34,932,053	34,119,464
Total Assets	<u>23,442,380</u>	<u>23,479,037</u>	<u>26,508,929</u>	<u>23,608,558</u>	<u>49,951,309</u>	<u>47,087,595</u>
<b>Deferred Outflows of Resources</b>						
Pension contributions subsequent to measurement date	272,216	264,666	51,965	50,416	324,181	315,082
Pension experience differences	80,367	2,457	18,404	2,073	98,771	4,530
Pension assumption changes			32	3	32	3
Pension investment return	-	-	-	3,443	-	3,443
Total Deferred outflows of resources	<u>352,583</u>	<u>267,123</u>	<u>70,401</u>	<u>55,935</u>	<u>422,984</u>	<u>323,058</u>
<b>Liabilities</b>						
Current Liabilities	1,036,987	1,199,043	1,492,665	1,602,947	2,529,652	2,801,990
Long-term liabilities	988,834	1,318,350	9,333,384	8,490,435	10,322,218	9,808,785
Total Liabilities	<u>2,025,821</u>	<u>2,517,393</u>	<u>10,826,049</u>	<u>10,093,382</u>	<u>12,851,870</u>	<u>12,610,775</u>
<b>Deferred Inflows of Resources</b>						
Pension contributions subsequent to measurement date			36	70	36	70
Pension experience differences	-	-	-	-	-	-
Pension assumption changes	30	794	6	137	36	931
Pension investment differences	366,511	5,236	73,843	1,555	440,354	6,791
Total Pension Inflow of Resources	<u>366,541</u>	<u>6,030</u>	<u>73,885</u>	<u>1,762</u>	<u>440,426</u>	<u>7,792</u>
<b>Net Assets</b>						
Invested in capital assets	12,187,054	11,793,571	12,716,454	13,253,389	24,903,508	25,046,960
Restricted for capital outlay	971,482	1,141,884	-	-	971,482	1,141,884
Restricted for debt service	-	-	405,549	-	405,549	-
Unrestricted	8,244,065	8,287,282	2,557,393	315,960	10,801,458	8,603,242
Total net position	<u>\$ 21,402,601</u>	<u>\$ 21,222,737</u>	<u>\$ 15,679,396</u>	<u>\$ 13,569,349</u>	<u>\$ 37,081,997</u>	<u>\$ 34,792,086</u>

# Management's Discussion and Analysis

## CITY OF TYBEE ISLAND

**JUNE 30, 2018**

### Financial Position

The total net position of the City increased by \$2,289,911, or 6.58%, as noted in the table above. The governmental activities net position increased by \$179,864 while the business-type activities net position increased by \$2,110,047.

City of Tybee Island Summary of Changes in Net Position

	Governmental Activities		Business-type Activities		Totals	
	2018	2017	2018	2017	2018	2017
Revenues						
Program revenues:						
Charges for services	\$ 5,193,680	\$ 5,172,170	\$ 5,640,978	\$ 5,654,438	\$ 10,834,658	\$ 10,826,608
Operating grants and contributions	1,563,876	283,728	-	-	1,563,876	283,728
Capital grants and contributions	1,775,423	2,805,628	67,265	41,402	1,842,688	2,847,030
General revenues:						
Property taxes	1,969,930	1,953,759	-	-	1,969,930	1,953,759
Other taxes	5,495,386	5,366,774	-	-	5,495,386	5,366,774
Investment earnings	63,088	19,423	2,866	190	65,954	19,613
Gain on sale of capital assets	-	-	-	-	-	-
Total revenues	16,061,383	15,601,482	5,711,109	5,696,030	21,772,492	21,297,512
Expenses						
Governmental activities					-	-
General government	2,439,742	2,332,012	-	-	2,439,742	2,332,012
Judicial	137,741	128,685	-	-	137,741	128,685
Public safety	4,493,620	3,571,445	-	-	4,493,620	3,571,445
Public works	2,403,759	3,692,668	-	-	2,403,759	3,692,668
Cultural and recreation	4,263,622	3,078,900	-	-	4,263,622	3,078,900
Housing & Community development	1,124,610	973,753	-	-	1,124,610	973,753
Other expenses	21	1,204	-	-	21	1,204
Business-type activities					-	-
Water and sewer service	-	-	2,380,043	2,398,097	2,380,043	2,398,097
Solid waste collection	-	-	1,084,438	1,065,115	1,084,438	1,065,115
Campground	-	-	1,154,985	1,344,422	1,154,985	1,344,422
Total expenses	14,863,115	13,778,667	4,619,466	4,807,634	19,482,581	18,586,301
Transfers	(1,018,404)	(210,976)	1,018,404	210,976	-	-
Change in net assets	179,864	1,611,839	2,110,047	1,099,372	2,289,911	2,711,211
Beginning net assets, as restated	21,222,737	19,610,898	13,569,349	12,469,977	34,792,086	32,080,875
Ending net assets	\$ 21,402,601	\$ 21,222,737	\$ 15,679,396	\$ 13,569,349	\$ 37,081,997	\$ 34,792,086

# Management's Discussion and Analysis

**CITY OF TYBEE ISLAND**

**JUNE 30, 2018**

## Governmental Activities

The total revenues for governmental activities increased \$459,901, or 2.95%. Capital grants and contributions increased \$249,943, or 8%, as a result of increases in SPLOST revenues. All other categories of revenue remained consistent with the prior year.

Total governmental expenses have increased \$1,084,448, or 7.87%. Public safety expenses increased \$269,206, or 7.54%, due to general inflationary pressures as well as increased depreciation costs. Public works expenses decreased \$1,773,491, or 48%, because prior year expenses included over \$2 million of expenses related to storm damage which was reimbursed by FEMA. Recreation expenses increased \$2,443,753, or 79%, as a result of increased spending of SPLOST funds, primarily for beach renourishment.

## Business-Type Activities

Net position for business-type activities increased \$2,110,047, or 15.55%. The Water and Sewer Fund had an increase of \$674,487; the Rivers End RV Park Fund contributed \$1,431,492; and the Solid Waste Fund contributed \$4,068. Below is the analysis of each enterprise fund.

### Water and Sewer Fund

Water and Sewer revenues decreased \$120,265, or 3.87%, because the prior year revenues included receipt of \$115,000 from the Georgia Environmental Finance Authority for a test well water study as well as \$32,709 from the Homeland Security Federal Emergency Management Agency and Georgia Emergency Management Agency as reimbursement due to damages caused by Hurricane Matthew. Operating expenses were consistent with the prior year.

	City of Tybee Island Water and Sewer Fund			
	2018	2017	\$ Change	% Change
Operating revenues	\$ 2,984,399	\$ 3,104,664	\$ (120,265)	-3.87%
Operating expenses	2,280,407	2,251,560	28,847	1.28%
Net operating income (loss)	703,992	853,104	(149,112)	-17.48%
Nonoperating income (expenses)	(96,770)	(146,347)	49,577	-33.88%
Loss on Disposal of assets	-	-	-	-
Income(loss) before contributions & transfers	607,222	706,757	(99,535)	-14.08%
Capital contributions	67,265	41,402	25,863	62.47%
Transfers in	-	-	-	0.00%
Change in net position	674,487	748,159	(73,672)	-9.85%
Beginning net position, restated	10,814,876	10,066,717	748,159	7.43%
Ending net position	\$ 11,489,363	\$ 10,814,876	\$ 674,487	6.24%

# Management's Discussion and Analysis

## CITY OF TYBEE ISLAND

JUNE 30, 2018

### Solid Waste Collection Fund

Solid Waste revenues increased \$36,111, or 4.24%. Operating expenses were consistent with the prior year. The General Fund transferred \$200,000 to the solid waste collection fund to cover operating deficits.

City of Tybee Island Solid Waste Collection Fund				
	2018	2017	\$ Change	% Change
Operating revenues	\$ 888,506	\$ 852,395	\$ 36,111	4.24%
Operating expenses	1,084,438	1,065,115	19,323	1.81%
Net operating income (loss)	(195,932)	(212,720)	16,788	-7.89%
Transfers in	200,000	183,030	16,970	100.00%
Beginning net position	(765)	28,925	(29,690)	0.00%
Ending net position	\$ 3,303	\$ (765)	\$ 4,068	-531.76%

### River's End RV Park Fund

Operating revenues for the River's End RV Park fund increased \$70,694, or 4.16%, due to additional demand for camping services. Operating expenses decreased \$169,069, or 13.63%. Prior year expenses included additional repair and maintenance costs as a result of storm damage as well as \$66,000 of issuance costs to refinance debt. The General Fund transferred \$818,404 to this fund to meet current and future cash flow requirements.

City of Tybee Island River's End RV Park Fund				
	2018	2017	\$ Change	% Change
Operating revenues	1,768,073	1,697,379	70,694	4.16%
Operating expenses	1,070,986	1,240,055	(169,069)	-13.63%
Net operating income (loss)	697,087	457,324	239,763	52.43%
Nonoperating income (expenses)	(83,999)	(104,367)	20,368	-19.52%
Income(loss) before contributions & transfers	613,088	352,957	260,131	73.70%
Transfers in	818,404	27,946	790,458	2828.52%
Change in net position	1,431,492	380,903	1,050,589	275.82%
Beginning net position, restated	2,755,238	2,374,335	380,903	16.04%
Ending net position	4,186,730	2,755,238	1,431,492	51.96%

# Management's Discussion and Analysis

**CITY OF TYBEE ISLAND**

**JUNE 30, 2018**

## Financial Analysis of the City's Funds

As noted earlier, the City of Tybee Island uses fund accounting to ensure and demonstrate compliance with finance related legal requirements.

## Governmental Fund Balance

The City's combined fund balances as of the end of the current year for governmental funds, presented on pages 20-21 were \$10,156,548. This balance represents a slight decrease of \$121,388, or 1.2%, from last year's ending balance. The tables below reflect changes in governmental fund balances.

The City Council committed \$6,422,489, or 70%, of the General Fund's fund balance to the following:

- \$1,015,649 – Future capital projects;
- \$400,000 – Greenspace acquisition;
- \$30,000 – Retrofit revolving loan; and
- \$4,976,840 – Economic stabilization.

The following schedule reflects changes in the fund balance for the City's governmental funds.

City of Tybee Island Governmental Fund Balance				
	2018	2017	Change	%
General fund	\$ 9,183,861	\$ 9,320,931	\$ (137,070)	-1.47%
Hotel/Motel fund	-	-	-	0.00%
FEMA/GEMA Grant Fund	-	-	-	0.00%
Chatham County SPLOST VI Fund	-	(167,819)	167,819	-100.00%
Confiscated Asset Fund	1,460	1,460	-	0.00%
Emergency Telephone 911 Fund	7,518	1,119	6,399	571.85%
SPLOST 2003 Fund	413,635	447,782	(34,147)	-7.63%
SPLOST 2008 Fund	-	3,622	(3,622)	-100.00%
SPLOST 2014 Fund	550,074	670,209	(120,135)	-17.93%
Capital Grant Fund	-	632	(632)	-100.00%
Total	<u>\$ 10,156,548</u>	<u>\$ 10,277,936</u>	<u>\$ (121,388)</u>	<u>-1.20%</u>

# Management's Discussion and Analysis

## CITY OF TYBEE ISLAND

**JUNE 30, 2018**

The components of changes to governmental fund balances are analyzed on the table below:

City of Tybee Island, Changes in Fund Balances - Governmental Funds				
	2018	2017	\$ Change	% Change
<b>Revenues</b>				
Taxes	\$ 7,467,163	\$ 7,301,440	\$ 165,723	2.27%
Licenses and permits	398,048	266,214	131,834	49.52%
Intergovernmental	3,537,476	2,844,766	692,710	24.35%
Charges for services	3,486,225	3,565,415	(79,190)	-2.22%
Fines and forfeitures	1,017,757	1,112,262	(94,505)	-8.50%
Interest	63,680	20,436	43,244	211.61%
Other revenues	291,650	228,279	63,371	27.76%
Total revenues	16,261,999	15,338,812	923,187	6.02%
<b>Expenditures</b>				
<b>Current:</b>				
General government	2,320,692	2,228,272	92,420	4.15%
Judicial	143,099	126,223	16,876	13.37%
Public safety	3,655,920	3,276,789	379,131	11.57%
Public works	1,901,249	3,502,895	(1,601,646)	-45.72%
Culture and recreation	3,615,989	2,860,895	755,094	26.39%
Housing and community development	1,016,269	899,492	116,777	12.98%
Capital outlay	2,702,116	783,594	1,918,522	244.84%
<b>Debt service</b>				
Principal (net of refunding)	9,628	115,169	(105,541)	-91.64%
Interest	21	1,204	(1,183)	-98.26%
Total expenditures	15,364,983	13,794,533	1,570,450	11.38%
Excess of revenues over (under) expenditures	897,016	1,544,279	(647,263)	-41.91%
<b>Other financing sources (uses)</b>				
Transfers in	2,110,532	2,193,810	(83,278)	-3.80%
Transfers out	(3,128,936)	(2,404,786)	(724,150)	30.11%
Issuance of debt	-	-	-	
Sale of capital assets	-	-	-	
Total other financing sources (uses)	(1,018,404)	(210,976)	(807,428)	382.71%
Net change in fund balance	\$ (121,388)	\$ 1,333,303	\$ (1,454,691)	-109.10%
Fund balances, beginning of year	\$ 10,277,936	\$ 8,944,633	\$ 1,333,303	14.91%
Fund balances, end of year	\$ 10,156,548	\$ 10,277,936	\$ (121,388)	-1.18%

# Management's Discussion and Analysis

**CITY OF TYBEE ISLAND**

**JUNE 30, 2018**

Overall governmental revenues increased \$923,187, or 6.02%. Licenses and permits increased \$131,834, or 49.52%, because the city implemented a fee for short term residential rentals in 2018. Intergovernmental revenues increased \$692,710, or 24.35%, as reductions in FEMA reimbursements were more than offset by increases in SPLOST revenues. Tax revenues and charges for services were consistent with prior year. Fines and forfeitures decreased \$94,505, or 8.5%, because the City implemented a beach ambassador program to educate people visiting the island about the City's rules and ordinances in an effort to reduce people violating the law. The beach ambassador program helped reduce the number in tickets issued by law enforcement which reduced the amount of fines and fees collected by the City. Other revenues increased \$63,371 or 27.76% and is primarily related to insurance reimbursements.

Overall governmental expenditures increased \$1,570,450, or 11.38%. General government expenditures increased \$92,420, or 4.15%, due to general inflation. Judicial expenditures increased \$16,876 or 13.37% due to increases in salaries and benefits of court personnel. Public Safety expenditures increased \$379,131, or 11.57%, due to increased equipment purchases. Public works expenditures decreased \$1,601,646, or 45.72%, because of significant repair and clean up from storm damage in 2017. Culture and recreation expenditures increased \$755,094, or 26.39%, because of significant beach repair done in 2018 from prior year storm damage. Capital outlay increased \$1,918,522, or 245%, because of additional SPLOST expenditures for beach renourishment. Debt service principal and interest decreased \$106,724 as certain capital leases were paid off during 2018

The City of Tybee Island's proprietary funds provide the same type of information found in the government-wide statements but in more detail. Other factors concerning the finances of these funds have already been addressed in the discussion of the City of Tybee Island's business-type activities.

## **General Fund Budgetary Highlights**

The final budgets passed by the City Council anticipated using \$1,932,699 of General Fund reserves to meet expenses. Actual results were better than budgeted as the City used only \$137,070 of fund balance. A comparison of the final budgetary figures and the actual budgetary figures for revenues are located on pages 23-27.

- For the General Fund, the actual operating revenues were \$308,070 less than budgeted. Operating revenues were budgeted for \$10,019,735, and actual operating revenues were \$9,711,665. The most significant variance was intergovernmental revenues which were \$234,192 less than budgeted as certain Georgia Department of Transportation grants did not materialize as projected.
- The actual operating expenditures of \$9,979,697 were \$2,075,226 less than the budgeted amount of \$12,054,923 as management continues to adopt very conservative budgets.



# Management's Discussion and Analysis

## CITY OF TYBEE ISLAND

JUNE 30, 2018

### Capital Asset and Debt Administration

#### Capital Assets

The City has invested \$34,932,053 in capital assets (net of depreciation). Capital assets held by the City at the end of the current and previous year are summarized below:

City of Tybee Island Capital Asset Year End Comparison						
	Governmental Activities		Business-type Activities		Totals	
	2018	2017	2018	2017	2018	2017
Non-dpreciable assets:						
Land	\$ 1,102,857	\$ 1,102,857	\$ 6,973,632	\$ 6,973,632	\$ 8,076,489	\$ 8,076,489
Construction in progress	464,898	314,507	1,300,853	893,203	1,765,751	1,207,710
Total non-depreciable assets	<u>1,567,755</u>	<u>1,417,364</u>	<u>8,274,485</u>	<u>7,866,835</u>	<u>9,842,240</u>	<u>9,284,199</u>
Depreciable assets:						
Land improvements	-	-	350,314	300,814	350,314	300,814
Building	8,473,157	8,121,175	460,358	460,358	8,933,515	8,581,533
Machinery and equipment	6,144,978	5,684,071	18,398,634	18,398,634	24,543,612	24,082,705
Infrastructure	3,200,670	3,158,535	2,084,160	1,458,099	5,284,830	4,616,634
Total depreciable assets	<u>17,818,805</u>	<u>16,963,781</u>	<u>21,293,466</u>	<u>20,617,905</u>	<u>39,112,271</u>	<u>37,581,686</u>
Less accumulated depreciation	<u>7,199,506</u>	<u>6,577,946</u>	<u>6,822,952</u>	<u>6,168,475</u>	<u>14,022,458</u>	<u>12,746,421</u>
Book value - depreciable assets	<u>10,619,299</u>	<u>10,385,835</u>	<u>14,470,514</u>	<u>14,449,430</u>	<u>25,089,813</u>	<u>24,835,265</u>
Percentage depreciated	<u>40.40%</u>	<u>38.78%</u>	<u>32.04%</u>	<u>29.92%</u>	<u>35.85%</u>	<u>33.92%</u>
Book value - all assets	<u>\$ 12,187,054</u>	<u>\$ 11,803,199</u>	<u>\$ 22,744,999</u>	<u>\$ 22,316,265</u>	<u>\$ 34,932,053</u>	<u>\$ 34,119,464</u>

The schedules of capital asset activity are reported in Note 5 of the financial statements. The City added \$1,245,467 of new governmental capital assets which included \$135,485 transferred from construction in progress; and added \$306,443 of additional construction in progress. Significant additions included:

- \$294,500 for a fire truck;
- \$20,000 for parking handheld citation writing devices;
- \$53,691 for road re-paving;
- \$22,000 for southend drainage study;
- \$180,000 for a street sweeper;
- \$351,982 for Memorial Park restroom facility;
- \$165,000 for beach crossover improvements on 19<sup>th</sup> Street;
- \$196,605 for police vehicles and club cars;
- \$69,000 for drainage improvements; and
- \$59,761 for additions to beach crossovers.

# Management's Discussion and Analysis

## CITY OF TYBEE ISLAND

**JUNE 30, 2018**

The City added \$675,561 of new business-type capital assets which included \$47,703 transferred from construction in progress; and placed \$455,353 of additional construction in progress for the business-type capital assets. Significant additions included:

- \$604,868 for water ultra violet equipment;
- \$49,500 for pool improvements at the River's End Campground and RV Park.

### Long-Term Debt

At the end of the current year, the City had long-term debt related to governmental activities of \$1,158,980 and \$10,223,898 for business-type activities. The debt position of the City is summarized below and is more fully analyzed in Note 6 of the financial statements.

City of Tybee Island Outstanding Long-Term Debt				
	2018	2017	Change	%
<b>Governmental Activities</b>				
Capital leases	\$ -	\$ 9,628	\$ (9,628)	0.00%
Compensated absences	285,670	288,782	(3,112)	-1.08%
Net pension liability	873,310	1,253,634	(380,324)	-43.55%
Total debt service governmental-type activities	1,158,980	1,552,044	(393,064)	-25.33%
<b>Business-type activities</b>				
Chatham County Recreation Bond	3,717,375	4,129,364	(411,989)	-9.98%
Water & Sewer - Series 2005 Bond	3,034,002	3,370,255	(336,253)	-9.98%
Georgia Environmental Facility Authority Note Payables	3,277,168	1,563,257	1,713,911	109.64%
Compensated absences	27,509	34,790	(7,281)	-20.93%
Net pension liability	167,844	247,137	(79,293)	-32.08%
Total debt service business-type activities	10,223,898	9,344,803	879,095	9.41%
Total all debt service	\$ 11,382,878	\$ 10,896,847	\$ 869,467	7.98%

- The governmental and business-type activities include a cumulative net pension liability of \$1,041,154 for current year and \$1,500,771 for the prior year;
- The Water and Sewer fund issued \$3,645,000 series 2016 refunding bonds to pay off a note payable to Ameris Bank. It has a current year balance of \$3,034,003.
- The Water and Sewer fund has three loans for \$3,460,181 issued by the Georgia Environmental Facilities Authority for water line replacement projects. It has a current balance of \$3,277,168.
- The River's End RV Park fund issued \$4,466,000 series 2016 refunding revenue bonds to pay off existing bonds to reduce interest rates.

# Management's Discussion and Analysis

**CITY OF TYBEE ISLAND**

**JUNE 30, 2018**

## Economic Factors and Next Year's Budgets and Rates

The City of Tybee Island continues to demonstrate resilience financially even after experiencing an extraordinary event two years in a row. In September of 2017, the City was impacted by Hurricane Irma and, as a result, the City incurred \$398,721 in costs due to the storm of which 93% was reimbursed by the Federal Emergency Management Agency and the Georgia Emergency Management Agency. The City's \$26,000 out of pocket cost for the storm was offset by a \$100,000 insurance reimbursement received for the loss of hotel/motel excise tax and parking fees revenues for the month of September of 2017. Hurricane Irma caused significant flooding damage to residential property rather than the destructive wind damage that Hurricane Matthew caused in the previous year. Hurricane Irma's most significant damage was caused in the States of North and South Carolina. As a result, Tybee Island benefited economically as residents and tourists of those states came to Tybee Island to escape the storm's impact. Tybee Island businesses that had closed in October of 2016 due to Hurricane Matthew that re-opened in the late summer months of 2018 were able to benefit from the inflow of these refugee tourists late in the season.

The hotel/motel excise taxes and parking fee revenues from tourism is the City's primary source of revenue; therefore, the hotel/motel excise tax and parking fee revenues are a measure of the City's financial stability. Both revenue sources exceeded the pre-hurricane Matthew annual balances and are expected to continue to increase each year. In fiscal year 2019, the City plans to increase the parking fees by implementing "surge pricing" parking fees during the high volume tourist events on the island. The parking fee surge pricing may generate \$500,000 of additional revenue. The City also plans to seek the Governor of Georgia's approval to increase the City's hotel/motel excise tax fee by 1% from 6% to 7% which may generate \$540,000 of additional revenue. The City plans to use part of the additional hotel/motel excise tax revenue to finance building a new Marine Science Center facility, costing \$3,500,000.

In FY2019, the City expects the tax digest to remain steady as new construction for residential development has increased and commercial development is not expected to change. The City will continue to issue 40 to 50 special event permits which generate tourism for the City throughout the year which will help maintain the level of the City's major revenue sources, parking fees and hotel/motel taxes.

The reassessment of repaired residential and commercial property damaged by Hurricane Matthew and Irma led to an increase in appraised property values by \$14.7M that led to the 2018 millage rate of 4.044 mills being higher than the rollback millage rate of 3.931 mills. As a result, the City rolled back the millage rate to 3.931.

For fiscal year 2019, the Georgia Department of Community Affairs awarded the City \$5 million to spend on beach related capital projects resulting from beach erosion caused by both Hurricane Matthew and Irma.

The River's End Campground and RV Park operation continues to grow and have positive year-end net earnings. In fiscal year 2019, the River's End Campground and RV Park operations plan to have enough savings to show a positive net position and generate enough cash flow to cover the entire annual debt service payment. As the cash flow improves, the City shall develop a plan to have the River's End Campground and RV Park repay to the General Fund for prior years financial contributions.

# Management's Discussion and Analysis

**CITY OF TYBEE ISLAND**

**JUNE 30, 2018**

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The City increases the water and sewer rates annually in January based on the consumer price index, these rate increases are not enough to finance future larger construction projects; therefore, the City shall continue to finance major capital projects through the Georgia Environmental Finance Authority ("GEFA"). In fiscal year 2019, the Water and Sewer fund includes \$720,000 in capital projects that the City will pay for using current revenue proceeds. The City plans to present the citizens with a new water and sewer rate structure that will impact the heavy users who are the hotel/motel commercial properties and short-term rental residential properties owners.

## **Contacting the City's Financial Management**

This financial report is designed to provide a general overview of the City's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the City's Finance Department, City Hall, 403 Butler Street, Tybee Island, Georgia 31328 or by calling (912) 472-5021.

## **FINANCIAL SECTION**

**CITY OF TYBEE ISLAND, GEORGIA**

**STATEMENT OF NET POSITION  
JUNE 30, 2018**

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
<b>ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>			
<b>ASSETS</b>			
Cash and cash equivalents	\$ 6,838,806	\$ 2,742,465	\$ 9,581,271
Investments	1,274,539	-	1,274,539
Taxes receivable	990,139	-	990,139
Accounts receivable, net of allowances	146,678	424,012	570,690
Due from other governments	1,682,329	-	1,682,329
Internal balances	-	-	-
Inventory	-	132,134	132,134
Prepaid expenses	322,835	59,770	382,605
Restricted assets:			
Cash and cash equivalents	-	405,549	405,549
Capital assets:			
Nondepreciable	1,567,755	8,274,485	9,842,240
Depreciable, net of accumulated depreciation	10,619,299	14,470,514	25,089,813
Total assets	<u>23,442,380</u>	<u>26,508,929</u>	<u>49,951,309</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Pension contributions subsequent to measurement date	272,216	51,965	324,181
Pension experience differences	80,367	18,404	98,771
Pension assumption changes	-	32	32
Total deferred outflows of resources	<u>352,583</u>	<u>70,401</u>	<u>422,984</u>
<b>LIABILITIES AND DEFERRED INFLOWS OF RESOURCES</b>			
<b>LIABILITIES</b>			
Accounts payable	853,996	163,848	1,017,844
Accrued liabilities	2,945	15,119	18,064
Unearned revenue	-	158,634	158,634
Customer deposits payable	9,900	264,550	274,450
Notes payable due within one year	-	98,517	98,517
Notes payable due in more than one year	-	3,178,651	3,178,651
Compensated absences due within one year	170,146	27,509	197,655
Compensated absences due in more than one year	115,524	-	115,524
Bonds payable due within one year	-	764,488	764,488
Bonds payable due in more than one year	-	5,986,889	5,986,889
Net pension liability	873,310	167,844	1,041,154
Total liabilities	<u>2,025,821</u>	<u>10,826,049</u>	<u>12,851,870</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Pension contributions subsequent to measurement date	-	36	36
Pension investment differences	366,511	73,843	440,354
Pension assumption changes	30	6	36
Total deferred inflows of resources	<u>366,541</u>	<u>73,885</u>	<u>440,426</u>
<b>NET POSITION</b>			
Net investment in capital assets	12,187,054	12,716,454	24,903,508
Restricted for capital outlay	971,482	-	971,482
Restricted for debt service	-	405,549	405,549
Unrestricted	8,244,065	2,557,393	10,801,458
Total net position	<u>\$ 21,402,601</u>	<u>\$ 15,679,396</u>	<u>\$ 37,081,997</u>

The accompanying notes are an integral part of these financial statements.

**CITY OF TYBEE ISLAND, GEORGIA**  
**STATEMENT OF ACTIVITIES**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expense) Revenue and Changes in Net Position</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Governmental activities:							
General government	\$ 2,391,976	\$ 671,925	\$ -	\$ -	\$ (1,720,051)	\$ -	\$ (1,720,051)
Judicial	137,741	104,425	-	-	(33,316)	-	(33,316)
Public safety	3,840,651	627,510	-	831,784	(2,381,357)	-	(2,381,357)
Public works	1,919,177	-	-	197,472	(1,721,705)	-	(1,721,705)
Culture and recreation	5,522,653	68,177	-	2,310,043	(3,144,433)	-	(3,144,433)
Housing and community development	1,050,896	3,721,643	-	-	2,670,747	-	2,670,747
Interest on long-term debt	21	-	-	-	(21)	-	(21)
Total governmental activities	<u>14,863,115</u>	<u>5,193,680</u>	<u>-</u>	<u>3,339,299</u>	<u>(6,330,136)</u>	<u>-</u>	<u>(6,330,136)</u>
Business-type activities:							
Water and sewer	2,380,043	2,984,399	-	67,265	-	671,621	671,621
River's End RV Park	1,154,985	1,768,073	-	-	-	613,088	613,088
Solid waste collection	1,084,438	888,506	-	-	-	(195,932)	(195,932)
Total business-type activities	<u>4,619,466</u>	<u>5,640,978</u>	<u>-</u>	<u>67,265</u>	<u>-</u>	<u>1,088,777</u>	<u>1,088,777</u>
Total primary government	<u>\$ 19,482,581</u>	<u>\$ 10,834,658</u>	<u>\$ -</u>	<u>\$ 3,406,564</u>	<u>(6,330,136)</u>	<u>1,088,777</u>	<u>(5,241,359)</u>
General revenues:							
Property taxes					1,969,930	-	1,969,930
Sales taxes					1,267,703	-	1,267,703
Hotel/Motel taxes					3,134,865	-	3,134,865
Franchise taxes					436,569	-	436,569
Insurance premium taxes					198,386	-	198,386
Other taxes					457,863	-	457,863
Unrestricted investment earnings					63,088	2,866	65,954
Transfers					(1,018,404)	1,018,404	-
Total general revenues and transfers					<u>6,510,000</u>	<u>1,021,270</u>	<u>7,531,270</u>
Change in net position					179,864	2,110,047	2,289,911
Net position, beginning of year					21,222,737	13,569,349	34,792,086
Net position, end of year					<u>\$ 21,402,601</u>	<u>\$ 15,679,396</u>	<u>\$ 37,081,997</u>

The accompanying notes are an integral part of these financial statements.

**CITY OF TYBEE ISLAND, GEORGIA**

**BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2018**

	<u>General Fund</u>	<u>Hotel/ Motel Tax Fund</u>	<u>FEMA/GEMA Grant Fund</u>	<u>Chatham County SPLOST Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>						
Cash and cash equivalents	\$ 6,000,633	\$ -	\$ -	\$ -	\$ 838,173	\$ 6,838,806
Investments	1,274,539	-	-	-	-	1,274,539
Taxes receivable	376,859	613,280	-	-	-	990,139
Accounts receivable	138,065	-	-	-	8,613	146,678
Due from other governments	118,013	-	1,413,504	-	150,812	1,682,329
Due from other funds	1,553,314	-	-	-	-	1,553,314
Prepaid items	321,630	-	-	-	1,205	322,835
Total assets	<u>\$ 9,783,053</u>	<u>\$ 613,280</u>	<u>\$ 1,413,504</u>	<u>\$ -</u>	<u>\$ 998,803</u>	<u>\$ 12,808,640</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>						
<b>LIABILITIES</b>						
Accounts payable	\$ 354,410	\$ 473,470	\$ -	\$ -	\$ 26,116	\$ 853,996
Accrued liabilities	2,945	-	-	-	-	2,945
Due to other funds	-	139,810	1,413,504	-	-	1,553,314
Deposits payable	9,900	-	-	-	-	9,900
Total liabilities	<u>367,255</u>	<u>613,280</u>	<u>1,413,504</u>	<u>-</u>	<u>26,116</u>	<u>2,420,155</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Unavailable revenue - intergovernmental	52,487	-	-	-	-	52,487
Unavailable revenue - property taxes	179,450	-	-	-	-	179,450
Total deferred inflows of resources	<u>231,937</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>231,937</u>
<b>FUND BALANCES</b>						
Nonspendable:						
Prepaid items	321,630	-	-	-	1,205	322,835
Restricted for:						
Capital projects	-	-	-	-	674,709	674,709
Public safety vehicles and equipment	-	-	-	-	296,773	296,773
Committed for:						
Future capital projects	1,015,649	-	-	-	-	1,015,649
Retrofit revolving loan	30,000	-	-	-	-	30,000
Greenspace	400,000	-	-	-	-	400,000
Economic stabilization	4,976,840	-	-	-	-	4,976,840
Assigned to:						
Palms Up Tree Replacement Project	27,140	-	-	-	-	27,140
Beach renourishment	300,000	-	-	-	-	300,000
Community Development Project	1,500	-	-	-	-	1,500
Salt Meadows	16,761	-	-	-	-	16,761
Marine Rescue ADA	22,500	-	-	-	-	22,500
FY2019 budget	1,870,091	-	-	-	-	1,870,091
Unassigned	201,750	-	-	-	-	201,750
Total fund balances	<u>9,183,861</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>972,687</u>	<u>10,156,548</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 9,783,053</u>	<u>\$ 613,280</u>	<u>\$ 1,413,504</u>	<u>\$ -</u>	<u>\$ 998,803</u>	

Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	12,187,054
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.	231,937
Certain long-term liabilities are not due and payable in the current period and are, therefore, not reported in the funds.	
Net pension liability	(873,310)
Deferred outflows of resources - pension contributions	272,216
Deferred outflows of resources - pension experience differences	80,367
Deferred inflows of resources - pension assumption changes	(30)
Deferred inflows of resources - pension investment return	(366,511)
Compensated absences	(285,670)
Net position of governmental activities	<u>\$ 21,402,601</u>

The accompanying notes are an integral part of these financial statements.



**CITY OF TYBEE ISLAND, GEORGIA**

**STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	<b>General Fund</b>	<b>Hotel/ Motel Tax Fund</b>	<b>FEMA/GEMA Grant Fund</b>	<b>Chatham County SPLOST Fund</b>	<b>Nonmajor Governmental Funds</b>	<b>Total Governmental Funds</b>
<b>Revenues</b>						
Taxes	\$ 4,332,298	\$ 3,134,865	\$ -	\$ -	\$ -	\$ 7,467,163
Licenses and permits	398,048	-	-	-	-	398,048
Intergovernmental	196,880	-	746,167	1,762,645	831,784	3,537,476
Charges for services	3,421,802	-	-	-	64,423	3,486,225
Fines and forfeitures	1,017,757	-	-	-	-	1,017,757
Interest	62,953	-	-	135	592	63,680
Other revenues	281,927	9,723	-	-	-	291,650
Total revenues	<u>9,711,665</u>	<u>3,144,588</u>	<u>746,167</u>	<u>1,762,780</u>	<u>896,799</u>	<u>16,261,999</u>
<b>Expenditures</b>						
Current:						
General government	2,311,096	-	9,596	-	-	2,320,692
Judicial	142,636	-	463	-	-	143,099
Public safety	3,285,043	-	30,786	-	340,091	3,655,920
Public works	1,714,569	-	186,680	-	-	1,901,249
Culture and recreation	1,500,435	1,572,294	543,260	-	-	3,615,989
Housing and community development	1,016,269	-	-	-	-	1,016,269
Capital outlay	-	-	-	1,711,836	990,280	2,702,116
Debt service:						
Principal	9,628	-	-	-	-	9,628
Interest	21	-	-	-	-	21
Total expenditures	<u>9,979,697</u>	<u>1,572,294</u>	<u>770,785</u>	<u>1,711,836</u>	<u>1,330,371</u>	<u>15,364,983</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(268,032)</u>	<u>1,572,294</u>	<u>(24,618)</u>	<u>50,944</u>	<u>(433,572)</u>	<u>897,016</u>
<b>Other financing sources (uses):</b>						
Transfers in	1,629,949	-	81,641	116,875	282,067	2,110,532
Transfers out	(1,498,987)	(1,572,294)	(57,023)	-	(632)	(3,128,936)
Total other financing sources (uses)	<u>130,962</u>	<u>(1,572,294)</u>	<u>24,618</u>	<u>116,875</u>	<u>281,435</u>	<u>(1,018,404)</u>
Net change in fund balances	(137,070)	-	-	167,819	(152,137)	(121,388)
<b>Fund balances, beginning of year</b>	<u>9,320,931</u>	<u>-</u>	<u>-</u>	<u>(167,819)</u>	<u>1,124,824</u>	<u>10,277,936</u>
<b>Fund balances, end of year</b>	<u>\$ 9,183,861</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 972,687</u>	<u>\$ 10,156,548</u>

The accompanying notes are an integral part of these financial statements.

**CITY OF TYBEE ISLAND, GEORGIA**

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

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Amounts reported for governmental activities in the statement of activities are different because:

Net change in fund balances - total governmental funds.	\$ (121,388)
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.	
Total capital outlay	1,416,425
Total depreciation	(1,007,065)
The net effect of the sale of capital assets is to decrease net position.	(25,505)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	(200,616)
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position.	
Principal repayments	9,628
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	
Pension expense	105,273
Compensated absences	3,112
	<hr/>
	<u>\$ 179,864</u>

**The accompanying notes are an integral part of these financial statements.**

**CITY OF TYBEE ISLAND, GEORGIA**

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCES - BUDGET (GAAP BASIS) AND ACTUAL  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>Revenues:</b>				
<b>Taxes:</b>				
Property taxes	\$ 1,909,700	\$ 1,933,180	\$ 1,971,777	\$ 38,597
Local option sales tax	1,135,000	1,267,703	1,267,703	-
Franchise taxes	455,000	463,020	436,569	(26,451)
Insurance premium tax	186,000	198,140	198,386	246
Alcoholic beverage excise tax	345,000	362,400	349,788	(12,612)
Real estate transfer tax	16,000	16,000	13,629	(2,371)
Occupational taxes	65,000	70,180	70,178	(2)
Energy excise tax	16,000	19,100	24,268	5,168
Total taxes	<u>4,127,700</u>	<u>4,329,723</u>	<u>4,332,298</u>	<u>2,575</u>
<b>Licenses and permits:</b>				
Regulatory fees	102,000	102,000	95,070	(6,930)
Building permits	85,000	116,980	116,951	(29)
Building inspections	25,000	30,789	30,789	-
Zoning variance requests fees	1,000	1,800	1,800	-
Recording fees	1,200	3,750	3,750	-
Other	32,900	154,598	149,688	(4,910)
Total licenses and permits	<u>247,100</u>	<u>409,917</u>	<u>398,048</u>	<u>(11,869)</u>
<b>Intergovernmental</b>	<u>-</u>	<u>431,072</u>	<u>196,880</u>	<u>(234,192)</u>
<b>Charges for services:</b>				
Parking fees	3,240,100	3,265,800	3,255,101	(10,699)
Other charges for services	164,000	188,457	166,701	(21,756)
Total charges for services	<u>3,404,100</u>	<u>3,454,257</u>	<u>3,421,802</u>	<u>(32,455)</u>
<b>Fines and forfeitures:</b>				
Municipal fines	503,000	581,380	581,346	(34)
Parking fines	320,000	436,420	436,411	(9)
Total fines and forfeitures	<u>823,000</u>	<u>1,017,800</u>	<u>1,017,757</u>	<u>(43)</u>
<b>Interest income</b>	<u>15,000</u>	<u>62,960</u>	<u>62,953</u>	<u>(7)</u>
<b>Miscellaneous:</b>				
Contributions	-	600	600	-
Rents and royalties	66,001	66,301	66,275	(26)
Other	75,800	247,105	215,052	(32,053)
Total miscellaneous	<u>141,801</u>	<u>314,006</u>	<u>281,927</u>	<u>(32,079)</u>
Total revenues	<u>8,758,701</u>	<u>10,019,735</u>	<u>9,711,665</u>	<u>(308,070)</u>
<b>Expenditures:</b>				
<b>Current:</b>				
General government				
Governing body	230,625	239,576	219,027	20,549
Clerk of council	108,461	108,861	98,953	9,908
City manager	279,678	969,918	353,976	615,942
Financial administration	482,837	482,837	370,638	112,199
Legal	246,605	246,605	192,483	54,122
Information technology	547,280	696,585	647,452	49,133
Human resources	110,088	118,380	113,350	5,030
Building and plant maintenance	298,287	368,287	315,217	53,070
Total general government	<u>2,303,861</u>	<u>3,231,049</u>	<u>2,311,096</u>	<u>919,953</u>

(Continued)

**CITY OF TYBEE ISLAND, GEORGIA**

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCES - BUDGET (GAAP BASIS) AND ACTUAL  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>Expenditures (Continued)</b>				
<b>Current:</b>				
Judicial				
Municipal Court	\$ 163,646	\$ 163,646	\$ 142,636	\$ 21,010
Total judicial	<u>163,646</u>	<u>163,646</u>	<u>142,636</u>	<u>21,010</u>
Public safety				
Police administration	2,228,164	2,440,536	2,390,931	49,605
Beach patrol	354,586	297,811	296,682	1,129
Fire administration	516,559	542,852	519,691	23,161
Emergency management	79,723	79,723	77,739	1,984
Total public safety	<u>3,179,032</u>	<u>3,360,922</u>	<u>3,285,043</u>	<u>75,879</u>
Public works				
General operations	1,535,298	1,549,806	1,474,317	75,489
Solid waste collection	102,000	257,300	221,717	35,583
Recyclable collection	-	-	18,535	(18,535)
Total public works	<u>1,637,298</u>	<u>1,807,106</u>	<u>1,714,569</u>	<u>92,537</u>
Culture and recreation				
General operations	144,025	182,125	148,895	33,230
Recreation centers	168,950	168,950	168,450	500
Beach, lifeguards, dunes	608,121	926,095	769,780	156,315
Museums	41,337	54,637	54,337	300
Parks administration	340,918	557,918	358,973	198,945
Total culture and recreation	<u>1,303,351</u>	<u>1,889,725</u>	<u>1,500,435</u>	<u>389,290</u>
Housing and development				
Zoning and inspection	304,972	872,539	326,935	545,604
Urban redevelopment	108,599	110,799	102,269	8,530
Parking	564,933	609,587	587,065	22,522
Total housing and development	<u>978,504</u>	<u>1,592,925</u>	<u>1,016,269</u>	<u>576,656</u>
Total current expenditures	<u>9,565,692</u>	<u>12,045,373</u>	<u>9,970,048</u>	<u>2,075,325</u>
<b>Debt service:</b>				
Principal	9,530	9,530	9,628	(98)
Interest	20	20	21	(1)
Total debt service	<u>9,550</u>	<u>9,550</u>	<u>9,649</u>	<u>(99)</u>
Total expenditures	<u>9,575,242</u>	<u>12,054,923</u>	<u>9,979,697</u>	<u>2,075,226</u>
Deficiency of revenues under expenditures	<u>(816,541)</u>	<u>(2,035,188)</u>	<u>(268,032)</u>	<u>1,767,156</u>
<b>Other financing sources (uses):</b>				
Appropriation of fund balance	-	1,932,699	-	(1,932,699)
Contingency	(64,100)	-	-	-
Transfers in	1,541,883	1,660,519	1,629,949	(30,570)
Transfers out	<u>(661,242)</u>	<u>(1,558,030)</u>	<u>(1,498,987)</u>	<u>59,043</u>
Total other financing sources, net	<u>816,541</u>	<u>2,035,188</u>	<u>130,962</u>	<u>(1,904,226)</u>

(Continued)

**CITY OF TYBEE ISLAND, GEORGIA**

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCES - BUDGET (GAAP BASIS) AND ACTUAL  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Net change in fund balance	\$ -	\$ -	\$ (137,070)	\$ (137,070)
<b>Fund balances, beginning of year</b>	9,320,931	9,320,931	9,320,931	-
<b>Appropriation of fund balance</b>	-	(1,932,699)	-	1,932,699
<b>Fund balances, end of year</b>	<u>\$ 9,320,931</u>	<u>\$ 7,388,232</u>	<u>\$ 9,183,861</u>	<u>\$ 1,795,629</u>

The accompanying notes are an integral part of these financial statements.

**CITY OF TYBEE ISLAND, GEORGIA**

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCES - BUDGET (GAAP BASIS) AND ACTUAL  
HOTEL/MOTEL TAX FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>Revenues:</b>				
Taxes	\$ 3,058,766	\$ 3,178,766	\$ 3,134,865	\$ (43,901)
Other revenues	25,000	25,000	9,723	(15,277)
Total revenues	<u>3,083,766</u>	<u>3,203,766</u>	<u>3,144,588</u>	<u>(59,178)</u>
<b>Expenditures:</b>				
Current:				
Culture and recreation	1,541,883	1,601,883	1,572,294	29,589
Total expenditures	<u>1,541,883</u>	<u>1,601,883</u>	<u>1,572,294</u>	<u>29,589</u>
Excess of revenues over expenditures	<u>1,541,883</u>	<u>1,601,883</u>	<u>1,572,294</u>	<u>(29,589)</u>
<b>Other financing uses:</b>				
Transfers out	(1,541,883)	(1,601,883)	(1,572,294)	29,589
Total other financing uses	<u>(1,541,883)</u>	<u>(1,601,883)</u>	<u>(1,572,294)</u>	<u>29,589</u>
Net change in fund balance	-	-	-	-
Fund balances, beginning of year	-	-	-	-
Fund balances, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

The accompanying notes are an integral part of these financial statements.

**CITY OF TYBEE ISLAND, GEORGIA**

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCES - BUDGET (GAAP BASIS) AND ACTUAL  
FEMA/GEMA GRANT FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>Revenues:</b>				
Intergovernmental	\$ 752,500	\$ 1,752,185	\$ 746,167	\$ (1,006,018)
Total revenues	<u>752,500</u>	<u>1,752,185</u>	<u>746,167</u>	<u>(1,006,018)</u>
<b>Expenditures:</b>				
Current:				
General government	-	9,598	9,596	2
Judicial	-	464	463	1
Public safety	-	30,788	30,786	2
Public works	-	962,665	186,680	775,985
Culture and recreation	860,000	866,357	543,260	323,097
Total expenditures	<u>860,000</u>	<u>1,869,872</u>	<u>770,785</u>	<u>1,099,087</u>
Deficiency of revenues under expenditures	<u>(107,500)</u>	<u>(117,687)</u>	<u>(24,618)</u>	<u>93,069</u>
<b>Other financing sources (uses):</b>				
Transfers out	-	(77,000)	(57,023)	19,977
Transfers in	107,500	194,687	81,641	(113,046)
Total other financing sources, net	<u>107,500</u>	<u>117,687</u>	<u>24,618</u>	<u>(93,069)</u>
Net change in fund balance	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Fund balances, beginning of year</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Fund balances, end of year</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

The accompanying notes are an integral part of these financial statements.

**CITY OF TYBEE ISLAND, GEORGIA**

**STATEMENT OF NET POSITION  
PROPRIETARY FUNDS  
JUNE 30, 2018**

<b>ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	<b>Water and Sewer Fund</b>	<b>River's End RV Park Fund</b>	<b>Solid Waste Collection Fund</b>	<b>Totals</b>
<b>ASSETS</b>				
Current assets				
Cash and cash equivalents	\$ 2,067,633	\$ 655,597	\$ 19,235	\$ 2,742,465
Accounts receivable, net of allowances	347,595	-	76,417	424,012
Inventory	102,949	29,185	-	132,134
Prepaid expenses	50,460	9,310	-	59,770
Total current assets	<u>2,568,637</u>	<u>694,092</u>	<u>95,652</u>	<u>3,358,381</u>
Noncurrent assets				
Restricted cash	405,549	-	-	405,549
Capital assets:				
Nondepreciable	1,404,485	6,870,000	-	8,274,485
Depreciable, net of accumulated depreciation	13,880,079	590,435	-	14,470,514
Total noncurrent assets	<u>15,690,113</u>	<u>7,460,435</u>	<u>-</u>	<u>23,150,548</u>
Total assets	<u>18,258,750</u>	<u>8,154,527</u>	<u>95,652</u>	<u>26,508,929</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Pension contributions subsequent to measurement date	36,151	15,814	-	51,965
Pension experience differences	10,362	7,257	785	18,404
Pension assumption changes	-	25	7	32
Total deferred outflows of resources	<u>46,513</u>	<u>23,096</u>	<u>792</u>	<u>70,401</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION</b>				
<b>LIABILITIES</b>				
Current liabilities:				
Accounts payable	48,632	25,284	89,932	163,848
Accrued liabilities	8,459	6,660	-	15,119
Compensated absences, current	17,444	10,065	-	27,509
Notes payable, current	98,517	-	-	98,517
Bonds payable, current	343,553	420,935	-	764,488
Unearned revenue	-	158,634	-	158,634
Total current liabilities	<u>516,605</u>	<u>621,578</u>	<u>89,932</u>	<u>1,228,115</u>
Noncurrent liabilities:				
Customer deposits	264,550	-	-	264,550
Notes payable, net of current portion	3,178,651	-	-	3,178,651
Bonds payable, net of current portion	2,690,450	3,296,439	-	5,986,889
Net pension liability	121,244	46,600	-	167,844
Total noncurrent liabilities	<u>6,254,895</u>	<u>3,343,039</u>	<u>-</u>	<u>9,597,934</u>
Total liabilities	<u>6,771,500</u>	<u>3,964,617</u>	<u>89,932</u>	<u>10,826,049</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Pension contributions subsequent to measurement date	-	-	36	36
Pension assumption changes	6	-	-	6
Pension investment return	44,394	26,276	3,173	73,843
Total deferred inflows of resources	<u>44,400</u>	<u>26,276</u>	<u>3,209</u>	<u>73,885</u>
<b>NET POSITION</b>				
Net investment in capital assets	8,973,393	3,743,061	-	12,716,454
Restricted for debt service	405,549	-	-	405,549
Unrestricted	2,110,421	443,669	3,303	2,557,393
Total net position	<u>\$ 11,489,363</u>	<u>\$ 4,186,730</u>	<u>\$ 3,303</u>	<u>\$ 15,679,396</u>

The accompanying notes are an integral part of these financial statements.



**CITY OF TYBEE ISLAND, GEORGIA**

**STATEMENT OF REVENUES, EXPENSES AND  
CHANGES IN FUND NET POSITION  
PROPRIETARY FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	<u>Water and Sewer Fund</u>	<u>River's End RV Park Fund</u>	<u>Solid Waste Collection Fund</u>	<u>Totals</u>
<b>OPERATING REVENUES</b>				
Charges for services:				
Water charges	\$ 1,093,292	\$ -	\$ -	\$ 1,093,292
Sewer charges	1,546,294	-	-	1,546,294
Camping fees	-	1,768,073	-	1,768,073
Stubbing fees	9,055	-	-	9,055
Tapping fees	12,331	-	-	12,331
Rental fees	187,007	-	-	187,007
Sanitation collection fees	-	-	888,506	888,506
Grant revenue	91,101	-	-	91,101
Other	45,319	-	-	45,319
Total operating revenues	<u>2,984,399</u>	<u>1,768,073</u>	<u>888,506</u>	<u>5,640,978</u>
<b>OPERATING EXPENSES</b>				
Personnel services	625,359	441,925	-	1,067,284
Administrative	105,585	322,241	-	427,826
Utilities	234,124	132,260	-	366,384
Supplies	54,429	86,992	-	141,421
Repairs and maintenance	351,940	34,702	-	386,642
Sanitation services	-	-	1,084,438	1,084,438
Miscellaneous	307,359	-	-	307,359
Depreciation	601,611	52,866	-	654,477
Total operating expenses	<u>2,280,407</u>	<u>1,070,986</u>	<u>1,084,438</u>	<u>4,435,831</u>
Operating income (loss)	<u>703,992</u>	<u>697,087</u>	<u>(195,932)</u>	<u>1,205,147</u>
<b>NONOPERATING INCOME (EXPENSES)</b>				
Interest expense	(99,636)	(83,999)	-	(183,635)
Interest income	2,866	-	-	2,866
Total nonoperating expenses	<u>(96,770)</u>	<u>(83,999)</u>	<u>-</u>	<u>(180,769)</u>
Income (loss) before contributions and transfers	607,222	613,088	(195,932)	1,024,378
<b>CAPITAL CONTRIBUTIONS</b>	67,265	-	-	67,265
<b>TRANSFERS</b>				
Transfers in	-	818,404	200,000	1,018,404
Total transfers	<u>-</u>	<u>818,404</u>	<u>200,000</u>	<u>1,018,404</u>
Change in net position	674,487	1,431,492	4,068	2,110,047
<b>NET POSITION, beginning of year</b>	<u>10,814,876</u>	<u>2,755,238</u>	<u>(765)</u>	<u>13,569,349</u>
<b>NET POSITION, end of year</b>	<u>\$ 11,489,363</u>	<u>\$ 4,186,730</u>	<u>\$ 3,303</u>	<u>\$ 15,679,396</u>

The accompanying notes are an integral part of these financial statements.

**CITY OF TYBEE ISLAND, GEORGIA**

**STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	<u>Water and Sewer Fund</u>	<u>River's End RV Park Fund</u>	<u>Solid Waste Collection Fund</u>	<u>Totals</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Receipts from customers and users	\$ 2,910,976	\$ 1,355,732	\$ 883,368	\$ 5,150,076
Payments to suppliers	(1,201,769)	(499,577)	(1,082,318)	(2,783,664)
Payments to employees	(638,371)	(457,713)	(117)	(1,096,201)
Net cash provided by (used in) operating activities	<u>1,070,836</u>	<u>398,442</u>	<u>(199,067)</u>	<u>1,270,211</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>				
Transfers in	-	818,404	200,000	1,018,404
Net cash provided by noncapital financing activities	<u>-</u>	<u>818,404</u>	<u>200,000</u>	<u>1,018,404</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Acquisition and construction of capital assets	(945,253)	(70,693)	-	(1,015,946)
Proceeds from notes payable	1,791,761	-	-	1,791,761
Principal paid on bonds	(336,252)	(411,990)	-	(748,242)
Principal paid on notes payable	(77,850)	-	-	(77,850)
Interest paid	(98,961)	(84,738)	-	(183,699)
Net cash provided by (used in) capital and related financing activities	<u>333,445</u>	<u>(567,421)</u>	<u>-</u>	<u>(233,976)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Interest earned on operating cash	2,866	-	-	2,866
Net cash provided by investing activities	<u>2,866</u>	<u>-</u>	<u>-</u>	<u>2,866</u>
Net change in cash and cash equivalents	1,407,147	649,425	933	2,057,505
Cash and cash equivalents, beginning of year	1,066,035	6,172	18,302	1,090,509
Cash and cash equivalents, end of year	<u>\$ 2,473,182</u>	<u>\$ 655,597</u>	<u>\$ 19,235</u>	<u>\$ 3,148,014</u>
<b>Classified as:</b>				
Cash and cash equivalents	\$ 2,067,633	\$ 655,597	\$ 19,235	\$ 2,742,465
Restricted assets: cash	405,549	-	-	405,549
	<u>\$ 2,473,182</u>	<u>\$ 655,597</u>	<u>\$ 19,235</u>	<u>\$ 3,148,014</u>

(Continued)

**CITY OF TYBEE ISLAND, GEORGIA**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	<u>Water and Sewer Fund</u>	<u>River's End RV Park Fund</u>	<u>Nonmajor Enterprise Fund Solid Waste Collection Fund</u>	<u>Totals</u>
<b>Reconciliation of operating income (loss) to net cash provided by (used in) operating activities</b>				
Operating income (loss)	\$ 703,992	\$ 697,087	\$ (195,932)	\$ 1,205,147
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating				
Depreciation	601,611	52,866	-	654,477
Change in assets and liabilities:				
(Increase) decrease:				
Accounts receivable	(92,123)	-	(5,138)	(97,261)
Inventory	(62,931)	(3,919)	-	(66,850)
Prepaid expenses	59,277	82,601	-	141,878
Increase (decrease):				
Accounts payable	(144,678)	(2,064)	2,120	(144,622)
Accrued expenses	377	(7,658)	-	(7,281)
Customer deposits	18,700	(20,442)	-	(1,742)
Net pension liability	(13,389)	(8,130)	(117)	(21,636)
Due to other funds	-	(391,899)	-	(391,899)
Net cash provided by (used in) operating activities	<u>\$ 1,070,836</u>	<u>\$ 398,442</u>	<u>\$ (199,067)</u>	<u>\$ 1,270,211</u>
<b>Noncash capital and related financing activities:</b>				
Contributions from developers	\$ 67,265	\$ -	\$ -	\$ 67,265
	<u>\$ 67,265</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 67,265</u>

The accompanying notes are an integral part of these financial statements.

**CITY OF TYBEE ISLAND, GEORGIA**  
**STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES**  
**FIDUCIARY FUND**  
**JUNE 30, 2018**

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	<u>Agency Fund Municipal Court</u>
<b>ASSETS</b>	
Cash	\$ 131,925
Total assets	<u>\$ 131,925</u>
<b>LIABILITIES</b>	
Due to others	\$ 131,925
Total liabilities	<u>\$ 131,925</u>

The accompanying notes are an integral part of these financial statements.

# CITY OF TYBEE ISLAND, GEORGIA

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2018

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### NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the City of Tybee Island, Georgia (the "City") have been prepared in conformity with accounting principles generally accepted in the United States of America ("GAAP") as applied to governmental units. The Governmental Accounting Standards Board ("GASB") is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the City's accounting policies are described below.

#### A. Reporting Entity

The City of Tybee Island was incorporated October 15, 1887. The City operates under the Council–City Manager form of government and provides the following services to its citizens as authorized by its charter: public safety (police and fire), highways and streets, water and sewer, sanitation, culture and recreation, planning and zoning, and general and administrative services. As required by generally accepted accounting principles, the financial statements of the reporting entity include the accounts of all City operations and all activities of the City.

As required by accounting principles generally accepted in the United States of America, the financial statements of the reporting entity should include those of the City and its component unit. The component unit discussed below had no activity or account balances for the year ended June 30, 2018, to report in the financial statements.

The Downtown Development Authority (the "Authority") was activated by the Mayor and City Council in August 2014. The Authority is part of the City's Main Street Program and Directors serve as the Tybee Island Main Street Board of Directors for the Authority. Program Directors are appointed by City Council to provide assistance and opportunities as available that encourage economic growth and development while preserving the unique architectural and community heritage. The Authority had no financial activity during the fiscal year ended June 30, 2018.

#### B. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include: 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### B. Government-wide and Fund Financial Statements (Continued)

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund and the fiduciary fund financial statements, although the agency fund has no measurement focus. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

#### C. Measurement Focus, Basis of Accounting and Basis of Presentation

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis* of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, sales taxes, franchise taxes, licenses, charges for services, and investment income associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the City.

The City reports the following major governmental funds:

The **General Fund** is the City's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The **Hotel/Motel Tax Fund** accounts for the Hotel/Motel accommodation excise tax receipts and distributions to tourism promoting organizations as required by agreements with these organizations.

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### C. Measurement Focus, Basis of Accounting and Basis of Presentation (Continued)

The **FEMA/GEMA Grant Fund** accounts for grants used to recover and repair damages caused by Hurricane Matthew.

The **Chatham County SPLOST Fund** accounts for funds received from Chatham County from their latest SPLOST, which are used for capital improvements made by the City.

The City reports the following major proprietary funds:

The **Water and Sewer Fund** accounts for the provision of water and sewer services to the residents of the City. All activities necessary to provide such services are accounted for in this fund.

The **River's End RV Park Fund** accounts for the revenues and operating costs of the City's River's End RV Park. All activities necessary to provide such services are accounted for in this fund.

The **Solid Waste Fund** accounts for the provision of sanitation collection services to the residents of the City. All activities necessary to provide such services are accounted for in this fund.

Additionally, the City reports the following fund types:

The **special revenue funds** account for revenue sources that are legally restricted to expenditures for specific purposes.

The **capital projects funds** account for expenditures for capital improvements made by the City. Financing is provided by special purpose local sales tax.

The **agency fund** is used to account for the collection and disbursement of monies by the City's Municipal Court on behalf of other governments and individuals.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes and other charges between the City's water, sewer, gas and solid waste functions and various other functions of the City. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### C. Measurement Focus, Basis of Accounting and Basis of Presentation (Continued)

Amounts reported as *program revenues* include: 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the proprietary funds are charges to customers for sales and services provided. The City also recognizes as operating revenue, the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for the proprietary funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

#### D. Budgets and Budgetary Accounting

Budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America. Annual appropriated budgets are adopted for the General Fund, the Hotel/Motel Tax Fund, the Emergency 911 Fund, the Confiscated Assets Fund, and the FEMA/GEMA Grant Fund. All appropriations lapse at the end of the June 30<sup>th</sup> fiscal year. Revenues and expenditures of the Capital Projects Fund are budgeted on a project length basis and are, therefore, excluded from presentation in the financial statements.

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is not employed by the City of Tybee Island because it is at present not considered necessary to assure effective budgetary control or to facilitate effective cash planning and control.



## NOTES TO FINANCIAL STATEMENTS

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### NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### **E. Cash and Cash Equivalents**

Cash equivalents are defined as short-term, highly liquid investments that are both readily convertible to known amounts of cash and so near their maturity that they present insignificant risk of changes in value because of changes in interest rates. Generally, only investments with original maturities of three months or less meet this definition.

For purposes of the statements of cash flows, the City considers all highly liquid investments (including restricted assets) with a maturity of three months or less when purchased to be cash equivalents.

#### **F. Inventory and Prepaid Items**

Inventories are valued at average cost, which approximates market, using the first-in, first-out (FIFO) method. The City accounts for inventory on the purchase basis. Prepaid expenditures/expenses are accounted for using the consumption method. A prepaid item is recognized when a cash expenditure is made for goods or services that were purchased for consumption, but not consumed as of June 30.

#### **G. Short-Term Interfund Receivables/Payables**

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as "due from other funds" or "due to other funds" in the fund financial statements. Short-term interfund loans are classified as "interfund receivables/payables". Long-term interfund loans are classified as advances. Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### H. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets are defined by the City as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at their acquisition value at the date of donation.

In the case of the initial capitalization of general infrastructure assets (i.e., those reported by governmental activities), the City chose not to include all such items regardless of their acquisition date, but rather only those infrastructure assets acquired subsequent to the adoption of GASB No. 34 as allowed by the GASB. As the City constructs or acquires additional capital assets each period, including infrastructure assets, they are capitalized and reported at historical cost. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend useful lives are expensed as incurred.

Major outlays for capital assets and major improvements are capitalized as projects are constructed. Interest incurred during the construction period of capital assets of the business-type activities is included as part of the capitalized value of the assets constructed. The amount of interest capitalized is calculated by offsetting interest expense incurred (from the date of borrowing until the date of completion of the project) with interest earned on investment proceeds over the same period. During the fiscal year ended June 30, 2018, no amounts of interest were capitalized.

Capital assets of the primary government are depreciated using the straight line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Land improvements	20
Buildings and improvements	10-40
Machinery and equipment	5-20
Infrastructure	20-50
Utility systems and improvements	20-50

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### I. Long-Term Liabilities

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight line method, which is not materially different than the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as expenses in the year the debt is issued.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

#### J. Compensated Absences

It is the City's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. There is no liability for non-vesting accumulated rights to receive sick pay benefits since the City does not have a policy to pay any amounts when employees separate from service with the City. All vacation pay is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in the governmental funds only if they have matured, for example, as a result of employee resignations and retirements. An employee may be compensated for up to 65 days of sick leave at a rate of \$25.00 per day upon retirement or death. In the event the payment is owed as a result of the death of the employee, the payment will be made to the beneficiary designated by the employee for this purpose and/or the representative(s) of the employee's estate if no beneficiary is designated.

#### K. Deferred Outflows/Inflows of Resources

GASB Statements No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* and No. 65, *Items Previously Reported as Assets and Liabilities* established accounting and financial reporting for deferred outflows/inflows of resources and the concept of net position as the residual of all other elements presented in a statement of net position.

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. Other than the items related to the changes in the net pension liability as discussed on the following page, the City did not have any items that qualified for reporting in this category.

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### K. Deferred Outflows/Inflows of Resources (Continued)

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of fund balance that applies to future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. In addition to the items related to the changes in the net pension liability as discussed below, the City has one item, which arises only under the modified accrual basis of accounting that qualifies for reporting in this category. *Unavailable revenue* is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from property taxes and intergovernmental revenues not received within 60 days after year-end. These amounts are deferred and will be recognized as an inflow of resources in the period in which the amounts become available.

The City also has deferred inflows and outflows related to the recording of changes in its net pension liability. Certain changes in the net pension liability are recognized as pension expense over time instead of all being recognized in the year of occurrence. Experience gains or losses result from periodic studies by the City's actuary which adjust the net pension liability for actual experience for certain trend information that was previously assumed, for example, the assumed dates of retirement of plan members. These experience gains or losses are recorded as deferred outflows of resources or deferred inflows of resources and are amortized in pension expense over the expected remaining service lives of plan members. The difference between projected investment return on pension investments and actual return on those investments is also deferred and amortized against pension expense over a five-year period. Additionally, any contributions made by the City to the pension plan before year-end but subsequent to the measurement date of the City's net pension liability are reported as deferred outflows of resources.

#### L. Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the City of Tybee Island Retirement Plan (the "Plan") and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by the Plan. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

#### M. Fund Equity

Fund equity at the governmental fund financial reporting level is classified as "fund balance." Fund equity for all other reporting is classified as "net position."

**Fund Balance** – Generally, fund balance represents the difference between the assets and liabilities under the current financial resources measurement focus of accounting.

## NOTES TO FINANCIAL STATEMENTS

---

### NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### M. Fund Equity (Continued)

In the fund financial statements, governmental funds report fund balance classifications that comprise a hierarchy based primarily on the extent to which the City is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. Fund balances are classified as follows:

- **Nonspendable** – Fund balances are reported as nonspendable when amounts cannot be spent because they are either (a) not in spendable form (i.e., items that are not expected to be converted to cash), or (b) legally or contractually required to be maintained intact.
- **Restricted** – Fund balances are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the City or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.
- **Committed** – Fund balances are reported as committed when they can be used only for specific purposes pursuant to constraints imposed by formal action of the City Council through the adoption of a resolution. Only the City Council may modify or rescind the commitment.
- **Assigned** – Fund balances are reported as assigned when amounts are constrained by the City's intent to be used for specific purposes, but are neither restricted nor committed. Through resolution, City Council has authorized the Director of Finance to assign fund balance.
- **Unassigned** – Fund balances are reported as unassigned as the residual amount when the balances do not meet any of the above criterion. The City reports positive unassigned fund balance only in the general fund. Negative unassigned fund balances may be reported in all funds.

**Flow Assumptions** – When both restricted and unrestricted amounts of fund balance are available for use for expenditures incurred, it is the City's policy to use restricted amounts first and then unrestricted amounts as they are needed. For unrestricted amounts of fund balance, it is the City's policy to use fund balance in the following order: 1) committed, 2) assigned, and 3) unassigned.

**Net Position** – Net position represents the difference between assets and liabilities in reporting which utilizes the economic resources measurement focus. Net investment in capital assets, net of related debt, consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used (i.e., the amount that the City has spent) for the acquisition, construction or improvement of those assets. Net position is reported as restricted using the same definition as used for restricted fund balance as described in the section above. All other net position are reported as unrestricted.

The City applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### N. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

#### O. Tax Abatement Agreements

During the year ended June 30, 2017, the City implemented GASB Statement No. 77, *Tax Abatement Disclosures*. This statement requires the City to disclose information for any tax abatement agreements either entered into by the City, or agreements entered into by other governments that reduce the City's tax revenues. As of June 30, 2018, the City did not have any such agreements, either entered into by the City or by other governments that exceeded the quantitative threshold for disclosure.

### NOTE 2. LEGAL COMPLIANCE – BUDGETS

The City of Tybee Island, Georgia follows these procedures in establishing the budgetary data reflected in the financial statements:

1. Prior to the beginning of the fiscal year, the various departments submit to the governing council, a proposed operating budget for the fiscal year commencing the following July 1<sup>st</sup>.
2. Public hearings are conducted at the City Hall to obtain taxpayer comments.
3. Prior to the beginning of the year, the budget is formally enacted through passage of a resolution by the City Council.
4. Formal budgetary integration is employed as a management control device during the year for the general fund and the special revenue funds. Project length budgets are adopted for the capital projects fund.
5. The budget for the general fund and special revenue funds are adopted on a basis consistent with generally accepted accounting principles (GAAP).
6. The governing council must approve all revisions. Expenditures should not exceed the legally adopted budget at the department level without Council action amending the budget. All appropriations lapse at the end of each fiscal year.

Budgeted amounts are as originally adopted, or as amended by the City Council. Individual amendments were not material in relation to the original appropriations.

**NOTES TO FINANCIAL STATEMENTS**

**NOTE 2. LEGAL COMPLIANCE – BUDGETS (CONTINUED)**

For the fiscal year ended June 30, 2018, debt service expenditures exceeded the final amended budget in the General Fund by \$99.

**NOTE 3. CASH AND INVESTMENTS**

Total cash and investments as of June 30, 2018, are summarized as follows:

Amounts as presented on the government-wide statement of net position:

Cash and cash equivalents	\$ 9,581,271
Investments	1,274,539
Restricted cash and cash equivalents	405,549
Amounts as presented on the statement of fiduciary assets and liabilities:	
Cash	131,925
Total	\$ 11,393,284

Cash deposited with financial institutions	\$ 10,118,745
Cash deposited with Georgia Fund 1	1,274,539
Total	\$ 11,393,284

State statutes authorize the City to invest in obligations of the U.S. government and agencies or corporations of the U.S. government; obligations of any state; obligations of any political subdivision of any state; certificates of deposit or time deposits of any national state bank or savings and loan which have deposits insured by the FDIC or FSLIC; prime bankers' acceptances; repurchase agreements; and the Local Government Investment Pool of the State of Georgia ("Georgia Fund 1"). The pool's primary objectives are safety of capital, investment income, liquidity and diversification while maintaining principal (\$1 per share value). Net asset value is calculated weekly to ensure stability. The pool distributes earnings (net of management fees) on a monthly basis and determines participants' shares sold and redeemed based on \$1 per share. The fair value of the City's position in the pool is the same as the value of pool shares (\$1 per share value). The pool is regulated by the Georgia Office of the State Treasurer and is currently rated AA+ by Standard and Poor's.

At June 30, 2018, the City had the following investments:

<b>Investments</b>	<b>Maturity</b>	<b>Fair Value</b>
Georgia Fund 1	10 days weighted average	\$ 1,274,539

## NOTES TO FINANCIAL STATEMENTS

### NOTE 3. CASH AND INVESTMENTS (CONTINUED)

**Interest rate risk.** As a means of limiting its exposure to fair value losses arising from fluctuating interest rates, the City's investment policy has been established to structure the investment portfolio so that securities mature to meet the City's cash requirements for ongoing operations, thereby avoiding the need to sell securities prior to maturity as well as investing operating funds primarily in short-term securities, money market funds, certificates of deposit or similar investment pools.

**Custodial credit risk – deposits.** Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. State statutes require all deposits and investments (other than federal or state government instruments) to be collateralized by depository insurance, obligations of the U.S. government, or bonds of public authorities, counties, or municipalities. At June 30, 2018, the City was not exposed to custodial credit risk for its deposits.

**Custodial credit risk – investments.** Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. State statutes require all investments (other than federal or state government instruments) to be collateralized by depository insurance, obligations of the U.S. government, or bonds of public authorities, counties, or municipalities. At June 30, 2018, the City was not exposed to custodial credit risk for its investments.

### NOTE 4. RECEIVABLES

Property taxes were levied in two installments on September 15, 2017 with a due date of November 15, 2017, and again on April 1, 2018 with a due date of June 1, 2018. Taxes are considered delinquent after November 15 and June 1 for the respective levy dates, which would also be the lien date. The net receivables collected during the year ended June 30, 2018, and expected to be collected by August 31, 2018, are recognized as revenues in the year ended June 30, 2018. Net receivables estimated to be collectible subsequent to August 31, 2018, are recorded as revenue when received. Receivables as of year-end, including the applicable allowances for uncollectible accounts, are as follows:

	General Fund	Hotel/Motel Fund	Nonmajor Governmental Funds	Water and Sewer Fund	Solid Waste Collection Fund
Receivables:					
Taxes	\$ 388,270	\$ 613,280	\$ -	\$ -	\$ -
Accounts	202,561	-	8,613	375,497	84,393
Gross receivables	590,831	613,280	8,613	375,497	84,393
Less: allowance for uncollectibles	(75,907)	-	-	(27,902)	(7,976)
Net total receivables	\$ 514,924	\$ 613,280	\$ 8,613	\$ 347,595	\$ 76,417



## NOTES TO FINANCIAL STATEMENTS

### NOTE 5. CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2018, is as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Transfers</u>	<u>Ending Balance</u>
<b>Governmental activities:</b>					
Capital assets, not being depreciated:					
Land	\$ 1,102,857	\$ -	\$ -	\$ -	\$ 1,102,857
Construction in progress	314,507	306,443	(20,567)	(135,485)	464,898
Total capital assets, not being depreciated	<u>1,417,364</u>	<u>306,443</u>	<u>(20,567)</u>	<u>(135,485)</u>	<u>1,567,755</u>
Capital assets, being depreciated:					
Buildings and improvements	8,121,175	216,497	-	135,485	8,473,157
Machinery and equipment	5,684,071	764,545	(303,638)	-	6,144,978
Infrastructure	3,158,535	128,940	(86,805)	-	3,200,670
Total capital assets, being depreciated	<u>16,963,781</u>	<u>1,109,982</u>	<u>(390,443)</u>	<u>135,485</u>	<u>17,818,805</u>
Less accumulated depreciation for:					
Buildings and improvements	(1,802,630)	(198,094)	-	-	(2,000,724)
Machinery and equipment	(2,887,170)	(629,029)	298,700	-	(3,217,499)
Infrastructure	(1,888,146)	(179,942)	86,805	-	(1,981,283)
Total accumulated depreciation	<u>(6,577,946)</u>	<u>(1,007,065)</u>	<u>385,505</u>	<u>-</u>	<u>(7,199,506)</u>
Total capital assets, being depreciated, net	<u>10,385,835</u>	<u>102,917</u>	<u>(4,938)</u>	<u>135,485</u>	<u>10,619,299</u>
Governmental activities capital assets, net	<u>\$ 11,803,199</u>	<u>\$ 409,360</u>	<u>\$ (25,505)</u>	<u>\$ -</u>	<u>\$ 12,187,054</u>

## NOTES TO FINANCIAL STATEMENTS

### NOTE 5. CAPITAL ASSETS (CONTINUED)

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
<b>Business-type activities</b>					
Capital assets, not being depreciated:					
Construction in progress	\$ 893,203	\$ 455,353	\$ -	\$ (47,703)	\$ 1,300,853
Land	6,973,632	-	-	-	6,973,632
Total capital assets, not being depreciated	<u>7,866,835</u>	<u>455,353</u>	<u>-</u>	<u>(47,703)</u>	<u>8,274,485</u>
Capital assets, being depreciated:					
Land improvements	300,814	49,500	-	-	350,314
Buildings	460,358	-	-	-	460,358
Utility systems and improvements	18,398,634	-	-	-	18,398,634
Machinery and equipment	1,458,099	578,358	-	47,703	2,084,160
Total capital assets, being depreciated	<u>20,617,905</u>	<u>627,858</u>	<u>-</u>	<u>47,703</u>	<u>21,293,466</u>
Less accumulated depreciation for:					
Land improvements	(89,679)	(26,670)	-	-	(116,349)
Buildings	(126,611)	(17,934)	-	-	(144,545)
Utility systems and improvements	(5,219,038)	(472,731)	-	-	(5,691,769)
Machinery and equipment	(733,147)	(137,142)	-	-	(870,289)
Total accumulated depreciation	<u>(6,168,475)</u>	<u>(654,477)</u>	<u>-</u>	<u>-</u>	<u>(6,822,952)</u>
Total capital assets, being depreciated, net	<u>14,449,430</u>	<u>(26,619)</u>	<u>-</u>	<u>47,703</u>	<u>14,470,514</u>
Business-type activities capital assets, net	<u>\$ 22,316,265</u>	<u>\$ 428,734</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 22,744,999</u>

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental activities:	
General government	\$ 92,732
Public safety	427,553
Public works	187,182
Culture and recreation	223,688
Housing and community development	75,910
Total depreciation expense - governmental activities	<u>\$ 1,007,065</u>
Business-type activities:	
Water and sewer	\$ 601,611
River's End RV park	52,866
Total depreciation expense - business-type activities	<u>\$ 654,477</u>

## NOTES TO FINANCIAL STATEMENTS

### NOTE 6. LONG-TERM DEBT

#### Changes in Long-Term Liabilities

Long-term liability activity for the year ended June 30, 2018, is as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
<b>Governmental activities:</b>					
Capital lease payable	\$ 9,628	\$ -	\$ (9,628)	\$ -	\$ -
Compensated absences	288,782	412,242	(415,354)	285,670	170,146
Net pension liability	1,253,634	-	(380,324)	873,310	-
Governmental activity long-term liabilities	<u>\$ 1,552,044</u>	<u>\$ 412,242</u>	<u>\$ (805,306)</u>	<u>\$ 1,158,980</u>	<u>\$ 170,146</u>
<b>Business-type activities:</b>					
Notes payable	\$ 1,563,257	\$ 1,791,761	\$ (77,850)	\$ 3,277,168	\$ 98,517
Revenue bonds payable	7,499,619	-	(748,242)	6,751,377	764,488
Compensated absences	34,790	69,917	(77,198)	27,509	27,509
Net pension liability	247,137	-	(79,293)	167,844	-
Business-type activity long-term liabilities	<u>\$ 9,344,803</u>	<u>\$ 1,861,678</u>	<u>\$ (982,583)</u>	<u>\$ 10,223,898</u>	<u>\$ 890,514</u>

For the governmental activities, compensated absences and the net pension liability are generally liquidated by the General Fund. For the business-type activities, compensated absences and the net pension liability are liquidated by the Water and Sewer Fund and the River's End RV Park Fund.

#### Capital Leases

The City has entered into a lease agreement as lessee to finance the acquisition of machinery and equipment. The lease agreement qualifies as a capital lease for accounting purposes (title transfers at the end of the lease term) and, therefore, has been recorded at the present value of the minimum lease payments as of the date of inception. The lease was paid off in full during fiscal year 2018.

## NOTES TO FINANCIAL STATEMENTS

### NOTE 6. LONG-TERM DEBT (CONTINUED)

#### Revenue Bonds

The City issues bonds where the City pledges income derived from the acquired or constructed assets to pay debt service. The City's outstanding bonds at June 30, 2018, are as follows:

<u>Description</u>	<u>Original Amount</u>	<u>Interest Rate</u>	<u>Due Date</u>	<u>Amount</u>
Chatham County Recreation Authority Refunding Revenue Bond, Series 2016	\$ 4,466,000	2.15%	2026	\$ 3,717,374
Water and Sewer Refunding Revenue Bonds, Series 2016	3,750,000	2.15%	2026	3,034,003
				<u>6,751,377</u>
		Less current portion		(764,488)
				<u>\$ 5,986,889</u>

#### **Chatham County Recreation Authority Refunding Revenue Bonds (City of Tybee Island – Campground Project), Series 2016**

The City of Tybee Island entered into an intergovernmental agreement with the Chatham County Recreation Authority to issue the Chatham County Recreation Authority Refunding Revenue Bonds (City of Tybee Island – Campground Project), Series 2016. The Series 2016 bonds were issued on August 1, 2016 to: 1) refund and redeem all of the outstanding Series 2006 Bonds, and 2) pay the necessary costs of issuing the bonds. These bonds are secured by and payable from revenues to be received by the Authority from the City pursuant to the intergovernmental agreement.

#### **City of Tybee Island Water and Sewer Refunding Revenue Bond, Series 2016**

The City of Tybee Island Water and Sewer Refunding Revenue Bond, Series 2016 was issued in August 1, 2016. The Series 2016 bond was used to: 1) fully pay off three loans with Georgia Environmental Facilities Authority, and 2) pay the necessary costs of issuing the bonds. These bonds are secured by and payable from net revenues of the City's water and sewer system.

Revenue bond debt service requirements to maturities, including interest, are as follows:

<u>Fiscal Year Payable</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>
2019	\$ 902,139	\$ 764,488	\$ 137,651
2020	902,139	781,088	121,051
2021	902,139	798,047	104,092
2022	902,138	815,375	86,763
2023	902,138	833,080	69,058
2024 - 2027	2,856,766	2,759,299	97,467
	<u>\$ 7,367,459</u>	<u>\$ 6,751,377</u>	<u>\$ 616,082</u>

## NOTES TO FINANCIAL STATEMENTS

### NOTE 6. LONG-TERM DEBT (CONTINUED)

#### Notes Payable

The Water and Sewer Fund has incurred debt to the Georgia Environmental Facilities Authority for water and sewer system improvements. These notes are as follows at June 30, 2018.

<u>Description</u>	<u>Original Amount</u>	<u>Interest Rate</u>	<u>Due Date</u>	<u>Amount</u>
Water line extensions and lift stations	\$ 1,601,090	1.40%	2035	\$ 1,424,583
Water and sewer improvements	1,361,000	0.89%	2038	1,290,118
Water and sewer improvements	568,973	0.89%	2038	562,467
				<u>3,277,168</u>
		Less current portion		(98,517)
				<u>\$ 3,178,651</u>

The note payable for water and sewer improvements in the amount of \$1,290,118 is still in the drawdown phase, therefore, a maturity schedule is not presented. Repayment will be determined when construction is complete and all drawdowns have been made. Total notes payable service requirements to maturity are as follows:

<u>Fiscal Year Payable</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>
2019	\$ 122,897	\$ 98,517	\$ 24,380
2020	122,898	99,770	23,128
2021	122,898	101,040	21,858
2022	122,898	102,326	20,572
2023	122,896	103,629	19,267
2024 - 2028	614,486	538,304	76,182
2029 - 2033	614,485	573,554	40,931
2034 - 2038	377,138	369,910	7,228
	<u>\$ 2,220,596</u>	<u>\$ 1,987,050</u>	<u>\$ 233,546</u>

## NOTES TO FINANCIAL STATEMENTS

### NOTE 7. INTERFUND BALANCES AND TRANSFERS

As of June 30, 2018, the City had two interfund balances due to the General Fund in the amount of \$1,553,314. Of this amount, \$139,810 is owed from the Hotel/Motel Tax Fund and \$1,413,504 is owed from the FEMA/GEMA Grant Fund.

Interfund transfers for the fiscal year ended June 30, 2018, consisted of the following:

	Transfer From				Total
	General Fund	Hotel/Motel Tax Fund	FEMA/GEMA Fund	Nonmajor Governmental Funds	
<b>Transfer To</b>					
General Fund	\$ -	\$ 1,572,294	\$ 57,023	\$ 632	\$ 1,629,949
FEMA/GEMA Fund	81,641	-	-	-	81,641
Chatham County SPLOST	116,875	-	-	-	116,875
River's End RV Park	818,404	-	-	-	818,404
Solid Waste Fund	200,000	-	-	-	200,000
Nonmajor governmental funds	282,067	-	-	-	282,067
Total	<u>\$ 1,498,987</u>	<u>\$ 1,572,294</u>	<u>\$ 57,023</u>	<u>\$ 632</u>	<u>\$ 3,128,936</u>

Transfers are used to: (1) move revenues from the fund that statute or budget requires to collect them to the fund that the statute or budget requires to expend them, and (2) use unrestricted revenues collected in the Hotel/Motel Tax Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 8. DEFINED BENEFIT PENSION PLAN

#### Plan Description

The City of Tybee Island, Georgia, has established a non-contributory defined benefit pension plan City of Tybee Island Retirement Plan (the "Plan"), covering substantially all of the City's employees. The City's pension plan is administered through the Georgia Municipal Employee Benefit System ("GMEBS"), an agent multiple-employer pension plan administered by the Georgia Municipal Association. The Plan provides retirement and disability benefits, annual cost of living adjustments, and death benefits to Plan members and beneficiaries. Benefits are provided by the Plan whereby retirees receive 1.5% - 2%, based on the dynamic breakpoint formula, multiplied by the average of the five highest years of regular earnings multiplied by the total credited years of service. The City Council, in its role as the Plan sponsor, has the governing authority to establish and amend, from time to time, the benefits provided and the contribution rates of the City and its employees. The Georgia Municipal Association issues a publicly available financial report that includes financial statements and required supplementary information for GMEBS. That report may be obtained at [www.gmanet.com](http://www.gmanet.com), by writing to Georgia Municipal Association, Risk Management and Employee Benefit Services, 201 Pryor Street, NW, Atlanta, Georgia 30303 or by calling (404) 688-0472.

*Plan membership.* As of January 1, 2018, pension plan membership consisted of the following:

Retirees and beneficiaries currently receiving benefits	46
Terminated employees entitled to benefits but not yet receiving them	48
Active Plan members	<u>107</u>
Total membership in the Plan	<u><u>201</u></u>

*Contributions.* The Plan is subject to minimum funding standards of the Georgia Public Retirement Systems Standards law. The Board of Trustees of GMEBS has adopted a recommended actuarial funding policy for the Plan which meets state minimum requirements and will accumulate sufficient funds to provide the benefits under the Plan. The funding policy for the Plan, as adopted by the City Council, is to contribute an amount equal to or greater than the actuarially recommended contribution rate. This rate is based on the estimated amount necessary to finance the costs of benefits earned by Plan members during the year, with an additional amount to finance any unfunded accrued liability. Employees make no contributions to the Plan. The City is required to contribute at an actuarially determined rate. For the year ended June 30, 2018, the City's contribution rate was 9.83% of annual payroll. City contributions to the Plan were \$432,017 for the year ended June 30, 2018.

## NOTES TO FINANCIAL STATEMENTS

### NOTE 8. DEFINED BENEFIT PENSION PLAN (CONTINUED)

#### Net Pension Liability of the City

The City's net pension liability was measured as of September 30, 2017. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2017 with updated procedures performed by the actuary to roll forward to the total pension liability measured as of September 30, 2017.

*Actuarial assumptions.* The total pension liability in the January 1, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.75%
Projected salary increases	2.75% plus service based merit increases
Net Investment rate of return	7.50%

Mortality rates were based on the RP-2000 Combined Healthy Mortality Table with gender-distinct rates, set forward two years for males and one year for females.

The investment return and inflation assumptions used to value the Plan were approved in December 2017 by the Board based on an experience study conducted in September 2017. The remaining assumptions and methods used to value the Plan were approved in December 2014 by the Board of Trustees based on an experience study for the period January 1, 2010 through June 30, 2014.

The cost of living adjustment is assumed to be 2.75%.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of September 30, 2017, are summarized in the following table:

Asset Class	Target allocation	Long-term expected real rate of return*
Domestic equity	45%	6.71%
International equity	20%	7.71%
Domestic fixed income	20%	2.11%
Real estate	10%	5.21%
Global fixed income	5%	3.36%
	100%	

\*Rates shown are net of the 2.75% assumed rate of inflation.



## NOTES TO FINANCIAL STATEMENTS

### NOTE 8. DEFINED BENEFIT PENSION PLAN (CONTINUED)

#### Net Pension Liability of the City (Continued)

*Discount rate.* The discount rate used to measure the total pension liability was 7.50%. The projection of cash flows used to determine the discount rate assumed that City contributions will be made at rates equal to the actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current Plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all of the projected benefit payments to determine the total pension liability.

*Changes in the Net Pension Liability of the City.* The changes in the components of the net pension liability of the City for the year ended June 30, 2018, were as follows:

	<b>Total Pension Liability (a)</b>	<b>Plan Fiduciary Net Position (b)</b>	<b>Net Pension Liability (a) - (b)</b>
Beginning balances	\$ 8,958,861	\$ 7,458,090	\$ 1,500,771
<i>Changes for the year:</i>			
Service cost	270,293	-	270,293
Interest	678,645	-	678,645
Differences between expected and actual experience	107,516	-	107,516
Contributions - employer	-	423,061	(423,061)
Net investment income	-	1,123,477	(1,123,477)
Benefit payments, including refunds			
of employee contributions	(404,293)	(404,293)	-
Administrative expense	-	(29,890)	29,890
Other	577	-	577
<i>Net changes</i>	652,738	1,112,355	(459,617)
Ending balances	\$ 9,611,599	\$ 8,570,445	\$ 1,041,154

The required schedule of changes in the City's net pension liability and related ratios immediately following the notes to the financial statements presents multi-year trend information about whether the value of plan assets is increasing or decreasing over time relative to the total pension liability.

## NOTES TO FINANCIAL STATEMENTS

### NOTE 8. DEFINED BENEFIT PENSION PLAN (CONTINUED)

#### Net Pension Liability of the City (Continued)

*Sensitivity of the net pension liability to changes in the discount rate.* The following presents the net pension liability of the City, calculated using the discount rate of 7.50%, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.50%) or 1-percentage-point higher (8.50%) than the current rate:

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
City of Tybee Island's net pension liability	\$ 2,348,583	\$ 1,041,154	\$ (37,725)

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future, and actuarially determined amounts are subject to continual revision as results are compared to past expectations and new estimates are made about the future. Actuarial calculations reflect a long-term perspective. Calculations are based on the substantive plan in effect as of September 30, 2017, and the current sharing pattern of costs between employer and employee.

#### Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended June 30, 2018, the City recognized pension expense of \$305,284. At June 30, 2018, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 98,771	\$ -
Changes in assumptions	32	(36)
Net difference between projected and actual earnings on pension plan investments	-	(440,354)
City contributions subsequent to the measurement date	324,181	(36)
Total	\$ 422,984	\$ (440,426)

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 8. DEFINED BENEFIT PENSION PLAN (CONTINUED)

#### Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

City contributions subsequent to the measurement date of \$324,145 are reported as deferred outflows of resources and will be recognized as a reduction of the net pension liability in the year ending June 30, 2019. Other amounts reported as deferred inflows of resources related to pensions will be recognized as a component of pension expense as follows:

Year ending June 30:	
2019	\$ (95,975)
2020	(36,033)
2021	(122,016)
2022	(87,563)
Total	<u>\$ (341,587)</u>

### NOTE 9. RISK MANAGEMENT

The City is exposed to various risks of losses related to: torts; thefts of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City has joined together with other municipalities in the state as part of the Georgia Interlocal Risk Management Agency Property and Liability Insurance Fund and the Georgia Municipal Association Group Self-Insurance Workers' Compensation Fund, public entity risk pools currently operating as common risk management and insurance programs for member local governments.

As part of these risk pools, the City is obligated to pay all contributions and assessments as prescribed by the pools, to cooperate with the pool's agents and attorneys, to follow loss reduction procedures established by the funds, and to report as promptly as possible, and in accordance with any coverage descriptions issued, all incidents which could result in the funds being required to pay any claim of loss. The City is also to allow the pool's agents and attorneys to represent the City in investigation, settlement discussions and all levels of litigation arising out of any claim made against the City within the scope of loss protection furnished by the funds.

The funds are to defend and protect the members of the funds against liability or loss as prescribed in the member government contract and in accordance with the workers' compensation law of Georgia. The funds are to pay all cost taxed against members in any legal proceeding defended by the members, all interest accruing after entry of judgment, and all expenses incurred for investigation, negotiation or defense.

Settled claims in the past three years have not exceeded insurance coverage.

## NOTES TO FINANCIAL STATEMENTS

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### **NOTE 10. JOINT VENTURE**

Under Georgia law, the City, in conjunction with other cities and counties in the nine county coastal Georgia region, is a member of the Coastal Georgia Regional Commission (“RC”) and is required to pay annual dues thereto. During the fiscal year ended June 30, 2018, the City paid \$3,887 in such dues. Membership in an RC is required by the Official Code of Georgia Annotated (OCGA) Section 50-8-34 which provides for the organizational structure of the RC in Georgia. The RC Board membership includes the chief elected official of each county and municipality of the area. OCGA 50-8-39.1 provides that the member governments are liable for any debts or obligations of an RC. Separate financial statements may be obtained from the Coastal Georgia Regional Commission, 127 “F” Street, Brunswick, Georgia 31520.

### **NOTE 11. COMMITMENTS AND CONTINGENCIES**

#### **Litigation**

The City is involved in several pending lawsuits. Liability, if any, which might result from these proceedings, would not, in the opinion of management and legal counsel, have a material adverse effect on the financial position of the City.

#### **Grant Contingencies**

The City has received Federal and state grants for specific purposes that are subject to review and audit by the grantor agencies. Such audits could lead to the disallowance of certain expenditures previously reimbursed by those agencies. Based upon prior experience, management of the City believes such disallowances, if any, will not be significant.

### **NOTE 12. HOTEL/MOTEL LODGING TAX**

The City has levied a 6% lodging tax. For the fiscal year ended June 30, 2018, \$3,134,865 of Hotel/Motel tax was collected. Of the total collected, 50% was used for the promotion of tourism within the City (\$1,048,091 to the Savannah Chamber of Commerce and \$524,203 to the Georgia International Convention Center).

**REQUIRED SUPPLEMENTARY INFORMATION**

**CITY OF TYBEE ISLAND, GEORGIA**

**REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF CHANGES IN THE CITY'S NET  
PENSION LIABILITY AND RELATED RATIOS**

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
<b>Total pension liability</b>				
Service cost	\$ 270,293	\$ 243,211	\$ 271,181	\$ 254,414
Interest on total pension liability	678,645	632,774	591,196	559,195
Differences between expected and actual experience	107,516	55,701	(6,456)	(90,395)
Changes of assumptions	-	-	-	(2,320)
Benefit payments, including refunds of employee contributions	(404,293)	(331,010)	(307,853)	(308,101)
Other	577	27,856	-	-
<b>Net change in total pension liability</b>	<b>652,738</b>	<b>628,532</b>	<b>548,068</b>	<b>412,793</b>
<b>Total pension liability - beginning</b>	<b>8,958,861</b>	<b>8,330,329</b>	<b>7,782,261</b>	<b>7,369,468</b>
<b>Total pension liability - ending (a)</b>	<b>\$ 9,611,599</b>	<b>\$ 8,958,861</b>	<b>\$ 8,330,329</b>	<b>\$ 7,782,261</b>
<b>Plan fiduciary net position</b>				
Contributions - employer	\$ 423,061	\$ 430,220	\$ 450,057	\$ 428,260
Net investment income	1,123,477	745,075	67,622	651,704
Benefit payments, including refunds of employee contributions	(404,293)	(331,010)	(307,853)	(308,101)
Administrative expenses	(29,890)	(17,953)	(20,168)	(15,776)
<b>Net change in plan fiduciary net position</b>	<b>1,112,355</b>	<b>826,332</b>	<b>189,658</b>	<b>756,087</b>
<b>Plan fiduciary net position - beginning</b>	<b>7,458,090</b>	<b>6,631,758</b>	<b>6,442,100</b>	<b>5,686,013</b>
<b>Plan fiduciary net position - ending (b)</b>	<b>\$ 8,570,445</b>	<b>\$ 7,458,090</b>	<b>\$ 6,631,758</b>	<b>\$ 6,442,100</b>
<b>City's net pension liability - ending (a) - (b)</b>	<b>\$ 1,041,154</b>	<b>\$ 1,500,771</b>	<b>\$ 1,698,571</b>	<b>\$ 1,340,161</b>
<b>Plan fiduciary net position as a percentage of the total pension liability</b>	<b>89.17%</b>	<b>83.25%</b>	<b>79.61%</b>	<b>82.78%</b>
<b>Covered employee payroll</b>	<b>\$ 4,497,809</b>	<b>\$ 4,327,782</b>	<b>\$ 3,832,932</b>	<b>\$ 3,837,698</b>
<b>City's net pension liability as a percentage of covered employee payroll</b>	<b>23.15%</b>	<b>34.68%</b>	<b>44.32%</b>	<b>34.92%</b>

The schedule will present 10 years of information once it is accumulated.

**CITY OF TYBEE ISLAND, GEORGIA**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF CITY CONTRIBUTIONS**

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Actuarially determined contribution	\$ 432,193	\$ 420,017	\$ 433,621	\$ 455,536
Contributions in relation to the actuarially determined contribution	<u>432,193</u>	<u>420,017</u>	<u>433,621</u>	<u>455,536</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered employee payroll	\$ 4,497,809	\$ 4,327,782	\$ 3,832,932	\$ 3,837,698
Contributions as a percentage of covered employee payroll	9.61%	9.71%	11.30%	11.87%

**Notes to the Schedule**

Valuation Date	January 1, 2018
Cost Method	Projected Unit Credit
Actuarial Asset Valuation Method	Sum of actuarial value at beginning of year and the cash flow during the year plus the assumed investment return, adjusted by 10% of the amounts that the value exceeds or is less than the market value at the end of the year. The actuarial value is adjusted, if necessary, to be within 20% of market value.
Assumed Rate of Return on Investments	7.50%
Projected Salary Increases	2.75% plus service based merit increases.
Cost-of-living Adjustment	2.75%
Amortization Method	Closed level dollar for remaining unfunded liability.
Remaining Amortization Period	Varies for the bases, with a net effective amortization period of 10 years.

**Changes in assumptions** - Effective with this valuation, the investment return assumption was decreased from 7.75% to 7.50% and the inflation assumption was decreased from 3.25% to 2.75%. In addition, the cost-of-living adjustment assumption was decreased from 3.00% to 2.75%.

**The schedule will present 10 years of information once it is accumulated.**

## **COMBINING STATEMENTS AND SCHEDULES**



# NONMAJOR GOVERNMENTAL FUNDS

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## Special Revenue Funds

**E911 Fund** – To account for the operations of the E-911 system.

**Confiscated Assets Fund** – To account for the cash received either from a cash confiscation or cash received from a sale of capital assets acquired from drug enforcement.

## Capital Project Funds

**2003 SPLOST Fund** – To account for capital projects financed from special purpose local option sales taxes. The projects include drainage, water and sewer, and road projects. These projects are financed with a special 1% sales tax.

**2008 Special Purpose Local Option Sales Tax Fund** – To account for projects supported by the special purpose local option sales tax, including road improvements; public safety projects; recreation projects; water and sewer projects; and public building projects.

**2014 SPLOST Fund** – To account for capital projects financed from special purpose local option sales taxes. The projects include public safety buildings and equipment, beach related projects, road projects, and water and sewer equipment. These projects are financed with a special 1% sales tax.

**Grant Fund** – To account for the receipt and disbursement of various grants received by the City.

**CITY OF TYBEE ISLAND, GEORGIA**

**COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2018**

	<b>Nonmajor Special Revenue Funds</b>	<b>Nonmajor Capital Project Funds</b>	<b>Total Nonmajor Governmental Funds</b>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 1,703	\$ 836,470	\$ 838,173
Accounts receivable	8,613	-	8,613
Due from other governments	-	150,812	150,812
Prepaid expenditures	1,205	-	1,205
	<u>11,521</u>	<u>987,282</u>	<u>998,803</u>
Total assets	<u>\$ 11,521</u>	<u>\$ 987,282</u>	<u>\$ 998,803</u>
<b>LIABILITIES AND FUND BALANCE</b>			
<b>LIABILITIES</b>			
Accounts payable	\$ 2,543	\$ 23,573	\$ 26,116
Total liabilities	<u>2,543</u>	<u>23,573</u>	<u>26,116</u>
<b>FUND BALANCE</b>			
Nonspendable - prepaid items	1,205	-	1,205
Restricted for:			
Public safety vehicles and equipment	7,773	289,000	296,773
Capital projects	-	674,709	674,709
Total fund balance	<u>8,978</u>	<u>963,709</u>	<u>972,687</u>
Total liabilities and fund balance	<u>\$ 11,521</u>	<u>\$ 987,282</u>	<u>\$ 998,803</u>

# CITY OF TYBEE ISLAND, GEORGIA

## COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES NONMAJOR GOVERNMENTAL FUNDS FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	<b>Nonmajor Special Revenue Funds</b>	<b>Nonmajor Capital Project Funds</b>	<b>Total Nonmajor Governmental Funds</b>
<b>Revenues:</b>			
Intergovernmental	\$ -	\$ 831,784	\$ 831,784
Charges for services	64,423	-	64,423
Interest income	-	592	592
Total revenues	64,423	832,376	896,799
<b>Expenditures:</b>			
Current:			
Public safety	340,091	-	340,091
Capital outlay	-	990,280	990,280
Total expenditures	340,091	990,280	1,330,371
Deficiency of revenues under expenditures	(275,668)	(157,904)	(433,572)
<b>Other financing sources:</b>			
Transfers in	282,067	-	282,067
Transfers out	-	(632)	(632)
Total other financing sources	282,067	(632)	281,435
Net change in fund balance	6,399	(158,536)	(152,137)
<b>Fund balance, beginning of year</b>	2,579	1,122,245	1,124,824
<b>Fund balance, end of year</b>	\$ 8,978	\$ 963,709	\$ 972,687

**CITY OF TYBEE ISLAND, GEORGIA**

**COMBINING BALANCE SHEET  
NONMAJOR SPECIAL REVENUE FUNDS  
JUNE 30, 2018**

	<u>E911 Fund</u>	<u>Confiscated Assets Fund</u>	<u>Total Nonmajor Special Revenue Funds</u>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 243	\$ 1,460	\$ 1,703
Accounts receivable	8,613	-	8,613
Prepaid expenditures	<u>1,205</u>	<u>-</u>	<u>1,205</u>
Total assets	<u><u>\$ 10,061</u></u>	<u><u>\$ 1,460</u></u>	<u><u>\$ 11,521</u></u>
<b>LIABILITIES AND FUND BALANCES</b>			
<b>LIABILITIES</b>			
Accounts payable	\$ 2,543	\$ -	\$ 2,543
Total liabilities	<u>2,543</u>	<u>-</u>	<u>2,543</u>
<b>FUND BALANCE</b>			
Nonspendable - prepaid items	1,205	-	1,205
Restricted for:			
Public safety	<u>6,313</u>	<u>1,460</u>	<u>7,773</u>
Total fund balance	<u>7,518</u>	<u>1,460</u>	<u>8,978</u>
Total liabilities and fund balance	<u><u>\$ 10,061</u></u>	<u><u>\$ 1,460</u></u>	<u><u>\$ 11,521</u></u>

**CITY OF TYBEE ISLAND, GEORGIA**

**COMBINING STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES  
NONMAJOR SPECIAL REVENUE FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	<u>E911 Fund</u>	<u>Confiscated Assets Fund</u>	<u>Total Nonmajor Special Revenue Funds</u>
<b>Revenues:</b>			
Charges for services	\$ 64,423	\$ -	\$ 64,423
Total revenues	<u>64,423</u>	<u>-</u>	<u>64,423</u>
<b>Expenditures:</b>			
Current:			
Public safety	340,091	-	340,091
Total expenditures	<u>340,091</u>	<u>-</u>	<u>340,091</u>
Deficiency of revenues under expenditures	<u>(275,668)</u>	<u>-</u>	<u>(275,668)</u>
<b>Other financing sources:</b>			
Transfers in	282,067	-	282,067
Total other financing sources	<u>282,067</u>	<u>-</u>	<u>282,067</u>
Net change in fund balance	6,399	-	6,399
<b>Fund balance, beginning of year</b>	<u>1,119</u>	<u>1,460</u>	<u>2,579</u>
<b>Fund balance, end of year</b>	<u>\$ 7,518</u>	<u>\$ 1,460</u>	<u>\$ 8,978</u>

**CITY OF TYBEE ISLAND, GEORGIA**

**COMBINING BALANCE SHEET  
NONMAJOR CAPITAL PROJECT FUNDS  
JUNE 30, 2018**

	<u>2003 SPLOST Fund</u>	<u>2008 SPLOST Fund</u>	<u>2014 SPLOST Fund</u>	<u>Grant Fund</u>	<u>Total Nonmajor Capital Project Funds</u>
<b>ASSETS</b>					
Cash and cash equivalents	\$ 424,691	\$ -	\$ 411,779	\$ -	\$ 836,470
Due from other governments	-	-	150,812	-	150,812
Total assets	<u>\$ 424,691</u>	<u>\$ -</u>	<u>\$ 562,591</u>	<u>\$ -</u>	<u>\$ 987,282</u>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>LIABILITIES</b>					
Accounts payable	\$ 11,056	\$ -	\$ 12,517	\$ -	\$ 23,573
Total liabilities	<u>11,056</u>	<u>-</u>	<u>12,517</u>	<u>-</u>	<u>23,573</u>
<b>FUND BALANCE</b>					
Restricted for:					
Public safety vehicles and equipment	-	-	289,000	-	289,000
Capital projects	413,635	-	261,074	-	674,709
Total fund balance	<u>413,635</u>	<u>-</u>	<u>550,074</u>	<u>-</u>	<u>963,709</u>
Total liabilities and fund balance	<u>\$ 424,691</u>	<u>\$ -</u>	<u>\$ 562,591</u>	<u>\$ -</u>	<u>\$ 987,282</u>

**CITY OF TYBEE ISLAND, GEORGIA**

**COMBINING STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES  
NONMAJOR CAPITAL PROJECT FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	<b>2003 SPLOST Fund</b>	<b>2008 SPLOST Fund</b>	<b>2014 SPLOST Fund</b>	<b>Grant Fund</b>	<b>Total Nonmajor Capital Project Funds</b>
<b>Revenues:</b>					
Intergovernmental	\$ -	\$ -	\$ 831,784	\$ -	\$ 831,784
Interest income	87	3	502	-	592
Total revenues	<u>87</u>	<u>3</u>	<u>832,286</u>	<u>-</u>	<u>832,376</u>
<b>Expenditures:</b>					
Capital outlay	34,234	3,625	952,421	-	990,280
Total expenditures	<u>34,234</u>	<u>3,625</u>	<u>952,421</u>	<u>-</u>	<u>990,280</u>
Deficiency of revenues under expenditures	<u>(34,147)</u>	<u>(3,622)</u>	<u>(120,135)</u>	<u>-</u>	<u>(157,904)</u>
<b>Other financing sources:</b>					
Transfers out	-	-	-	(632)	(632)
Total other financing sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>(632)</u>	<u>(632)</u>
Net change in fund balance	(34,147)	(3,622)	(120,135)	(632)	(158,536)
<b>Fund balance, beginning of year</b>	<u>447,782</u>	<u>3,622</u>	<u>670,209</u>	<u>632</u>	<u>1,122,245</u>
<b>Fund balance, end of year</b>	<u>\$ 413,635</u>	<u>\$ -</u>	<u>\$ 550,074</u>	<u>\$ -</u>	<u>\$ 963,709</u>

**CITY OF TYBEE ISLAND, GEORGIA**

**SCHEDULE OF EXPENDITURES OF  
SPECIAL PURPOSE LOCAL OPTION SALES TAX PROCEEDS (2014 RESOLUTION)**

**FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

Project	Estimated Cost		Expenditures		Cumulative Total
	Original	Current	Prior Years	Current Year	
<b>Public Safety</b>					
Police department vehicles	\$ 120,000	\$ 228,434	\$ 228,437	\$ -	\$ 228,437
Public safety software upgrade	165,000	196,665	196,665	-	196,665
Fire department truck	630,000	630,000	308,351	294,500	602,851
Fire department equipment	630,000	499,425	216,425	-	216,425
<b>Water and Sewer</b>					
Various projects	1,554,000	-	-	-	-
<b>Street and Infrastructure</b>					
Street paving and repair	550,000	79,300	18,164	53,692	71,856
Marsh Hen Trail/Highway 80 bike trail	47,000	47,000	13,277	20,545	33,822
Drainage project - Bay Street	-	10,156	10,156	-	10,156
Drainage project - various	-	200,000	-	11,580	11,580
Street sweeper equipment	-	180,000	-	180,000	180,000
<b>Cultural and Recreation</b>					
Memorial Park pavilion building	32,000	45,997	45,997	-	45,997
Memorial Park restroom building	-	212,872	45,537	167,335	212,872
Playground equipment	120,000	195,390	195,390	-	195,390
Tybee Arts Association - audio/video	-	53,150	27,017	-	27,017
YMCA - batting cage	-	5,842	5,842	-	5,842
Friends/Post Tybee Theater audio/video equipment	-	117,056	117,056	-	117,056
JayCee Park	-	887	887	-	887
Various projects	332,000	-	-	-	-
<b>Beach Related</b>					
Mobile Mats	20,000	-	-	-	-
Beach crossovers	-	136,441	-	59,760	59,760
Beach renourishment	-	165,010	-	165,009	165,009
	<u>\$ 4,200,000</u>	<u>\$ 3,003,625</u>	<u>\$ 1,429,201</u>	<u>\$ 952,421</u>	<u>\$ 2,381,622</u>

**Note:** Beginning balance for playground equipment was changed to reflect a correction of \$667.



**CITY OF TYBEE ISLAND, GEORGIA**

**SCHEDULE OF EXPENDITURES OF  
SPECIAL PURPOSE LOCAL OPTION SALES TAX PROCEEDS  
(CHATHAM COUNTY VI RESOLUTION)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

<b>Project</b>	<b>Estimated Cost</b>		<b>Expenditures</b>		<b>Cumulative Total</b>
	<b>Original</b>	<b>Current</b>	<b>Prior Years</b>	<b>Current Year</b>	
<b>Beach Related</b>					
North Beach bathroom facility and concession stand	\$ 850,000	\$ 999,894	\$ 966,026	\$ -	\$ 966,026
Beach derelict structure removal project	-	68,541	68,541	-	68,541
North Beach concession stand equipment	-	15,800	14,867	-	14,867
Program management fees	-	2,839	106	-	106
Undesignated	-	1,711,836	-	1,711,836	1,711,836
	<u>\$ 850,000</u>	<u>\$ 2,798,910</u>	<u>\$ 1,049,540</u>	<u>\$ 1,711,836</u>	<u>\$ 2,761,376</u>

**Note:** Beginning balance for the beach derelict structure removal project was changed as part of the cost (\$116,875) was not reimbursed by the County as anticipated. This portion was funded by the General Fund in the current year.

**CITY OF TYBEE ISLAND, GEORGIA**

**SCHEDULE OF EXPENDITURES OF  
SPECIAL PURPOSE LOCAL OPTION SALES TAX PROCEEDS (2008 RESOLUTION)**

**FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

Project	Estimated Cost		Expenditures		Cumulative Total
	Original	Current	Prior Years	Current Year	
<b>Public Safety</b>					
Public safety facility	\$ 327,000	\$ 3,273,341	\$ 3,273,341	\$ -	\$ 3,273,341
Fire department bay	65,000	-	-	-	-
Fire department and TEMA generator	35,000	-	-	-	-
Public safety software upgrade	118,800	104,700	104,700	-	104,700
Public safety vehicle - 6 cylinder	27,164	-	-	-	-
<b>Street and Infrastructure</b>					
14th Street parking lot drainage project	933,727	-	-	-	-
Street paving and repair	30,050	266,109	266,109	-	266,109
Drainage Tybrisa/Alley	226,350	68,588	68,588	-	68,588
Bike racks	2,000	2,166	2,166	-	2,166
TE Grant Historic Butler Avenue match	98,906	69,678	82,605	-	82,605
Bike trail through Memorial Park	15,000	13,957	13,957	-	13,957
ADA Sidewalk Butler, Silver and 18th Streets	44,000	22,835	22,835	-	22,835
Highway 80 bike trail	40,000	77,162	64,235	-	64,235
Automated meter readers	-	630,000	630,000	-	630,000
<b>Community Development</b>					
Salt Meadow project	30,000	41,373	41,373	-	41,373
GIS	6,500	-	-	-	-
<b>Beach Related Projects</b>					
Beach renourishment	300,000	1,210,000	1,210,000	-	1,210,000
Bathroom repairs and improvements	36,000	-	-	-	-
North Beach mobile restroom	57,000	-	-	-	-
2 Mobile Mats	40,000	39,980	39,980	-	39,980
8th Street dune	30,000	-	-	-	-
<b>Culture and Recreation</b>					
Memorial Park project	2,000	260,291	135,485	3,625	139,110
Memorial Park playground	-	17,073	17,073	-	17,073
<b>Undesignated</b>					
	5,535,503	3,663	-	-	-
	<u>\$ 8,000,000</u>	<u>\$ 6,100,916</u>	<u>\$ 5,972,447</u>	<u>\$ 3,625</u>	<u>\$ 5,976,072</u>

**CITY OF TYBEE ISLAND, GEORGIA**

**SCHEDULE OF EXPENDITURES OF  
SPECIAL PURPOSE LOCAL OPTION SALES TAX PROCEEDS (2003 RESOLUTION)**

**FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

Project	Estimated Cost		Expenditures		Cumulative Total
	Original	Current	Prior Years	Current Year	
<b>Drainage</b>					
Drainage reconstruction/maintenance	\$ 200,000	\$ 559	\$ 559	\$ -	\$ 559
North Beach area	200,000	-	-	-	-
14th Street drainage project	-	966,226	966,226	-	966,226
<b>Water and Sewer Improvements</b>					
Beach side of Butler water line improvement	575,000	2,130,273	2,130,273	-	2,130,273
Butler Avenue water line	817,000	-	-	-	-
Water line looping	224,040	15,460	15,460	-	15,460
Replacement of 6" ACX water line improvement	168,960	-	-	-	-
Fort Screven water line replacement, Lift station upgrades, I&I continuation	440,000	82,522	82,522	-	82,522
<b>Roads</b>					
Various improvements	250,000	-	-	-	-
ADA sidewalk improvement	-	22,000	22,000	-	22,000
Bike paths	100,000	3,200	3,200	-	3,200
Jones Avenue	350,000	175,653	175,653	-	175,653
Street paving and sidewalks	-	70,000	70,000	-	70,000
Marsh Hen Trail TE match	-	23,251	21,717	-	21,717
<b>Public Safety</b>					
Public safety facility	500,000	294,402	294,402	-	294,402
Fire department equipment	-	163,310	163,310	-	163,310
<b>Beach Related</b>					
Beach renourishment	1,000,000	1,000,000	1,000,000	-	1,000,000
<b>Street and Infrastructure</b>					
Drainage Tybrisa/Alley	-	-	-	-	-
<b>Community Development</b>					
Old Fort Theater, guardhouse	600,000	774,825	774,825	-	774,825
Playground equipment	200,000	196,559	196,559	-	196,559
Marine Rescue Squadron facility	100,000	71,165	71,165	-	71,165
Tybee Marine Science Center project	600,000	600,000	154,126	34,234	188,360
South Beach Business District	-	764,381	764,381	-	764,381
<b>Other</b>					
Other capital equipment	190,354	374	-	-	-
	<u>\$ 6,515,354</u>	<u>\$ 7,354,160</u>	<u>\$ 6,906,378</u>	<u>\$ 34,234</u>	<u>\$ 6,940,612</u>

## **COMPLIANCE SECTION**



**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS  
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN  
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

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**Honorable Mayor and Members  
Of City Council  
City of Tybee Island  
Tybee Island, Georgia**

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Tybee Island, Georgia (the "City"), as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the City of Tybee Island, Georgia's basic financial statements and have issued our report thereon dated December 18, 2018.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the City of Tybee Island, Georgia's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Tybee Island, Georgia's internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Tybee Island, Georgia's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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## Compliance and Other Matters

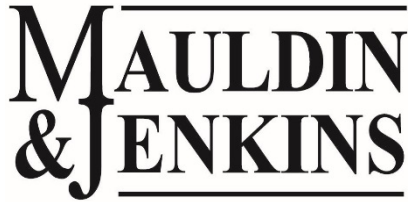
As part of obtaining reasonable assurance about whether the City of Tybee Island, Georgia's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matter that is required to be reported under *Government Auditing Standards*.

## Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in cursive script that reads "Mauldin & Jenkins, LLC".

Macon, Georgia  
December 18, 2018



**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

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**Honorable Mayor and Members  
of City Council  
City of Tybee Island  
Tybee Island, Georgia**

**Report on Compliance for Each Major Federal Program**

We have audited the City of Tybee Island, Georgia's (the "City") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on the City's major federal program for the year ended June 30, 2018. The City's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for the City's major federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for the City's major federal program. However, our audit does not provide a legal determination of the City's compliance.

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### ***Opinion on Each Major Federal Program***

In our opinion, the City of Tybee Island, Georgia complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2018.

### **Report on Internal Control Over Compliance**

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on its major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.



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The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

*Mauldin & Jenkins, LLC*

Macon, Georgia  
December 18, 2018

**CITY OF TYBEE ISLAND, GEORGIA**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

<u>Federal Grantor/ Pass-Through Program Title</u>	<u>Federal CFDA Number</u>	<u>Grant ID Number</u>	<u>Federal Expenditures</u>	<u>Passed-Through to Subrecipients</u>
<b>U.S. Department of Homeland Security</b>				
<b>Direct Awards</b>				
Disaster Grants - Public Assistance	97.036	FEMA-4284-DR-GA	\$ 397,705	\$ -
Disaster Grants - Public Assistance	97.036	FEMA-4338-DR-GA	<u>312,334</u>	<u>-</u>
Total U.S. Department of Homeland Security			<u>710,039</u>	<u>-</u>
<b>Environmental Protection Agency</b>				
<b>Passed through Georgia Environmental Finance Authority</b>				
Capitalization Grants for Clean Water State Revolving Loan Funds	66.458	CWSRF2016043	474,125	-
Capitalization Grants for Drinking Water State Revolving Loan Funds	66.468	DWSRF2016045	<u>1,222,788</u>	<u>-</u>
Total Environmental Protection Agency			<u>1,696,913</u>	<u>-</u>
<b>Total Expenditures of Federal Awards</b>			<u>\$ 2,406,952</u>	<u>\$ -</u>

See Notes to Schedule of Expenditures of Federal Awards.

# CITY OF TYBEE ISLAND, GEORGIA

## NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE FISCAL YEAR ENDED JUNE 30, 2018

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### **NOTE 1. BASIS OF PRESENTATION**

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the City of Tybee Island, Georgia and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of 2 CFR part 200, OMB's *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

### **NOTE 2. NON-CASH ASSISTANCE AND LOANS**

There were no federal awards expended in the form of noncash assistance during the year. There were also no loans or loan guarantees outstanding at year-end.

### **NOTE 3. DE MINIMIS INDIRECT COST RATE**

The City did not use the 10% de minimis indirect cost rate.

**CITY OF TYBEE ISLAND, GEORGIA**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

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**SECTION I**  
**SUMMARY OF AUDIT RESULTS**

**Financial Statements**

Type of auditor's report issued Unmodified

Internal control over financial reporting:  
 Material weaknesses identified? \_\_\_ Yes  X  No

Significant deficiencies identified not considered  
 to be material weaknesses? \_\_\_ Yes  X  None Reported

Noncompliance material to financial statements noted? \_\_\_ Yes  X  No

**Federal Awards**

Internal control over major programs:  
 Material weaknesses identified? \_\_\_ Yes  X  No

Significant deficiencies identified not considered  
 to be material weaknesses? \_\_\_ Yes  X  None Reported

Type of auditor's report issued on compliance for  
 major programs Unmodified

Any audit findings disclosed that are required to  
 be reported in accordance with 2 CFR part 200? \_\_\_ Yes  X  No

Identification of major programs:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
66.468	Capitalization Grants for Drinking Water State Revolving Loan Funds

Dollar threshold used to distinguish between  
 Type A and Type B programs: \$750,000

Auditee qualified as low-risk auditee? \_\_\_ Yes  X  No

**CITY OF TYBEE ISLAND, GEORGIA**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

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**SECTION II**  
**FINANCIAL STATEMENT FINDINGS AND RESPONSES**

None reported.

**SECTION III**  
**FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS**

None reported.

**CITY OF TYBEE ISLAND, GEORGIA**  
**SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

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None reported.