

CITY OF TYBEE ISLAND, GEORGIA

FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED

JUNE 30, 2020

CITY OF TYBEE ISLAND, GEORGIA
FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

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FINANCIAL SECTION



INDEPENDENT AUDITOR'S REPORT

**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, 2020, and the related notes to the financial statements, which collectively comprise the City'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.

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 as of June 30, 2020, and the respective changes in financial position, and, where applicable, cash flows thereof, and the budgetary comparison information for the General Fund and the Hotel/Motel Tax 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 – 14, the Schedule of Changes in the City's Net Pension Liability and Related Ratios, and the Schedule of City Contributions on pages 54 and 55 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'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 Annotated ("O.C.G.A.") §48-8-121, are also presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements and schedules and the schedules of expenditures of special purpose local option sales tax proceeds 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 and the schedules of expenditures of special purpose local option sales tax proceeds 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 15, 2020 on our consideration of the City'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 solely 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 the effectiveness of the City's 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

Savannah, Georgia
December 15, 2020

CITY OF TYBEE ISLAND, GEORGIA MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2020

As management of the City of Tybee Island (the "City"), we offer readers of the City'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, 2020. 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 2020 are as follows:

- The City's total net position is \$43,046,324, an increase of \$1,560,810. Net position from governmental activities increased \$1,946,420 and business-type activities decreased \$385,610.
- The General Fund reported fund balance of \$10,780,071. This is an increase of \$744,105 over the prior year.

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.

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.

MANAGEMENT'S DISCUSSION AND ANALYSIS

The City's government-wide financial statements are presented on pages 15 and 16.

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.

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 (nonmajor funds). The City's governmental fund financial statements are presented on pages 17 – 23.

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.

MANAGEMENT'S DISCUSSION AND ANALYSIS

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 24 – 27.

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 15 and 16):

City of Tybee Island Summary of Net Position						
	Governmental Activities		Business-type Activities		Totals	
	2020	2019	2020	2019	2020	2019
Assets						
Current and other assets	\$ 13,299,745	\$15,940,711	\$ 3,003,669	\$ 4,704,750	\$16,303,414	\$ 20,645,461
Capital Assets	18,335,032	14,310,485	23,078,653	22,423,774	41,413,685	36,734,259
Total Assets	31,634,777	30,251,196	26,082,322	27,128,524	57,717,099	57,379,720
Deferred Outflows of Resources						
Pension	571,648	362,161	96,229	53,540	667,877	415,701
Total Deferred outflows of resources	571,648	362,161	96,229	53,540	667,877	415,701
Liabilities						
Current Liabilities	1,258,931	1,666,981	1,849,821	1,541,918	3,108,752	3,208,899
Long-term liabilities	4,505,543	4,123,714	7,483,779	8,342,923	11,989,322	12,466,637
Total Liabilities	5,764,474	5,790,695	9,333,600	9,884,841	15,098,074	15,675,536
Deferred Inflows of Resources						
Pension	217,929	545,060	22,649	89,311	240,578	634,371
Total Pension Inflow of Resources	217,929	545,060	22,649	89,311	240,578	634,371
Net Assets						
Invested in capital assets	14,844,410	10,676,961	14,831,141	13,232,763	29,675,551	23,909,724
Restricted for capital outlay	1,446,719	4,101,831	-	-	1,446,719	4,101,831
Restricted for debt service	158,679	245,149	405,421	609,533	564,100	854,682
Unrestricted	9,774,214	9,253,661	1,585,740	3,365,616	11,359,954	12,619,277

MANAGEMENT'S DISCUSSION AND ANALYSIS

Financial Position

The total net position of the City increased by \$1,560,810, or 3.8%, as noted in the table above. The governmental activities net position increased by \$1,946,420 while the business-type activities net position decreased by \$385,610.

City of Tybee Island Summary of Changes in Net Position

	Governmental Activities		Business-type Activities		Totals	
	2020	2019	2020	2019	2020	2019
Revenues						
Program revenues:						
Charges for services	\$ 5,797,345	\$ 5,917,227	\$ 5,662,646	\$ 5,840,304	\$ 11,459,991	\$ 11,757,531
Capital grants and contributions	3,983,714	1,934,014	56,010	84,044	4,039,724	2,018,058
General revenues:						
Property taxes	2,093,974	1,975,753	-	-	2,093,974	1,975,753
Other taxes	5,755,775	6,180,788	-	-	5,755,775	6,180,788
Investment earnings	96,281	148,611	-	-	96,281	148,611
Gain on sale of capital assets	-	-	-	-	-	-
Total revenues	17,727,089	16,156,393	5,718,656	5,924,348	23,445,745	22,080,741
Expenses						
Governmental activities:						
General government	2,939,414	2,394,400	-	-	2,939,414	2,394,400
Judicial	262,829	266,926	-	-	262,829	266,926
Public safety	5,141,687	3,976,314	-	-	5,141,687	3,976,314
Public works	2,595,871	1,865,956	-	-	2,595,871	1,865,956
Cultural and recreation	4,152,666	3,158,889	-	-	4,152,666	3,158,889
Housing and Community Dev.	1,052,131	1,284,791	-	-	1,052,131	1,284,791
Other expenses	104,294	162,483	-	-	104,294	162,483
Business-type activities:						
Water and sewer service	-	-	3,410,368	2,330,970	3,410,368	2,330,970
Solid waste collection	-	-	1,085,702	1,113,887	1,085,702	1,113,887
Campground	-	-	1,139,973	1,122,608	1,139,973	1,122,608
Total expenses	16,248,892	13,109,759	5,636,043	4,567,465	21,884,935	17,677,224
Transfers	468,223	(171,633)	(468,223)	171,633	-	-
Change in net assets	1,946,420	2,875,001	(385,610)	1,528,516	1,560,810	4,403,517
Beginning net assets	24,277,602	21,402,601	17,207,912	15,679,396	41,485,514	37,081,997
Ending net assets	\$ 26,224,022	\$ 24,277,602	\$ 16,822,302	\$ 17,207,912	\$ 43,046,324	\$ 41,485,514

MANAGEMENT'S DISCUSSION AND ANALYSIS

Governmental Activities

The total revenues for governmental activities increased \$1,570,696, or 9.7%. Capital grants and contributions increased \$2,049,700, or 106%, as a result of increases in SPLOST revenues. All other categories of revenue remained consistent with the prior year.

Total governmental expenses have increased \$3,139,133, or 24%. Public safety expenses increased \$1,165,373, or 29%. Public works expenses increased \$729,915, or 39%. Recreation expenses increased \$993,777, or 31%, as a result of increased capital outlay, specifically for the Marine Science Center.

Business-Type Activities

Net position for business-type activities decreased \$385,610. The Water and Sewer Fund had a decrease of \$298,518; the River's End RV Park Fund decreased by \$87,092; and the Solid Waste Fund had no change. Below is the analysis of each enterprise fund.

Water and Sewer Fund

Water and Sewer revenues increased \$26,942, or .89%, which is fairly consistent with the prior year. Operating expenses were also consistent with the prior year.

City of Tybee Island Water and Sewer Fund

	<u>2020</u>	2019	<u>\$ Change</u>	<u>% Change</u>
Operating revenues	\$ 3,055,840	\$ 3,028,898	\$ 26,942	0.89%
Operating expenses	3,322,169	2,233,625	1,088,544	48.73%
Net operating income (loss)	(266,329)	795,273	(1,061,602)	-133.49%
Nonoperating income (expenses)	(88,199)	(97,345)	9,146	-9.40%
Loss on Disposal of assets	-	-	-	-
Income(loss) before contributions and transfers	(354,528)	697,928	(1,052,456)	-150.80%
Capital contributions	56,010	84,044	(28,034)	-33.36%
Transfers in	-	-	-	0.00%
Change in net position	(298,518)	781,972	(1,080,490)	-138.18%
Beginning net position	12,271,335	11,489,363	781,972	6.81%
Ending net position	\$ 11,972,817	\$ 12,271,335	\$ (298,518)	-2.43%

MANAGEMENT'S DISCUSSION AND ANALYSIS

Solid Waste Collection Fund

Solid Waste revenues increased \$14,340, or 1.53%. Operating expenses decreased \$28,185, or 2.53%. The General Fund transferred \$131,777 to the solid waste collection fund to cover operating deficits.

City of Tybee Island Solid Waste Collection Fund

	<u>2020</u>	<u>2019</u>	<u>\$ Change</u>	<u>% Change</u>
Operating revenues	\$ 953,925	\$ 939,585	\$ 14,340	1.53%
Operating expenses	1,085,702	1,113,887	(28,185)	-2.53%
Net operating income (loss)	<u>(131,777)</u>	<u>(174,302)</u>	<u>42,525</u>	<u>-24.40%</u>
Transfers in	<u>131,777</u>	<u>171,633</u>	<u>(39,856)</u>	<u>100.00%</u>
Beginning net position	<u>634</u>	<u>3,303</u>	<u>(2,669)</u>	<u>0.00%</u>
Ending net position	<u>\$ 634</u>	<u>\$ 634</u>	<u>\$ -</u>	<u>0.00%</u>

River's End RV Park Fund

Operating revenues for the River's End RV Park fund decreased \$218,940, or 11.7%. Operating expenses decreased \$26,522, or 2.53%.

City of Tybee Island River's End RV Park Fund

	<u>2020</u>	<u>2019</u>	<u>\$ Change</u>	<u>% Change</u>
Operating revenues	\$ 1,652,881	\$ 1,871,821	\$ (218,940)	-11.70%
Operating expenses	1,074,092	1,047,570	26,522	2.53%
Net operating income (loss)	<u>578,789</u>	<u>824,251</u>	<u>(245,462)</u>	<u>-29.78%</u>
Nonoperating income (expenses)	<u>(65,881)</u>	<u>(75,038)</u>	<u>9,157</u>	<u>-12.20%</u>
Income(loss) before contributions & transfers	<u>512,908</u>	<u>749,213</u>	<u>(236,305)</u>	<u>-31.54%</u>
Transfers out	<u>(600,000)</u>	<u>-</u>	<u>(600,000)</u>	<u>100.00%</u>
Change in net position	<u>(87,092)</u>	<u>749,213</u>	<u>(836,305)</u>	<u>-111.62%</u>
Beginning net position, restated	<u>4,935,943</u>	<u>4,186,730</u>	<u>749,213</u>	<u>17.89%</u>
Ending net position	<u>\$ 4,848,851</u>	<u>\$ 4,935,943</u>	<u>\$ (87,092)</u>	<u>-1.76%</u>

MANAGEMENT'S DISCUSSION AND ANALYSIS

Financial Analysis of the City's Funds

As noted earlier, the City 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 18 and 19 were \$12,228,610. This balance represents a decrease of \$2,154,835, or 17.62%, from last year's ending balance. The tables below reflect changes in governmental fund balances.

The City Council committed \$3,843,236, or 36%, of the General Fund's fund balance for economic stabilization.

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

City of Tybee Island Governmental Fund Balance

	<u>2020</u>	<u>2019</u>	<u>\$ Change</u>	<u>% Change</u>
General fund	\$ 10,780,071	\$ 10,035,966	\$ 744,105	7.41%
Hotel/Motel fund	-	-	-	0.00%
FEMA/GEMA Grant Fund	(157,341)	-	(157,341)	0.00%
Grant Fund	-			
Confiscated Asset Fund	4,454	1,460	2,994	205.07%
Emergency Telephone 911 Fund	482	499	(17)	-3.41%
SPLOST 2003 Fund	452,098	3,103,503	(2,651,405)	-85.43%
SPLOST 2014 Fund	990,167	996,868	(6,701)	-0.67%
Debt Service Fund	158,679	245,149	(86,470)	100.00%
Total	<u>\$ 12,228,610</u>	<u>\$ 14,383,445</u>	<u>\$ (2,154,835)</u>	<u>-17.62%</u>

MANAGEMENT'S DISCUSSION AND ANALYSIS

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

City of Tybee Island, Changes in Fund Balances - Governmental Funds

	2020	2019	\$ Change	% Change
Revenues				
Taxes	\$ 7,899,694	\$ 8,153,583	\$ (253,889)	-3.11%
Licenses and permits	381,954	380,205	1,749	0.46%
Intergovernmental	3,953,737	1,931,053	2,022,684	104.75%
Charges for services	4,432,317	3,988,572	443,745	11.13%
Fines and forfeitures	797,090	1,428,367	(631,277)	-44.20%
Interest	100,692	151,572	(50,880)	-33.57%
Other revenues	211,550	120,083	91,467	76.17%
Total revenues	<u>17,777,034</u>	<u>16,153,435</u>	<u>1,623,599</u>	<u>10.05%</u>
Expenditures				
Current:				
General government	2,768,438	2,613,837	154,601	5.91%
Judicial	263,351	271,406	(8,055)	-2.97%
Public safety	4,603,311	3,837,384	765,927	19.96%
Public works	2,210,286	1,709,415	500,871	29.30%
Culture and recreation	2,745,203	3,145,931	(400,728)	-12.74%
Housing and community development	1,053,591	1,216,814	(163,223)	-13.41%
Capital outlay	6,529,868	2,525,997	4,003,871	158.51%
Debt service				
Principal	125,000	-	125,000	100.00%
Interest	120,399	125,748	(5,349)	100.00%
Total expenditures	<u>20,419,447</u>	<u>15,446,532</u>	<u>4,972,915</u>	<u>32.19%</u>
Excess of revenues over (under) expenditures	<u>(2,642,413)</u>	<u>706,903</u>	<u>(3,349,316)</u>	<u>-473.80%</u>
Other financing sources (uses)				
Transfers in	2,585,712	2,632,822	(47,110)	-1.79%
Transfers out	(2,117,489)	(2,804,455)	686,966	-24.50%
Issuance of debt	-	3,633,524	(3,633,524)	100.00%
Sale of capital assets	19,355	58,103	(38,748)	100.00%
Total other financing sources (uses)	<u>487,578</u>	<u>3,519,994</u>	<u>(3,032,416)</u>	<u>-86.15%</u>
Net change in fund balance	<u>\$ (2,154,835)</u>	<u>\$ 4,226,897</u>	<u>\$ (6,381,732)</u>	<u>-150.98%</u>
Fund balances, beginning of year	<u>\$ 14,383,445</u>	<u>\$ 10,156,548</u>	<u>\$ 4,226,897</u>	<u>41.62%</u>
Fund balances, end of year	<u>\$ 12,228,610</u>	<u>\$ 14,383,445</u>	<u>\$ (2,154,835)</u>	<u>-14.98%</u>

Overall governmental revenues increased \$1,623,599, or 10.05%. Licenses and permits were consistent with prior

MANAGEMENT'S DISCUSSION AND ANALYSIS

year. Intergovernmental revenues increased \$2,022,684, or 104.75%, as more SPLOST money was received compared to prior year. Charges for services revenues increased \$443,745, or 11.13%, as parking revenue has increased due to the new parking mobile pay app that was started during the current year. Fines and forfeitures decreased \$631,277, or 44.2%, because the City was writing less tickets due to the COVID-19 pandemic.

Overall governmental expenditures increased \$4,972,915 or 32.19%. General government expenditures increased \$154,601, or 5.91%, due to general inflation. Public Safety expenditures increased \$765,927, or 19.96%, due to increased equipment purchases and overtime. Public works expenditures increased \$500,871, or 29.3%, because of significant repairs. Culture and recreation expenditures decreased \$400,728, or 12.74%, because of significant beach repair done in prior years. Capital outlay increased \$4,003,871, or 158.51%, because of the completion of the Marine Science Center.

The City'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's business-type activities.

General Fund Budgetary Highlights

The final budgets passed by the City Council anticipated using \$1,579,616 of General Fund reserves to meet expenses. A comparison of the final budgetary figures and the actual budgetary figures for revenues are located on pages 20 – 23.

- For the General Fund, the actual operating revenues were \$245,762 less than budgeted. Operating revenues were budgeted for \$10,768,980, and actual operating revenues were \$10,523,218. The most significant variance was municipal fines which were \$481,937 less than budgeted as less ticketing was done during the COVID-19 pandemic.
- The actual operating expenditures of \$11,529,712 were \$2,334,532 less than the budgeted amount of \$13,864,244 as many purchases were put on hold during the COVID-19 pandemic.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Capital Asset and Debt Administration

Capital Assets

The City has invested \$41,413,685 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						
	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Totals</u>	
	<u>2020</u>	2019	<u>2020</u>	2019	<u>2020</u>	2019
Non-depreciable assets:						
Land	\$ 1,102,857	\$ 1,102,857	\$ 6,973,632	\$ 6,973,632	\$ 8,076,489	\$ 8,076,489
Construction in progress	316,938	2,942,105	405,016	265,882	721,954	3,207,987
Total non-depreciable assets	<u>1,419,795</u>	<u>4,044,962</u>	<u>7,378,648</u>	<u>7,239,514</u>	<u>8,798,443</u>	<u>11,284,476</u>
Depreciable assets:						
Land improvements	-	-	350,314	350,314	350,314	350,314
Building	12,176,877	8,567,818	764,562	477,948	12,941,439	9,045,766
Machinery and equipment	7,297,963	6,593,745	2,247,505	2,148,530	9,545,468	8,742,275
Infrastructure	6,383,077	3,268,977	20,277,889	19,755,938	26,660,966	23,024,915
Total depreciable assets	<u>25,857,917</u>	<u>18,430,540</u>	<u>23,640,270</u>	<u>22,732,730</u>	<u>49,498,187</u>	<u>41,163,270</u>
Less accumulated depreciation	<u>8,942,680</u>	<u>8,165,017</u>	<u>7,940,265</u>	<u>7,548,470</u>	<u>16,882,945</u>	<u>15,713,487</u>
Book value - depreciable assets	<u>16,915,237</u>	<u>10,265,523</u>	<u>15,700,005</u>	<u>15,184,260</u>	<u>32,615,242</u>	<u>25,449,783</u>
Percentage depreciated	<u>34.58%</u>	<u>44.30%</u>	<u>33.59%</u>	<u>33.21%</u>	<u>34.11%</u>	<u>38.17%</u>
Book value - all assets	<u>\$18,335,032</u>	<u>\$ 14,310,485</u>	<u>\$ 23,078,653</u>	<u>\$ 22,423,774</u>	<u>\$ 41,413,685</u>	<u>\$ 36,734,259</u>

The schedules of capital asset activity are reported in Note 5 of the financial statements. The City added \$2,197,921 of new governmental capital assets; and added \$2,995,135 of additional construction in progress.

The City added \$1,006,497 of new business-type capital assets; and added \$405,016 of additional construction in progress for the business-type capital assets.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Long-Term Debt

At the end of the current year, the City had long-term debt related to governmental activities of \$4,839,758 and \$8,484,907 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

	2020	2019	Change	%
Governmental Activities				
Capital leases	\$ -	\$ -	\$ -	0.00%
Chatham County Recreation Bond	3,490,622	3,633,524	(142,902)	0.00%
Compensated absences	348,691	303,733	44,958	14.80%
Net pension liability	1,000,445	494,333	506,112	50.59%
Total debt service governmental-type activities	<u>4,839,758</u>	<u>4,431,590</u>	<u>408,168</u>	<u>9.21%</u>
Business-type activities				
Chatham County Recreation Bond	2,866,364	3,296,439	(430,075)	-13.05%
Water and Sewer - Series 2005 Bond	2,339,437	2,690,450	(351,013)	-13.05%
Georgia Environmental Facility Authority Note Payables	3,041,711	3,204,122	(162,411)	-5.07%
Compensated absences	38,838	34,419	4,419	12.84%
Net pension liability	198,557	95,422	103,135	108.08%
Total debt service business-type activities	<u>8,484,907</u>	<u>9,320,852</u>	<u>(835,945)</u>	<u>-8.97%</u>
Total all debt service	<u>\$ 13,324,665</u>	<u>\$ 13,752,442</u>	<u>\$ (427,777)</u>	<u>-3.11%</u>

Economic Factors and Next Year's Budgets and Rates

Currently known facts, decisions or conditions that could have a significant effect on the financial position or results of operations include:

In fiscal year 2021, the City plans to make no changes to parking fees. The city parking funds are significant as are the cost of services for the impacts of tourists, most of whom arrive by vehicles. Thus, parking and traffic regulation are substantial factors. The City plans to implement a water/sewer rate increase and restructuring of water/sewer tiers. The City has not seen a significant rate increase in over ten years and the utility is in major need of infrastructure improvements.

The City expects the tax digest to remain steady and approved a millage rate of 3.931 which is the same as the prior year.

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 the Finance Director at (912) 472-5021.

CITY OF TYBEE ISLAND, GEORGIA

**STATEMENT OF NET POSITION
JUNE 30, 2020**

ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 10,507,911	\$ 1,973,252	\$ 12,481,163
Investments	459,432	-	459,432
Taxes receivable	1,157,395	-	1,157,395
Accounts receivable, net of allowances	86,019	340,469	426,488
Due from other governments	774,976	-	774,976
Inventory	-	146,988	146,988
Prepaid expenses	314,012	137,539	451,551
Restricted assets:			
Cash and cash equivalents	-	405,421	405,421
Capital assets:			
Nondepreciable	1,419,795	7,378,648	8,798,443
Depreciable, net of accumulated depreciation	16,915,237	15,700,005	32,615,242
Total assets	<u>31,634,777</u>	<u>26,082,322</u>	<u>57,717,099</u>
DEFERRED OUTFLOWS OF RESOURCES			
Pension	571,648	96,229	667,877
Total deferred outflows of resources	<u>571,648</u>	<u>96,229</u>	<u>667,877</u>
LIABILITIES AND DEFERRED INFLOWS OF RESOURCES			
LIABILITIES			
Accounts payable	873,572	311,206	1,184,778
Accrued liabilities	40,794	12,127	52,921
Unearned revenue	-	217,810	217,810
Customer deposits payable	10,350	307,550	317,900
Notes payable due within one year	-	164,241	164,241
Notes payable due in more than one year	-	2,877,470	2,877,470
Compensated absences due within one year	209,215	38,838	248,053
Compensated absences due in more than one year	139,476	-	139,476
Bonds payable due within one year	125,000	798,049	923,049
Bonds payable due in more than one year	3,365,622	4,407,752	7,773,374
Net pension liability due in more than one year	1,000,445	198,557	1,199,002
Total liabilities	<u>5,764,474</u>	<u>9,333,600</u>	<u>15,098,074</u>
DEFERRED INFLOWS OF RESOURCES			
Pension	217,929	22,649	240,578
Total deferred inflows of resources	<u>217,929</u>	<u>22,649</u>	<u>240,578</u>
NET POSITION			
Net investment in capital assets	14,844,410	14,831,141	29,675,551
Restricted for capital outlay	1,446,719	-	1,446,719
Restricted for debt service	158,679	405,421	564,100
Unrestricted	9,774,214	1,585,740	11,359,954
Total net position	<u>\$ 26,224,022</u>	<u>\$ 16,822,302</u>	<u>\$ 43,046,324</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, 2020**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental activities:							
General government	\$ 2,939,414	\$ 553,143	\$ -	\$ -	\$ (2,386,271)	\$ -	\$ (2,386,271)
Judicial	262,829	122,921	-	-	(139,908)	-	(139,908)
Public safety	5,141,687	440,091	-	530,347	(4,171,249)	-	(4,171,249)
Public works	2,595,871	-	-	141,929	(2,453,942)	-	(2,453,942)
Culture and recreation	4,152,666	54,352	-	3,311,438	(786,876)	-	(786,876)
Housing and community development	1,052,131	4,626,838	-	-	3,574,707	-	3,574,707
Interest on long-term debt	104,294	-	-	-	(104,294)	-	(104,294)
Total governmental activities	16,248,892	5,797,345	-	3,983,714	(6,467,833)	-	(6,467,833)
Business-type activities:							
Water and sewer	3,410,368	3,055,840	-	56,010	-	(298,518)	(298,518)
River's End RV Park	1,139,973	1,652,881	-	-	-	512,908	512,908
Solid waste collection	1,085,702	953,925	-	-	-	(131,777)	(131,777)
Total business-type activities	5,636,043	5,662,646	-	56,010	-	82,613	82,613
Total primary government	\$ 21,884,935	\$ 11,459,991	\$ -	\$ 4,039,724	(6,467,833)	82,613	(6,385,220)
General revenues:							
Property taxes					2,093,974	-	2,093,974
Sales taxes					1,334,906	-	1,334,906
Hotel/Motel taxes					3,278,669	-	3,278,669
Franchise taxes					467,617	-	467,617
Insurance premium taxes					227,262	-	227,262
Other taxes					447,321	-	447,321
Unrestricted investment earnings					96,281	-	96,281
Transfers					468,223	(468,223)	-
Total general revenues and transfers					8,414,253	(468,223)	7,946,030
Change in net position					1,946,420	(385,610)	1,560,810
Net position, beginning of year					24,277,602	17,207,912	41,485,514
Net position, end of year					\$ 26,224,022	\$ 16,822,302	\$ 43,046,324

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

CITY OF TYBEE ISLAND, GEORGIA

**BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2020**

	General Fund	Hotel/ Motel Tax Fund	Grant Fund	SPLOST 03 Fund	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS						
Cash and cash equivalents	\$ 9,002,969	\$ -	\$ -	\$ 487,430	\$ 1,017,512	\$ 10,507,911
Investments	459,432	-	-	-	-	459,432
Taxes receivable	441,786	715,609	-	-	-	1,157,395
Accounts receivable	79,253	-	-	-	6,766	86,019
Due from other governments	118,436	-	116,989	2,813	536,738	774,976
Due from other funds	925,492	-	-	-	79,931	1,005,423
Prepaid items	312,526	-	-	-	1,486	314,012
Total assets	<u>\$ 11,339,894</u>	<u>\$ 715,609</u>	<u>\$ 116,989</u>	<u>\$ 490,243</u>	<u>\$ 1,642,433</u>	<u>\$ 14,305,168</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES						
LIABILITIES						
Accounts payable	\$ 362,260	\$ 329,111	\$ 26,187	\$ 38,145	\$ 117,869	\$ 873,572
Accrued liabilities	2,262	-	-	-	-	2,262
Due to other funds	-	386,498	90,802	-	528,123	1,005,423
Deposits payable	10,350	-	-	-	-	10,350
Total liabilities	<u>374,872</u>	<u>715,609</u>	<u>116,989</u>	<u>38,145</u>	<u>645,992</u>	<u>1,891,607</u>
DEFERRED INFLOWS OF RESOURCES						
Unavailable revenue - intergovernmental	4,318	-	-	-	-	4,318
Unavailable revenue - property taxes	180,633	-	-	-	-	180,633
Total deferred inflows of resources	<u>184,951</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>184,951</u>
FUND BALANCES						
Nonspendable:						
Prepaid items	312,526	-	-	-	1,486	314,012
Restricted for:						
Capital projects	-	-	-	452,098	990,167	1,442,265
Public safety vehicles and equipment	-	-	-	-	4,454	4,454
Debt service	-	-	-	-	158,679	158,679
Committed for:						
Future capital projects	634,206	-	-	-	-	634,206
Assigned to:						
Economic stabilization	3,843,236	-	-	-	-	3,843,236
Unassigned	5,990,103	-	-	-	(158,345)	5,831,758
Total fund balances	<u>10,780,071</u>	<u>-</u>	<u>-</u>	<u>452,098</u>	<u>996,441</u>	<u>12,228,610</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 11,339,894</u>	<u>\$ 715,609</u>	<u>\$ 116,989</u>	<u>\$ 490,243</u>	<u>\$ 1,642,433</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.	18,335,032
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.	184,951
Certain long-term liabilities are not due and payable in the current period and are, therefore, not reported in the funds.	
Net pension liability	(1,000,445)
Deferred outflows of resources - pension	571,648
Deferred inflows of resources - pension	(217,929)
Revenue bonds payable, including unamortized premiums of \$205,622	(3,490,622)
Accrued interest payable	(38,532)
Compensated absences	(348,691)
Net position of governmental activities	<u>\$ 26,224,022</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, 2020**

	General Fund	Hotel/ Motel Tax Fund	Grant Fund	SPLOST 03 Fund	Nonmajor Governmental Funds	Total Governmental Funds
Revenues						
Taxes	\$ 4,621,025	\$ 3,278,669	\$ -	\$ -	\$ -	\$ 7,899,694
Licenses and permits	381,954	-	-	-	-	381,954
Intergovernmental	111,952	-	3,311,438	-	530,347	3,953,737
Charges for services	4,343,749	-	-	-	88,568	4,432,317
Fines and forfeitures	797,090	-	-	-	-	797,090
Interest	96,281	-	-	34	4,377	100,692
Other revenues	171,167	14,817	-	25,566	-	211,550
Total revenues	10,523,218	3,293,486	3,311,438	25,600	623,292	17,777,034
Expenditures						
Current:						
General government	2,768,438	-	-	-	-	2,768,438
Judicial	263,351	-	-	-	-	263,351
Public safety	4,078,628	-	-	-	524,683	4,603,311
Public works	2,210,286	-	-	-	-	2,210,286
Culture and recreation	1,155,418	1,589,785	-	-	-	2,745,203
Housing and community development	1,053,591	-	-	-	-	1,053,591
Capital outlay	-	-	3,311,438	2,677,005	541,425	6,529,868
Debt service:						
Principal	-	-	-	-	125,000	125,000
Interest	-	-	-	-	120,399	120,399
Total expenditures	11,529,712	1,589,785	3,311,438	2,677,005	1,311,507	20,419,447
Excess (deficiency) of revenues over (under) expenditures	(1,006,494)	1,703,701	-	(2,651,405)	(688,215)	(2,642,413)
Other financing sources (uses)						
Sale of capital assets	19,355	-	-	-	-	19,355
Transfers in	2,145,032	-	-	-	440,680	2,585,712
Transfers out	(413,788)	(1,703,701)	-	-	-	(2,117,489)
Total other financing sources (uses)	1,750,599	(1,703,701)	-	-	440,680	487,578
Net change in fund balances	744,105	-	-	(2,651,405)	(247,535)	(2,154,835)
Fund balances, beginning of year	10,035,966	-	-	3,103,503	1,243,976	14,383,445
Fund balances, end of year	\$ 10,780,071	\$ -	\$ -	\$ 452,098	\$ 996,441	\$ 12,228,610

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, 2020**

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

Net change in fund balances - total governmental funds. \$ (2,154,835)

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	5,193,056
Total depreciation	(1,157,527)

The net effect of the sale of capital assets is to decrease net position. (10,982)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. (49,945)

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 payments of long-term debt	125,000
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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	30,506
Amortization expense	17,902
Accrued interest	(1,797)
Compensated absences	(44,958)
	<hr/>

\$ 1,946,420

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, 2020**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues				
Taxes				
Property taxes	\$ 1,966,950	\$ 1,966,950	\$ 2,143,919	\$ 176,969
Local option sales tax	1,300,000	1,300,000	1,334,906	34,906
Franchise taxes	457,000	457,000	467,617	10,617
Insurance premium tax	190,000	190,000	227,262	37,262
Alcoholic beverage excise tax	310,000	310,000	335,037	25,037
Real estate transfer tax	10,000	10,000	17,682	7,682
Occupational taxes	65,000	65,000	68,992	3,992
Energy excise tax	20,040	20,040	25,610	5,570
Total taxes	<u>4,318,990</u>	<u>4,318,990</u>	<u>4,621,025</u>	<u>302,035</u>
Licenses and permits:				
Regulatory fees	20,000	20,000	102,765	82,765
Building permits	80,000	80,000	99,596	19,596
Building inspections	25,000	25,000	33,127	8,127
Zoning variance request fees	2,900	2,900	1,450	(1,450)
Recording fees	1,600	1,600	575	(1,025)
Penalties	13,000	13,000	600	(12,400)
Other	215,640	215,640	143,841	(71,799)
Total licenses and permits	<u>358,140</u>	<u>358,140</u>	<u>381,954</u>	<u>23,814</u>
Intergovernmental	<u>250,000</u>	<u>250,000</u>	<u>111,952</u>	<u>(138,048)</u>
Charges for services:				
Parking fees	4,100,000	4,232,100	4,164,735	(67,365)
Other charges for services	147,750	147,750	179,014	31,264
Total charges for services	<u>4,247,750</u>	<u>4,379,850</u>	<u>4,343,749</u>	<u>(36,101)</u>
Fines and forfeitures:				
Municipal fines	958,000	958,000	476,063	(481,937)
Parking fines	300,000	300,000	321,027	21,027
Total fines and forfeitures	<u>1,258,000</u>	<u>1,258,000</u>	<u>797,090</u>	<u>(460,910)</u>
Interest income	<u>130,000</u>	<u>130,000</u>	<u>96,281</u>	<u>(33,719)</u>
Miscellaneous:				
Rents and royalties	66,000	66,000	52,145	(13,855)
Other	8,000	8,000	119,022	111,022
Total miscellaneous	<u>74,000</u>	<u>74,000</u>	<u>171,167</u>	<u>97,167</u>
Total revenues	<u>10,636,880</u>	<u>10,768,980</u>	<u>10,523,218</u>	<u>(245,762)</u>
Expenditures				
Current:				
General government				
Governing body	203,148	208,748	219,444	(10,696)
Clerk of council	121,671	116,371	105,792	10,579
City manager	378,272	336,672	302,937	33,735
Financial administration	734,216	614,316	393,041	221,275
Legal	278,000	339,500	336,653	2,847
Information technology	673,424	878,424	856,268	22,156
Human resources	137,335	179,635	138,616	41,019
Building and plant maintenance	489,072	437,072	415,687	21,385
Total general government	<u>\$ 3,015,138</u>	<u>\$ 3,110,738</u>	<u>\$ 2,768,438</u>	<u>\$ 342,300</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, 2020**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Expenditures (Continued)				
Current (Continued):				
Judicial				
Municipal Court	\$ 290,000	\$ 295,500	\$ 263,351	\$ 32,149
Total judicial	<u>290,000</u>	<u>295,500</u>	<u>263,351</u>	<u>32,149</u>
Public safety				
Police administration	3,154,812	3,110,812	2,846,737	264,075
Beach patrol	53,779	97,779	78,670	19,109
Fire administration	1,621,211	1,621,911	1,090,381	531,530
Emergency management	98,946	98,946	62,840	36,106
Total public safety	<u>4,928,748</u>	<u>4,929,448</u>	<u>4,078,628</u>	<u>850,820</u>
Public works				
General operations	1,486,743	1,641,643	1,521,213	120,430
Solid waste collection	449,358	429,958	246,804	183,154
Recyclables collection	125,592	150,592	91,642	58,950
Fleet maintenance	371,943	377,943	350,627	27,316
Total public works	<u>2,433,636</u>	<u>2,600,136</u>	<u>2,210,286</u>	<u>389,850</u>
Culture and recreation				
General operations	245,054	245,054	180,187	64,867
Recreation centers	168,450	168,450	168,450	-
Beach, lifeguards, dunes	450,750	582,850	514,454	68,396
Museums	45,212	45,212	45,212	-
Parks administration	523,982	533,382	247,115	286,267
Total culture and recreation	<u>1,433,448</u>	<u>1,574,948</u>	<u>1,155,418</u>	<u>419,530</u>
Housing and development				
Zoning and inspection	595,924	541,924	377,871	164,053
Urban redevelopment	139,428	133,428	87,077	46,351
Parking	678,122	678,122	588,643	89,479
Total housing and development	<u>1,413,474</u>	<u>1,353,474</u>	<u>1,053,591</u>	<u>299,883</u>
Total current expenditures	<u>13,514,444</u>	<u>13,864,244</u>	<u>11,529,712</u>	<u>2,334,532</u>
Total expenditures	<u>13,514,444</u>	<u>13,864,244</u>	<u>11,529,712</u>	<u>2,334,532</u>
Deficiency of revenues under expenditures	<u>(2,877,564)</u>	<u>(3,095,264)</u>	<u>(1,006,494)</u>	<u>2,088,770</u>
Other financing sources (uses)				
Appropriation of fund balance	1,418,616	1,579,616	-	(1,579,616)
Sale of assets	-	12,000	19,355	7,355
Transfers in	2,306,000	2,346,000	2,145,032	(200,968)
Transfers out	(842,352)	(842,352)	(413,788)	428,564
Total other financing sources, net	<u>\$ 2,882,264</u>	<u>\$ 3,095,264</u>	<u>\$ 1,750,599</u>	<u>\$ (1,344,665)</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, 2020**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Net change in fund balance	\$ 4,700	\$ -	\$ 744,105	\$ 744,105
Fund balances, beginning of year	10,035,966	10,035,966	10,035,966	-
Appropriation of fund balance	<u>(1,418,616)</u>	<u>(1,579,616)</u>	<u>-</u>	<u>1,579,616</u>
Fund balances, end of year	<u>\$ 8,622,050</u>	<u>\$ 8,456,350</u>	<u>\$ 10,780,071</u>	<u>\$ 2,323,721</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, 2020**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues				
Taxes	\$ 3,361,000	\$ 3,361,000	\$ 3,278,669	\$ (82,331)
Other revenues	15,000	15,000	14,817	(183)
Total revenues	<u>3,376,000</u>	<u>3,376,000</u>	<u>3,293,486</u>	<u>(82,514)</u>
Expenditures				
Current:				
Culture and recreation	1,670,000	1,670,000	1,589,785	80,215
Total expenditures	<u>1,670,000</u>	<u>1,670,000</u>	<u>1,589,785</u>	<u>80,215</u>
Excess of revenues over expenditures	<u>1,706,000</u>	<u>1,706,000</u>	<u>1,703,701</u>	<u>(2,299)</u>
Other financing uses				
Transfers out	(1,706,000)	(1,706,000)	(1,703,701)	2,299
Total other financing uses	<u>(1,706,000)</u>	<u>(1,706,000)</u>	<u>(1,703,701)</u>	<u>2,299</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 NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2020**

ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	Water and Sewer Fund	River's End RV Park Fund	Solid Waste Collection Fund	Totals
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 1,678,588	\$ 282,354	\$ 12,310	\$ 1,973,252
Accounts receivable, net of allowances	257,530	-	82,939	340,469
Inventory	121,012	25,976	-	146,988
Prepaid expenses	97,063	40,476	-	137,539
Total current assets	<u>2,154,193</u>	<u>348,806</u>	<u>95,249</u>	<u>2,598,248</u>
Non-current assets:				
Restricted cash	405,421	-	-	405,421
Capital assets:				
Nondepreciable	508,648	6,870,000	-	7,378,648
Depreciable, net of accumulated depreciation	14,913,670	786,335	-	15,700,005
Total non-current assets	<u>15,827,739</u>	<u>7,656,335</u>	<u>-</u>	<u>23,484,074</u>
Total assets	<u>17,981,932</u>	<u>8,005,141</u>	<u>95,249</u>	<u>26,082,322</u>
DEFERRED OUTFLOWS OF RESOURCES				
Pension	62,016	33,422	791	96,229
Total deferred outflows of resources	<u>62,016</u>	<u>33,422</u>	<u>791</u>	<u>96,229</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION				
LIABILITIES				
Current liabilities:				
Accounts payable	196,487	22,522	92,197	311,206
Accrued liabilities	6,991	5,136	-	12,127
Compensated absences, current	23,871	14,967	-	38,838
Notes payable, current	164,241	-	-	164,241
Bonds payable, current	358,635	439,414	-	798,049
Unearned revenue	-	217,810	-	217,810
Total current liabilities	<u>750,225</u>	<u>699,849</u>	<u>92,197</u>	<u>1,542,271</u>
Non-current liabilities:				
Customer deposits	307,550	-	-	307,550
Notes payable, net of current portion	2,877,470	-	-	2,877,470
Bonds payable, net of current portion	1,980,802	2,426,950	-	4,407,752
Net pension liability	142,376	56,181	-	198,557
Total non-current liabilities	<u>5,308,198</u>	<u>2,483,131</u>	<u>-</u>	<u>7,791,329</u>
Total liabilities	<u>6,058,423</u>	<u>3,182,980</u>	<u>92,197</u>	<u>9,333,600</u>
DEFERRED INFLOWS OF RESOURCES				
Pension	12,708	6,732	3,209	22,649
Total deferred inflows of resources	<u>12,708</u>	<u>6,732</u>	<u>3,209</u>	<u>22,649</u>
NET POSITION				
Net investment in capital assets	10,041,170	4,789,971	-	14,831,141
Restricted for debt service	405,421	-	-	405,421
Unrestricted	1,526,226	58,880	634	1,585,740
Total net position	<u>\$ 11,972,817</u>	<u>\$ 4,848,851</u>	<u>\$ 634</u>	<u>\$ 16,822,302</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, 2020

	Water and Sewer Fund	River's End RV Park Fund	Solid Waste Collection Fund	Totals
OPERATING REVENUES				
Charges for services:				
Water charges	\$ 1,177,566	\$ -	\$ -	\$ 1,177,566
Sewer charges	1,609,914	-	-	1,609,914
Camping fees	-	1,645,814	-	1,645,814
Stubbing fees	7,623	-	-	7,623
Tapping fees	11,926	-	-	11,926
Rental fees	209,711	-	-	209,711
Sanitation collection fees	-	-	953,925	953,925
Other	39,100	7,067	-	46,167
Total operating revenues	<u>3,055,840</u>	<u>1,652,881</u>	<u>953,925</u>	<u>5,662,646</u>
OPERATING EXPENSES				
Personnel services	921,203	487,679	-	1,408,882
Administrative	85,055	306,082	-	391,137
Utilities	269,591	128,069	-	397,660
Supplies	109,032	73,691	-	182,723
Repairs and maintenance	260,779	13,819	-	274,598
Sanitation services	-	-	1,085,702	1,085,702
Miscellaneous	984,627	-	-	984,627
Depreciation	691,882	64,752	-	756,634
Total operating expenses	<u>3,322,169</u>	<u>1,074,092</u>	<u>1,085,702</u>	<u>5,481,963</u>
Operating income (loss)	<u>(266,329)</u>	<u>578,789</u>	<u>(131,777)</u>	<u>180,683</u>
NON-OPERATING EXPENSES				
Interest expense	<u>(88,199)</u>	<u>(65,881)</u>	<u>-</u>	<u>(154,080)</u>
Total non-operating expenses	<u>(88,199)</u>	<u>(65,881)</u>	<u>-</u>	<u>(154,080)</u>
Income (loss) before contributions and transfers	(354,528)	512,908	(131,777)	26,603
CAPITAL CONTRIBUTIONS				
	56,010	-	-	56,010
TRANSFERS				
Transfers in	-	-	131,777	131,777
Transfers out	-	(600,000)	-	(600,000)
Total transfers	<u>-</u>	<u>(600,000)</u>	<u>131,777</u>	<u>(468,223)</u>
Change in net position	(298,518)	(87,092)	-	(385,610)
NET POSITION, beginning of year	<u>12,271,335</u>	<u>4,935,943</u>	<u>634</u>	<u>17,207,912</u>
NET POSITION, end of year	<u>\$ 11,972,817</u>	<u>\$ 4,848,851</u>	<u>\$ 634</u>	<u>\$ 16,822,302</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, 2020**

	<u>Water and Sewer Fund</u>	<u>River's End RV Park Fund</u>	<u>Solid Waste Collection Fund</u>	<u>Totals</u>
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers and users	\$ 3,052,887	\$ 1,693,960	\$ 878,530	\$ 5,625,377
Payments to suppliers	(1,628,353)	(529,438)	(997,997)	(3,155,788)
Payments to employees	(923,008)	(487,671)	-	(1,410,679)
Net cash provided by (used in) operating activities	<u>501,526</u>	<u>676,851</u>	<u>(119,467)</u>	<u>1,058,910</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES				
Transfers out	-	(600,000)	-	(600,000)
Transfers in	-	-	131,777	131,777
Net cash provided by (used in) non-capital financing activities	<u>-</u>	<u>(600,000)</u>	<u>131,777</u>	<u>(468,223)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Acquisition and construction of capital assets	(1,050,516)	(304,987)	-	(1,355,503)
Principal paid on bonds	(351,013)	(430,075)	-	(781,088)
Principal paid on notes payable	(162,411)	-	-	(162,411)
Interest paid	(88,979)	(66,651)	-	(155,630)
Net cash used in capital and related financing activities	<u>(1,652,919)</u>	<u>(801,713)</u>	<u>-</u>	<u>(2,454,632)</u>
Net change in cash and cash equivalents	(1,151,393)	(724,862)	12,310	(1,863,945)
Cash and cash equivalents, beginning of year	<u>3,235,402</u>	<u>1,007,216</u>	<u>-</u>	<u>4,242,618</u>
Cash and cash equivalents, end of year	<u>\$ 2,084,009</u>	<u>\$ 282,354</u>	<u>\$ 12,310</u>	<u>\$ 2,378,673</u>
Classified as:				
Cash and cash equivalents	\$ 1,678,588	\$ 282,354	\$ 12,310	\$ 1,973,252
Restricted assets: cash	405,421	-	-	405,421
	<u>\$ 2,084,009</u>	<u>\$ 282,354</u>	<u>\$ 12,310</u>	<u>\$ 2,378,673</u>

(Continued)

CITY OF TYBEE ISLAND, GEORGIA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	<u>Water and Sewer Fund</u>	<u>River's End RV Park Fund</u>	<u>Solid Waste Collection Fund</u>	<u>Totals</u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities				
Operating income (loss)	\$ (266,329)	\$ 578,789	\$ (131,777)	\$ 180,683
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities				
Depreciation	691,882	64,752	-	756,634
Change in assets and liabilities:				
(Increase) decrease:				
Accounts receivable	(19,553)	-	(4,345)	(23,898)
Inventory	-	(1,808)	-	(1,808)
Prepaid expenses	(56,264)	(9,844)	-	(66,108)
Increase (decrease):				
Accounts payable	136,995	3,875	87,705	228,575
Accrued expenses	1,900	2,519	-	4,419
Customer deposits	16,600	41,079	-	57,679
Net pension liability	(3,705)	(2,511)	-	(6,216)
Due to other funds	-	-	(71,050)	(71,050)
Net cash provided by (used in) operating activities	<u>\$ 501,526</u>	<u>\$ 676,851</u>	<u>\$ (119,467)</u>	<u>\$ 1,058,910</u>
Noncash capital and related financing activities				
Contributions from developers	<u>\$ 56,010</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 56,010</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, 2020**

	<u>Agency Fund Municipal Court</u>
ASSETS	
Cash	\$ 140,196
Total assets	<u>\$ 140,196</u>
 LIABILITIES	
Due to others	\$ 140,196
Total liabilities	<u>\$ 140,196</u>

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

CITY OF TYBEE ISLAND, GEORGIA

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2020

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 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 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, 2020.

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 non-fiduciary 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

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

The **Grant Fund** accounts for the receipts and disbursements of various capital grants received by the City.

The **Special purpose Local Option Sales Tax (“SPLOST”) 03 Fund** accounts for construction of major capital projects financed by SPLOST Proceeds and by the Series 2019 Revenue Bond as described in Note 6.

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 SPLOST.

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

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 *non-operating* 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 non-operating 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 30th 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 because it is at present not considered necessary to assure effective budgetary control or to facilitate effective cash planning and control.

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.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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."

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.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

H. Capital Assets (Continued)

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

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 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.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

K. Deferred Outflows/Inflows of Resources

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 a 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 below, the City did not have any items that qualified for reporting in this category.

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 a 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. Changes in actuarial assumptions, which adjust the net pension liability, are also recorded as deferred outflows of resources and are amortized into pension expense over the expected remaining service lives of plan members. 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.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

M. Fund Equity (Continued)

Fund Balance (Continued)

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.

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.

NOTE 2. LEGAL COMPLIANCE – BUDGETS

The City 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 1st.
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.

NOTES TO FINANCIAL STATEMENTS

NOTE 2. LEGAL COMPLIANCE – BUDGETS (CONTINUED)

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 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.

NOTE 3. CASH AND INVESTMENTS

Total cash and investments as of June 30, 2020, are summarized as follows:

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

Cash and cash equivalents	\$ 12,481,163
Investments	459,432
Restricted cash and cash equivalents	405,421

Amounts as presented on the statement of fiduciary assets and liabilities:

Cash	140,196
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Total	<u>\$ 13,486,212</u>
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Cash deposited with financial institutions	\$ 13,026,780
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Cash deposited with Georgia Fund 1	459,432
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Total	<u>\$ 13,486,212</u>
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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 AAAs by Standard and Poor's.

NOTES TO FINANCIAL STATEMENTS

NOTE 3. CASH AND INVESTMENTS (CONTINUED)

At June 30, 2020, the City had the following investments:

<u>Investments</u>	<u>Maturity</u>	<u>Fair Value</u>
Georgia Fund 1	38 days weighted average	<u>\$ 459,432</u>

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, 2020, 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, 2020, the City was not exposed to custodial credit risk for its investments.

NOTES TO FINANCIAL STATEMENTS

NOTE 4. RECEIVABLES

Property taxes were levied in two installments on September 15, 2019 with a due date of November 15, 2019, and again on April 1, 2020 with a due date of June 1, 2020. 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, 2020, and expected to be collected by August 31, 2020, are recognized as revenues in the year ended June 30, 2020. Net receivables estimated to be collectible subsequent to August 31, 2020, 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	Grant Fund	SPLOST 03 Fund	Nonmajor Governmental Funds	Water and Sewer Fund	Solid Waste Collection Fund	Total
Receivables:								
Taxes	\$ 453,922	\$ 715,609	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,169,531
Due from other governments	118,436	-	116,989	2,813	536,738	-	-	774,976
Accounts	79,253	-	-	-	6,766	287,087	91,300	464,406
Gross receivables	651,611	715,609	116,989	2,813	543,504	287,087	91,300	2,408,913
Less: allowance for uncollectibles	(12,136)	-	-	-	-	(29,557)	(8,361)	(50,054)
Net total receivables	<u>\$ 639,475</u>	<u>\$ 715,609</u>	<u>\$ 116,989</u>	<u>\$ 2,813</u>	<u>\$ 543,504</u>	<u>\$ 257,530</u>	<u>\$ 82,939</u>	<u>\$ 2,358,859</u>

NOTES TO FINANCIAL STATEMENTS

NOTE 5. CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2020, is as follows:

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Governmental activities:					
Capital assets, not being depreciated:					
Land	\$ 1,102,857	\$ -	\$ -	\$ -	\$ 1,102,857
Construction in progress	2,942,105	2,995,135	-	(5,620,302)	316,938
Total capital assets, not being depreciated	<u>4,044,962</u>	<u>2,995,135</u>	<u>-</u>	<u>(5,620,302)</u>	<u>1,419,795</u>
Capital assets, being depreciated:					
Buildings and improvements	8,567,818	110,052	-	3,499,007	12,176,877
Machinery and equipment	6,593,745	675,437	(390,846)	419,627	7,297,963
Infrastructure	3,268,977	1,412,432	-	1,701,668	6,383,077
Total capital assets, being depreciated	<u>18,430,540</u>	<u>2,197,921</u>	<u>(390,846)</u>	<u>5,620,302</u>	<u>25,857,917</u>
Less accumulated depreciation for:					
Buildings and improvements	(2,213,028)	(291,135)	-	379,864	(2,124,299)
Machinery and equipment	(3,874,219)	(720,276)	379,864	(379,864)	(4,594,495)
Infrastructure	(2,077,770)	(146,116)	-	-	(2,223,886)
Total accumulated depreciation	<u>(8,165,017)</u>	<u>(1,157,527)</u>	<u>379,864</u>	<u>-</u>	<u>(8,942,680)</u>
Total capital assets, being depreciated, net	<u>10,265,523</u>	<u>1,040,394</u>	<u>(10,982)</u>	<u>5,620,302</u>	<u>16,915,237</u>
Governmental activities capital assets, net	<u>\$ 14,310,485</u>	<u>\$ 4,035,529</u>	<u>\$ (10,982)</u>	<u>\$ -</u>	<u>\$ 18,335,032</u>

NOTES TO FINANCIAL STATEMENTS

NOTE 5. CAPITAL ASSETS (CONTINUED)

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Transfers</u>	<u>Ending Balance</u>
Business-type activities					
Capital assets, not being depreciated:					
Construction in progress	\$ 265,882	\$ 405,016	\$ -	\$ (265,882)	\$ 405,016
Land	6,973,632	-	-	-	6,973,632
Total capital assets, not being depreciated	<u>7,239,514</u>	<u>405,016</u>	<u>-</u>	<u>(265,882)</u>	<u>7,378,648</u>
Capital assets, being depreciated:					
Land improvements	350,314	-	-	-	350,314
Buildings	477,948	286,614	-	-	764,562
Utility systems and improvements	19,755,938	620,908	(364,839)	265,882	20,277,889
Machinery and equipment	2,148,530	98,975	-	-	2,247,505
Total capital assets, being depreciated	<u>22,732,730</u>	<u>1,006,497</u>	<u>(364,839)</u>	<u>265,882</u>	<u>23,640,270</u>
Less accumulated depreciation for:					
Land improvements	(146,731)	(24,659)	-	-	(171,390)
Buildings	(162,772)	(24,431)	-	-	(187,203)
Utility systems and improvements	(6,232,347)	(570,635)	364,839	-	(6,438,143)
Machinery and equipment	(1,006,620)	(136,909)	-	-	(1,143,529)
Total accumulated depreciation	<u>(7,548,470)</u>	<u>(756,634)</u>	<u>364,839</u>	<u>-</u>	<u>(7,940,265)</u>
Total capital assets, being depreciated, net	<u>15,184,260</u>	<u>249,863</u>	<u>-</u>	<u>265,882</u>	<u>15,700,005</u>
Business-type activities capital assets, net	<u>\$ 22,423,774</u>	<u>\$ 654,879</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 23,078,653</u>

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

Governmental activities:	
General government	\$ 158,524
Public safety	492,292
Public works	239,060
Culture and recreation	267,651
Total depreciation expense - governmental activities	<u>\$ 1,157,527</u>
Business-type activities:	
Water and sewer	\$ 691,882
River's End RV park	64,752
Total depreciation expense - business-type activities	<u>\$ 756,634</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, 2020, is as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental activities					
Revenue bonds payable	\$ 3,410,000	\$ -	\$ (125,000)	\$ 3,285,000	\$ 125,000
Plus bond premium	223,524	-	(17,902)	205,622	-
Total bonds payable	3,633,524	-	(142,902)	3,490,622	125,000
Compensated absences	303,733	436,494	(391,536)	348,691	209,215
Net pension liability	494,333	1,200,757	(694,645)	1,000,445	-
Governmental activity long-term liabilities	<u>\$ 4,431,590</u>	<u>\$ 1,637,251</u>	<u>\$ (1,229,083)</u>	<u>\$ 4,839,758</u>	<u>\$ 334,215</u>
Business-type activities					
Notes payable	\$ 3,204,122	\$ -	\$ (162,411)	\$ 3,041,711	\$ 164,241
Revenue bonds payable	5,986,889	-	(781,088)	5,205,801	798,049
Compensated absences	34,419	72,074	(67,655)	38,838	38,838
Net pension liability	95,422	244,707	(141,572)	198,557	-
Business-type activity long-term liabilities	<u>\$ 9,320,852</u>	<u>\$ 316,781</u>	<u>\$ (1,152,726)</u>	<u>\$ 8,484,907</u>	<u>\$ 1,001,128</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.

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, 2020, 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	\$ 2,866,371
Water and Sewer Refunding Revenue Bonds, Series 2016	3,750,000	2.15%	2026	2,339,430
Chatham County Recreation Authority Revenue Bond, Series 2019	3,410,000	3% - 4%	2039	<u>3,285,000</u>
				8,490,801
		Add unamortized bond premium		205,622
		Less current portion		<u>(923,049)</u>
				<u><u>\$ 7,773,374</u></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.

NOTES TO FINANCIAL STATEMENTS

NOTE 6. LONG-TERM DEBT (CONTINUED)

Revenue Bonds (Continued)

Chatham County Recreation Authority Revenue Bond, Series 2019

The City of Tybee Island entered into an intergovernmental agreement with the Chatham County Recreation Authority to issue the Chatham County Recreation Authority Revenue Bonds (Tybee Island Marine Science Center Project), Series 2019. The Series 2019 bonds were issued on February 14, 2019 to finance a new Tybee Island Marine Science Center in the City, which includes recreational picnic and playground areas, a dune walk, and climbable marine life replicas. These bonds are secured under the provisions of an intergovernmental contract with the City.

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>
2021	\$ 1,148,041	\$ 923,049	\$ 224,992
2022	1,149,288	945,375	203,913
2023	1,150,388	968,080	182,308
2024	1,146,339	986,169	160,170
2025	1,147,289	1,009,650	137,639
2026 – 2030	2,283,846	1,833,488	450,358
2031 – 2035	1,222,450	935,000	287,450
2036 – 2039	980,590	889,990	90,600
	<u>\$ 10,228,231</u>	<u>\$ 8,490,801</u>	<u>\$ 1,737,430</u>

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, 2020:

<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	\$ 1,278,864
Water and sewer improvements	1,361,000	0.89%	2038	1,252,947
Water and sewer improvements	568,973	0.89%	2038	509,900
				<u>3,041,711</u>
			Less current portion	<u>(164,241)</u>
				<u>\$ 2,877,470</u>

NOTES TO FINANCIAL STATEMENTS

NOTE 6. LONG-TERM DEBT (CONTINUED)

Notes Payable (Continued)

Total notes payable service requirements to maturity are as follows:

<u>Fiscal Year Payable</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>
2021	\$ 186,099	\$ 164,241	\$ 21,858
2022	186,664	166,092	20,572
2023	187,232	167,965	19,267
2024	187,808	169,861	17,947
2025	188,389	171,779	16,610
2026 – 2030	950,823	888,465	62,358
2031 – 2035	966,123	939,952	26,171
2036 – 2039	374,657	373,356	1,301
	<u>\$ 3,227,795</u>	<u>\$ 3,041,711</u>	<u>\$ 186,084</u>

NOTE 7. INTERFUND BALANCES AND TRANSFERS

Interfund balances for the fiscal year ended June 30, 2020, consisted of the following:

<u>Due To</u>	<u>Due From</u>			<u>Total</u>
	<u>Grant Fund</u>	<u>Hotel/Motel Tax Fund</u>	<u>Nonmajor Governmental Funds</u>	
General Fund	\$ 90,802	\$ 306,567	\$ 528,123	\$ 925,492
Nonmajor Governmental Funds	-	79,931	-	79,931
Total	<u>\$ 90,802</u>	<u>\$ 386,498</u>	<u>\$ 528,123</u>	<u>\$ 1,005,423</u>

These amounts represent short-term receivables and payables. The balances resulted from the time lag between dates that: 1) interfund goods and services are provided or reimbursable expenditures occur, 2) transactions are recorded in the accounting system, and 3) payments between funds are made.

NOTES TO FINANCIAL STATEMENTS

NOTE 7. INTERFUND BALANCES AND TRANSFERS (CONTINUED)

Interfund transfers for the fiscal year ended June 30, 2020, consisted of the following:

Transfer To	Transfer From			Total
	General Fund	Hotel/Motel Fund	River's End RV Park Fund	
General Fund	\$ -	\$ 1,545,032	\$ 600,000	\$ 2,145,032
Solid Waste Fund	131,777	-	-	131,777
Nonmajor governmental funds	282,011	158,669	-	440,680
Total	\$ 413,788	\$ 1,703,701	\$ 600,000	\$ 2,717,489

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.

NOTE 8. DEFINED BENEFIT PENSION PLAN

Plan Description

The City 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, 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.

NOTES TO FINANCIAL STATEMENTS

NOTE 8. DEFINED BENEFIT PENSION PLAN (CONTINUED)

Plan Description (Continued)

Plan membership. As of January 1, 2020, pension plan membership consisted of the following:

Retirees and beneficiaries currently receiving benefits	50
Terminated employees entitled to benefits but not yet receiving them	58
Active Plan members	<u>106</u>
Total membership in the Plan	<u><u>214</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, 2020, the City's contribution rate was 7.88% of annual payroll. City contributions to the Plan were \$372,670 for the year ended June 30, 2020.

Net Pension Liability of the City

The City's net pension liability was measured as of September 30, 2019. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2019 with updated procedures performed by the actuary to roll forward to the total pension liability measured as of September 30, 2019.

Actuarial assumptions. The total pension liability in the January 1, 2020 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.25%
Projected salary increases	2.25% plus service based merit increases
Net Investment rate of return	7.375%
Cost of living adjustment	2.10%

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.

NOTES TO FINANCIAL STATEMENTS

NOTE 8. DEFINED BENEFIT PENSION PLAN (CONTINUED)

Net Pension Liability of the City (Continued)

The investment return and inflation assumptions used to value the Plan were approved in December 2019 by the Board. The remaining assumptions and methods used to value the Plan were approved in December 2019 by the Board of Trustees based on an experience study for the period January 1, 2015 through June 30, 2019.

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, 2019, are summarized in the following table:

Asset Class	Target allocation	Long-term expected real rate of return*
Domestic equity	45%	6.41%
International equity	20%	6.96%
Domestic fixed income	20%	1.96%
Real estate	10%	4.76%
Global fixed income	5%	3.06%
	100%	

*Rates shown are net of the 2.25% assumed rate of inflation.

Discount rate. The discount rate used to measure the total pension liability was 7.375%. 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.

NOTES TO FINANCIAL STATEMENTS

NOTE 8. DEFINED BENEFIT PENSION PLAN (CONTINUED)

Net Pension Liability of the City (Continued)

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, 2020, were as follows:

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Beginning balances	\$ 10,005,194	\$ 9,415,439	\$ 589,755
<i>Changes for the year:</i>			
Service cost	222,306	-	222,306
Interest	750,299	-	750,299
Differences between expected and actual experience	445,331	-	445,331
Contributions - employer	-	421,734	(421,734)
Net investment income	-	283,751	(283,751)
Benefit payments, including refunds of employee contributions	(447,024)	(447,024)	-
Administrative expense	-	(27,528)	27,528
Other	(130,732)	-	(130,732)
<i>Net changes</i>	840,180	230,933	609,247
Ending balances	\$ 10,845,374	\$ 9,646,372	\$ 1,199,002

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.

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 7.375%, 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 (6.375%) or 1-percentage-point higher (8.375%) than the current rate:

	1% Decrease (6.375%)	Current Discount Rate (7.375%)	1% Increase (8.375%)
City of Tybee Island's net pension liability	\$ 2,647,157	\$ 1,199,002	\$ 3,747

NOTES TO FINANCIAL STATEMENTS

NOTE 8. DEFINED BENEFIT PENSION PLAN (CONTINUED)

Net Pension Liability of the City (Continued)

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, 2019, 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, 2020, the City recognized pension expense of \$335,947. At June 30, 2020, 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	\$ 388,145	\$ (90,438)
Changes in assumptions	230	(98,049)
Net difference between projected and actual earnings on pension plan investments	-	(52,091)
City contributions subsequent to the measurement date	279,502	-
Total	\$ 667,877	\$ (240,578)

NOTES TO FINANCIAL STATEMENTS

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 \$279,502 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, 2021. 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,	
2021	\$ (45,992)
2022	(11,539)
2023	121,243
2024	84,085
Total	<u>\$ 147,797</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

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, 2020, the City paid \$3,887 in such dues. Membership in an RC is required by the O.C.G.A. §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. O.C.G.A. §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, 2020, \$3,293,486 of Hotel/Motel tax was collected. Of the total collected, 100% was used for the promotion of tourism within the City (\$1,029,918 to the Savannah Chamber of Commerce, \$515,114 to the Georgia International Convention Center, \$44,753 to the Tybee Post Theater, \$1,545,032 to the general fund, and \$158,669 to the debt service fund).

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF TYBEE ISLAND, GEORGIA

REQUIRED SUPPLEMENTARY INFORMATION SCHEDULE OF CHANGES IN THE CITY'S NET PENSION LIABILITY AND RELATED RATIOS FOR THE FISCAL YEAR ENDED JUNE 30,

	2020	2019	2018	2017	2016	2015
Total pension liability						
Service cost	\$ 222,306	\$ 259,255	\$ 270,293	\$ 243,211	\$ 271,181	\$ 254,414
Interest on total pension liability	750,299	724,949	678,645	632,774	591,196	559,195
Differences between expected and actual experience	445,331	(180,875)	107,516	55,701	(6,456)	(90,395)
Changes of assumptions	-	-	-	-	-	(2,320)
Benefit payments, including refunds of employee contributions	(447,024)	(409,734)	(404,293)	(331,010)	(307,853)	(308,101)
Other	(130,732)	-	577	27,856	-	-
Net change in total pension liability	840,180	393,595	652,738	628,532	548,068	412,793
Total pension liability - beginning	10,005,194	9,611,599	8,958,861	8,330,329	7,782,261	7,369,468
Total pension liability - ending (a)	10,845,374	10,005,194	9,611,599	8,958,861	8,330,329	7,782,261
Plan fiduciary net position						
Contributions - employer	421,734	433,667	423,061	430,220	450,057	428,260
Net investment income	283,751	850,056	1,123,477	745,075	67,622	651,704
Benefit payments, including refunds of employee contributions	(447,024)	(409,734)	(404,293)	(331,010)	(307,853)	(308,101)
Administrative expenses	(27,528)	(28,995)	(29,890)	(17,953)	(20,168)	(15,776)
Net change in plan fiduciary net position	230,933	844,994	1,112,355	826,332	189,658	756,087
Plan fiduciary net position - beginning	9,415,439	8,570,445	7,458,090	6,631,758	6,442,100	5,686,013
Plan fiduciary net position - ending (b)	9,646,372	9,415,439	8,570,445	7,458,090	6,631,758	6,442,100
City's net pension liability - ending (a) - (b)	\$ 1,199,002	\$ 589,755	\$ 1,041,154	\$ 1,500,771	\$ 1,698,571	\$ 1,340,161
Plan fiduciary net position as a percentage of the total pension liability	88.94%	94.11%	89.17%	83.25%	79.61%	82.78%
Covered payroll	\$ 4,727,282	\$ 4,158,606	\$ 4,497,809	\$ 4,327,782	\$ 3,832,932	\$ 3,837,698
City's net pension liability as a percentage of covered payroll	25.36%	14.18%	23.15%	34.68%	44.32%	34.92%

Notes to the Schedule: The schedule will present 10 years of information once it is accumulated.

CITY OF TYBEE ISLAND, GEORGIA

**REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CITY CONTRIBUTIONS
FOR THE FISCAL YEAR ENDED JUNE 30,**

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Actuarially determined contribution	\$ 372,670	\$ 438,089	\$ 432,193	\$ 420,017	\$ 433,621	\$ 455,536
Contributions in relation to the actuarially determined contribution	<u>372,670</u>	<u>438,089</u>	<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>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 4,727,282	\$ 4,158,606	\$ 4,497,809	\$ 4,327,782	\$ 3,832,932	\$ 3,837,698
Contributions as a percentage of covered payroll	7.88%	10.53%	9.61%	9.71%	11.30%	11.87%

Notes to the Schedule:

Valuation Date	January 1, 2020
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	7.375%
Projected Salary Increases	2.25% plus service based merit increases.
Cost-of-living Adjustment	2.10%
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.

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

COMBINING STATEMENTS AND SCHEDULES

NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

E911 Fund – To account for the operations of the E911 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.

FEMA/GEMA Grant Fund – To account for grants used to recover and repair damages caused by Hurricane Matthew.

CAPITAL PROJECT FUNDS

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.

DEBT SERVICE FUND

Debt Service Fund – To account for the debt payments and debt proceeds of the City.

CITY OF TYBEE ISLAND, GEORGIA

**COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2020**

	Nonmajor Special Revenue Funds	Nonmajor 2014 SPLOST Fund	Nonmajor Debt Service Fund	Total Nonmajor Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 4,588	\$ 934,176	\$ 78,748	\$ 1,017,512
Accounts receivable	6,766	-	-	6,766
Due from other governments	363,012	173,726	-	536,738
Due from other funds	-	-	79,931	79,931
Prepaid expenditures	1,486	-	-	1,486
Total assets	\$ 375,852	\$ 1,107,902	\$ 158,679	\$ 1,642,433
LIABILITIES AND FUND BALANCE				
LIABILITIES				
Accounts payable	\$ 134	\$ 117,735	\$ -	\$ 117,869
Due to other funds	528,123	-	-	528,123
Total liabilities	528,257	117,735	-	645,992
FUND BALANCE				
Nonspendable - prepaid items	1,486	-	-	1,486
Restricted for:				
Public safety vehicles and equipment	4,454	-	-	4,454
Capital projects	-	990,167	-	990,167
Debt service	-	-	158,679	158,679
Unassigned	(158,345)	-	-	(158,345)
Total fund balance	(152,405)	990,167	158,679	996,441
Total liabilities and fund balance	\$ 375,852	\$ 1,107,902	\$ 158,679	\$ 1,642,433

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, 2020**

	Nonmajor Special Revenue Funds	Nonmajor 2014 SPLOST Fund	Nonmajor Debt Service Fund	Total Nonmajor Governmental Funds
Revenues				
Intergovernmental	\$ -	\$ 530,347	\$ -	\$ 530,347
Charges for services	88,568	-	-	88,568
Interest income	-	4,377	-	4,377
Total revenues	<u>88,568</u>	<u>534,724</u>	<u>-</u>	<u>623,292</u>
Expenditures				
Current:				
Public safety	524,683	-	-	524,683
Capital outlay	-	541,425	-	541,425
Debt service:				
Principal	-	-	125,000	125,000
Interest	-	-	120,399	120,399
Total expenditures	<u>524,683</u>	<u>541,425</u>	<u>245,399</u>	<u>1,311,507</u>
Deficiency of revenues under expenditures	<u>(436,115)</u>	<u>(6,701)</u>	<u>(245,399)</u>	<u>(688,215)</u>
Other financing source				
Transfers in	281,751	-	158,929	440,680
Total other financing source	<u>281,751</u>	<u>-</u>	<u>158,929</u>	<u>440,680</u>
Net change in fund balance	(154,364)	(6,701)	(86,470)	(247,535)
Fund balance, beginning of year	<u>1,959</u>	<u>996,868</u>	<u>245,149</u>	<u>1,243,976</u>
Fund balance, end of year	<u>\$ (152,405)</u>	<u>\$ 990,167</u>	<u>\$ 158,679</u>	<u>\$ 996,441</u>

CITY OF TYBEE ISLAND, GEORGIA

**COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2020**

	<u>E911 Fund</u>	<u>Confiscated Assets Fund</u>	<u>FEMA/GEMA Grant Fund</u>	<u>Total Nonmajor Special Revenue Funds</u>
ASSETS				
Cash and cash equivalents	\$ -	\$ 4,588	\$ -	\$ 4,588
Accounts receivable	6,766	-	-	6,766
Due from other governments	-	-	363,012	363,012
Prepaid expenditures	1,486	-	-	1,486
	<u>1,486</u>	<u>-</u>	<u>-</u>	<u>1,486</u>
Total assets	<u>\$ 8,252</u>	<u>\$ 4,588</u>	<u>363,012</u>	<u>\$ 375,852</u>
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts payable	\$ -	\$ 134	\$ -	\$ 134
Due to other funds	7,770	-	520,353	528,123
Total liabilities	<u>7,770</u>	<u>134</u>	<u>520,353</u>	<u>528,257</u>
FUND BALANCE				
Nonspendable - prepaid items	1,486	-	-	1,486
Restricted for:				
Public safety	-	4,454	-	4,454
Unassigned	(1,004)	-	(157,341)	(158,345)
Total fund balance	<u>482</u>	<u>4,454</u>	<u>(157,341)</u>	<u>(152,405)</u>
Total liabilities and fund balance	<u>\$ 8,252</u>	<u>\$ 4,588</u>	<u>\$ 363,012</u>	<u>\$ 375,852</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, 2020**

	<u>E911 Fund</u>	<u>Confiscated Assets Fund</u>	<u>FEMA/GEMA Grant Fund</u>	<u>Total Nonmajor Special Revenue Funds</u>
Revenues				
Charges for services	\$ 75,874	\$ 12,694	\$ -	\$ 88,568
Total revenues	<u>75,874</u>	<u>12,694</u>	<u>-</u>	<u>88,568</u>
Expenditures				
Current:				
Public safety	357,642	9,700	157,341	524,683
Total expenditures	<u>357,642</u>	<u>9,700</u>	<u>157,341</u>	<u>524,683</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(281,768)</u>	<u>2,994</u>	<u>(157,341)</u>	<u>(436,115)</u>
Other financing source				
Transfers in	281,751	-	-	281,751
Total other financing source	<u>281,751</u>	<u>-</u>	<u>-</u>	<u>281,751</u>
Net change in fund balance	(17)	2,994	(157,341)	(154,364)
Fund balance, beginning of year	<u>499</u>	<u>1,460</u>	<u>-</u>	<u>1,959</u>
Fund balance, end of year	<u>\$ 482</u>	<u>\$ 4,454</u>	<u>\$ (157,341)</u>	<u>\$ (152,405)</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, 2020**

Project	Estimated Cost		Expenditures		Cumulative Total
	Original	Current	Prior Years	Current Year	
Public Safety					
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	867,347	882,347	-	882,347
Fire department equipment	630,000	246,431	230,792	-	230,792
Police department equipment	-	41,000	27,843	-	27,843
Water and Sewer					
Various projects	1,554,000	-	-	-	-
Street and Infrastructure					
Street paving and repair	550,000	159,561	71,856	-	71,856
Marsh Hen Trail/Highway 80 bike trail	47,000	46,242	34,072	6,543	40,615
Drainage project - various	-	196,030	21,736	-	21,736
Street sweeper equipment	-	180,000	180,000	-	180,000
Cultural and Recreation					
Memorial Park pavilion building	32,000	45,997	45,997	-	45,997
Memorial Park restroom building	-	212,872	212,872	-	212,872
Playground equipment	120,000	195,390	195,390	-	195,390
Tybee Arts Association - audio/video	-	54,018	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	-	460,000	139,409	534,882	674,291
Various projects	332,000	-	-	-	-
Beach Related					
Mobile Mats	20,000	-	-	-	-
Beach crossovers	-	224,770	224,769	-	224,769
Future projects	-	248,039	-	-	-
	<u>\$ 4,200,000</u>	<u>\$ 3,725,694</u>	<u>\$ 2,842,100</u>	<u>\$ 541,425</u>	<u>\$ 3,383,525</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, 2020**

Project	Estimated Cost		Expenditures		Cumulative Total
	Original	Current	Prior Years	Current Year	
Drainage					
Drainage reconstruction/maintenance North Beach area	\$ 200,000	\$ 559	\$ 559	\$ -	\$ 559
14th Street drainage project	-	966,226	966,226	-	966,226
Water and Sewer Improvements					
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
Roads					
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	-	21,717	21,717	-	21,717
Public Safety					
Public safety facility	500,000	294,402	294,402	-	294,402
Fire department equipment	-	163,310	163,310	-	163,310
Beach Related					
Beach renourishment	1,000,000	1,000,000	1,000,000	-	1,000,000
Community Development					
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	601,908	561,574	2,677,005	3,238,579
South Beach Business District	-	764,381	764,381	-	764,381
Other					
Other capital equipment	190,354	-	-	-	-
	<u>\$ 6,515,354</u>	<u>\$ 7,354,160</u>	<u>\$ 7,313,826</u>	<u>\$ 2,677,005</u>	<u>\$ 9,990,831</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***

**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, 2020, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated December 15, 2020

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City's internal control over financial reporting (internal control) as a basis for designing 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's internal control. Accordingly, we do not express an opinion on the effectiveness of the City'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.

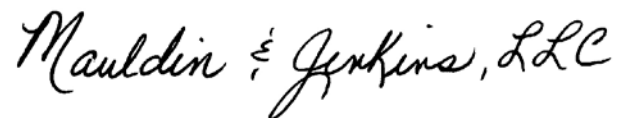
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit, we did not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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City'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 financial statements. 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".

Savannah, Georgia
December 15, 2020

CITY OF TYBEE ISLAND, GEORGIA

**SCHEDULE OF FINDINGS AND RESPONSES
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

**SECTION I
SUMMARY OF AUDIT RESULTS**

Financial Statements

Type of auditor's report issued

Unmodified

Internal control over financial reporting:

Material weaknesses identified?

Yes No

Significant deficiencies identified not considered
to be material weaknesses?

Yes None Reported

Noncompliance material to financial statements noted?

Yes No

Federal Awards

There was not an audit of major federal award programs as of June 30, 2020, due to the total amount expended being less than \$750,000.

**SECTION II
FINANCIAL STATEMENT FINDINGS AND RESPONSES**

None reported.

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

Not applicable.

CITY OF TYBEE ISLAND, GEORGIA
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

None reported.