

City of Tybee Island, Georgia
Financial Statements
and
Independent Auditors' Report
For the year ended December 31, 2002

City of Tybee Island, Georgia
Annual Financial Report
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For the year ended December 31, 2002

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INDEPENDENT AUDITORS' REPORT

To the Mayor and Council
City of Tybee Island, Georgia

Pre-645334

We have audited the accompanying general purpose financial statements of the City of Tybee Island, Georgia as of December 31, 2002, and for the year then ended, as listed in the table of contents. These general purpose financial statements are the responsibility of the City's management. Our responsibility is to express an opinion on these general purpose 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 general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general purpose financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the City of Tybee Island, Georgia, as of December 31, 2002, and the results of its operations and cash flows of its proprietary fund type for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Governmental Auditing Standards*, we have also issued a report dated May 19, 2003 on our consideration of the City of Tybee Island, Georgia's internal control structure over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Audit Standards* and should be read in conjunction with this report in considering the results of our audit.

Our audit was conducted for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The combining and individual fund financial statements and schedules listed in the table of contents are presented for the purposes of additional analysis and are not a required part of the general purpose financial statements of the City of Tybee Island, Georgia. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly presented in all material respects in relation to the general purpose financial statements taken as a whole.

Karp, Ronning & Tindol, P.C.

Karp, Ronning & Tindol, P.C.

Savannah, Georgia
May 19, 2003

City of Tybee Island, Georgia
 Combined Balance Sheet – All Fund Types and Account Groups
 December 31, 2002

	Governmental Fund Types			Proprietary Fund Type	Account Groups	
	General	Special Revenue	Capital Projects	Enterprise	General Fixed Assets	General Long-term Debt
Assets and other debits						
Assets:						
Cash and cash equivalents	\$ 2,469,537	\$ 459,439	\$ 1,893,477	\$ 974,150	\$ -	\$ -
Receivables - net of allowance for uncollectibles						
Taxes	657,182	-	-	-	-	-
Accounts	-	-	-	179,706	-	-
Other	13,016	-	-	-	-	-
Due from other funds	421,515	-	35,351	65,428	-	-
Due from other governments	-	-	-	-	-	-
Prepaid items	39,220	-	-	4,358	-	-
Restricted assets:						
Cash and cash equivalents	-	-	-	333,808	-	-
Advances to other funds	624,709	-	-	-	-	-
Plant and equipment - net, where applicable of accumulated depreciation	-	-	-	8,411,016	4,785,384	-
Other assets - net of amortization	-	-	-	56,331	-	-
Other debits:						
Amount to be provided for retirement of general long-term debt	-	-	-	-	-	751,714
Total assets and other debits	\$ 4,225,179	\$ 459,439	\$ 1,928,828	\$ 10,024,797	\$ 4,785,384	\$ 751,714
Liabilities, equity and other credits						
Liabilities:						
Accounts payable	\$ 171,456	\$ 36,840	\$ 442	\$ 99,853	\$ -	\$ -
Accrued payables	-	-	-	-	-	-
Due to other funds	35,351	382,453	66,346	38,144	-	-
Compensated absences payable	-	-	-	16,291	-	93,197
Current portion of long-term debt	-	-	-	475,261	-	-
Payable from restricted assets:						
Accrued interest	-	-	-	9,276	-	-
Current portion of revenue bonds	-	-	-	80,000	-	-
Advances from other funds	-	-	-	624,709	-	-
Long-term debt	-	-	-	4,802,279	-	658,517
Deferred revenue	215,368	-	-	-	-	-
Total liabilities	422,175	419,293	66,788	6,145,813	-	751,714
Equity and other credits:						
Investment in general fixed assets	-	-	-	-	4,785,384	-
Contributed capital	-	-	-	1,846,903	-	-
Retained earnings:						
Reserved for revenue bond retirement	-	-	-	285,331	-	-
Reserved for renewal and extension	-	-	-	48,477	-	-
Unreserved	-	-	-	1,698,273	-	-
Fund balances:						
Reserved for prepaid items	39,220	-	-	-	-	-
Reserved for grants	95,172	40,146	-	-	-	-
Reserved for non-current interfund advances	624,709	-	-	-	-	-
Reserved for special 1% sales tax projects	-	-	1,862,040	-	-	-
Designated for gym construction	700,414	-	-	-	-	-
Designated for storm drainage	40,000	-	-	-	-	-
Designated for greenspace	15,390	-	-	-	-	-
Unreserved, undesignated	2,288,099	-	-	-	-	-
Total equity and other credits	3,803,004	40,146	1,862,040	3,878,984	4,785,384	-
Total liabilities, equity and other credits	\$ 4,225,179	\$ 459,439	\$ 1,928,828	\$ 10,024,797	\$ 4,785,384	\$ 751,714

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

City of Tybee Island, Georgia
 Combined Statement of Revenues, Expenditures, and
 Changes in Fund Balances – All Governmental Fund Types
 For the Year Ended December 31, 2002

	Governmental Fund Types		
	General	Special Revenue	Capital Projects
Revenues:			
Taxes	\$ 2,425,127	\$ 883,293	\$ 866,153
Licenses and permits	165,990	-	-
Intergovernmental revenues	77,752	-	-
Charges for services	1,464,474	-	-
Fines, forfeitures and fees	245,673	-	-
Investment income	70,864	-	30,825
Miscellaneous revenue	191,901	-	-
Total revenues	<u>4,641,781</u>	<u>883,293</u>	<u>896,978</u>
Expenditures:			
Current:			
General government	812,583	-	-
Judicial	22,882	-	-
Public safety	1,315,712	-	-
Public works	1,394,491	-	-
Health and welfare	2,222	-	-
Culture and recreation	313,151	-	-
Housing and development	421,734	822,474	-
Total current	<u>4,282,775</u>	<u>822,474</u>	<u>-</u>
Capital outlay:			
General government	71,319	-	-
Public safety	208,423	-	160,000
Public works	21,223	-	17,351
Culture and recreation	14,684	-	-
Housing and development	30,060	-	-
Total capital outlay	<u>345,709</u>	<u>-</u>	<u>177,351</u>
Debt service:			
Principal	47,652	-	400,000
Interest	4,029	-	29,571
Total debt service	<u>51,681</u>	<u>-</u>	<u>429,571</u>
Total expenditures	<u>4,680,165</u>	<u>822,474</u>	<u>606,922</u>
Excess (deficiency) of revenues over expenditures	<u>(38,384)</u>	<u>60,819</u>	<u>290,056</u>
Other financing sources (uses):			
Operating transfer in	442,554	-	-
Operating transfer out	-	(442,554)	(37,388)
Sale of surplus property	621	-	-
Total financing sources (uses):	<u>443,175</u>	<u>(442,554)</u>	<u>(37,388)</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	404,791	(381,735)	252,668
Fund balances - beginning of year	<u>3,398,213</u>	<u>421,881</u>	<u>1,609,372</u>
Fund balances - end of year	<u>\$ 3,803,004</u>	<u>\$ 40,146</u>	<u>\$ 1,862,040</u>

City of Tybee Island, Georgia
 Combined Statement of Revenues, Expenditures, and
 Changes in Fund Balance - Budget and Actual - General and Special Revenue Funds
 For the Year Ended December 31, 2002

	General Fund			Special Revenue Funds		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
Revenues:						
Taxes	\$ 2,475,900	\$ 2,425,127	\$ (50,773)	\$ 884,000	\$ 883,293	\$ (707)
Licenses and permits	93,350	165,990	72,640	-	-	-
Intergovernmental revenues	179,000	77,752	(101,248)	-	-	-
Charges for services	1,404,150	1,464,474	60,324	-	-	-
Fines, forfeitures and fees	235,000	245,673	10,673	-	-	-
Investment income	60,000	70,864	10,864	-	-	-
Miscellaneous revenue	176,100	191,901	15,801	-	-	-
Total revenues	4,623,500	4,641,781	18,281	884,000	883,293	(707)
Expenditures:						
Current:						
General government	886,051	812,583	73,468	-	-	-
Judicial	23,036	22,882	154	-	-	-
Public safety	1,349,640	1,315,712	33,928	-	-	-
Public works	1,396,016	1,394,491	1,525	-	-	-
Health and welfare	4,000	2,222	1,778	-	-	-
Culture and recreation	386,250	313,151	73,099	-	-	-
Housing and development	428,032	421,734	6,298	-	-	-
Total current	4,473,025	4,282,775	190,250	862,620	822,474	40,146
Capital outlay:						
General government	118,575	71,319	47,256	-	-	-
Public safety	233,000	208,423	24,577	-	-	-
Public works	121,000	21,223	99,777	-	-	-
Culture and recreation	176,000	14,684	161,316	-	-	-
Housing and development	45,500	30,060	15,440	-	-	-
Total capital outlay	694,075	345,709	348,366	-	-	-
Debt service:						
Principal	47,652	47,652	-	-	-	-
Interest	4,029	4,029	-	-	-	-
Total debt service	51,681	51,681	-	-	-	-
Total expenditures	5,218,781	4,680,165	538,616	862,620	822,474	40,146
Excess (deficiency) of revenues over expenditures	(595,281)	(38,384)	556,897	21,380	60,819	39,439
Other financing sources (uses):						
Capital lease proceeds	90,281	-	(90,281)	-	-	-
Operating transfer in	360,000	442,554	82,554	-	-	-
Operating transfer (out)	-	-	-	(443,261)	(442,554)	707
Sale of surplus property	5,000	621	(4,379)	-	-	-
Total financing sources (uses):	455,281	443,175	(12,106)	(443,261)	(442,554)	707
Excess (deficiency) of revenues and other sources over expenditures and other uses	(140,000)	404,791	544,791	(421,881)	(381,735)	40,146
Fund balances - beginning of year	3,398,213	3,398,213	-	421,881	421,881	-
Fund balances - end of year	\$ 3,258,213	\$ 3,803,004	\$ 544,791	\$ -	\$ 40,146	\$ 40,146

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City of Tybee Island, Georgia
Statement of Revenues, Expenses, and
Changes in Retained Earnings – Water and Sewer Enterprise Fund
For the Year Ended December 31, 2002

Operating revenues:	
Water charges	\$ 606,620
Sewer charges	668,455
Stubbing fees	24,100
Tapping fees	31,390
Aid to construction	72,886
Other	99,167
	99,167
	Total operating revenues
	1,502,618
Operating expenses:	
Personnel services	358,082
Administrative services	86,837
Depreciation	378,893
Repairs and maintenance	77,724
Utilities	113,219
Operating supplies	37,416
Other	99,214
	99,214
	Total operating expenses
	1,151,385
	Operating income (loss)
	351,233
Nonoperating revenues (expenses)	
Interest earned on investments	5,893
Bond issuance costs	(4,199)
Interest expense	(155,070)
	(155,070)
	Total nonoperating revenues (expenses)
	(153,376)
Income before operating transfers	197,857
Operating transfer in	37,388
	37,388
Net income	235,245
Retained earnings, beginning of year	1,796,836
	1,796,836
Retained earnings, end of year	\$ 2,032,081

City of Tybee Island, Georgia
Statement of Cash Flows
Water and Sewer Enterprise Fund
For the Year Ended December 31, 2002

Cash flows from operating activities:	
Cash received from customers	\$ 1,469,645
Cash paid to vendors	(594,954)
Cash paid to employees	(354,298)
Net cash provided by operating activities	<u>520,393</u>
Cash flows from noncapital financing activities:	
Operating transfers from other funds	37,388
Interfund borrowings	(92,102)
Net cash used by noncapital financing activities	<u>(54,714)</u>
Cash flows from capital and related financing activities:	
Proceeds of borrowing for capital purposes	1,009,728
Principal payments - bonds payable	(80,000)
Principal payments - notes payable	(28,690)
Principal payments - capital leases	(6,252)
Interest paid	(155,437)
Acquisition, construction, or improvement of capital assets	(845,620)
Net cash used by capital and related financing activities	<u>(106,271)</u>
Cash flows from investing activities:	
Interest received	5,893
Net cash provided by investing activities	<u>5,893</u>
Net increase (decrease) in cash and cash equivalents	365,301
Cash and cash equivalents, beginning of year	942,657
Cash and cash equivalents, end of year	<u>\$ 1,307,958</u>
Operating income (loss)	<u>\$ 351,233</u>
Adjustments to reconcile operating income to	
net cash provided by operating activities:	
Depreciation expense	378,893
(Increase) decrease in accounts receivable	(32,973)
(Increase) decrease in prepaid items	(950)
Increase (decrease) in accounts payable and accrued expenses	(179,594)
Increase (decrease) in compensated absences	3,784
Total adjustments	<u>169,160</u>
Net cash provided by operating activities	<u>\$ 520,393</u>

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Tybee Island, Georgia was organized October 15, 1887. The City operates under a council-administrator form of government and provides the following services as authorized by its charter: general administrative services, public safety (police and fire), highways and streets, sanitation, health and social services, culture and recreation, education, public improvements, and planning and zoning.

The accounting policies of the City of Tybee Island, Georgia conform to generally accepted accounting principles as applicable to governments. The following is a summary of the more significant policies:

A. Reporting Entity

Governmental Accounting Standards Board Statement No. 14 defines the reporting entity for determining which potential component units should be included in a primary government's financial statements. Inclusion is based on financial accountability or the fact that exclusion would make the financial statements misleading or incomplete. The criteria for determining financial accountability includes appointing a voting majority of an organization's governing body and (1) the ability of the City to impose it will on that organization or (2) the potential for the organization to provide specific financial benefits to, or impose financial burdens on the City. Using the above criteria, the City has no component units.

1. Joint Venture

Under Georgia law, the City is a member of the Coastal Georgia Regional Development Commission and is required to pay annual dues thereto. During the year ended December 31, 2002, the City paid \$2,290 in such dues. Membership in an RDC is required by the Official Code of Georgia Annotated (OCGA) Section 50-8-34 which provides for the organizational structure of the RDC in Georgia. The RDC Board membership includes the chief elected official of each county and municipality of the area. OCGA 50-8-39.1 provides that the member governments are liable for any debts or obligations of an RDC. Separate financial statements may be obtained from Coastal Georgia Regional Development Commission, Post Office Box 1917, Brunswick, Georgia 30904.

B. Measurement Focus, Basis of Accounting and Basis of Presentation

The accounts of the City are organized on the basis of funds and account groups, each of which is considered a separate accounting entity. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds is maintained consistent with the legal and managerial requirements. Account groups are a reporting device to account for certain assets and liabilities of the governmental funds not recorded directly in those funds.

The City has the following fund types and account groups:

Governmental funds are used to account for the City's general government activities. Governmental fund types use the flow of current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting revenues are recognized when susceptible to accrual (i.e., when they are "measurable and available"). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period. The City considers all revenues

available if they are collected within 60 days after year-end. Expenditures are recorded when the related fund liability is incurred, except for unmatured interest on general long-term debt which is recognized when due, and certain compensated absences and claims and judgements which are recognized when the obligations are expected to be liquidated with expendable available financial resources.

Property taxes, sanitation fees, grants from other governments, and interest on investments are susceptible to accrual. Revenue from sales tax, fines, forfeits and penalties, and franchise fees become measurable and available when cash is received by the City and are recognized as revenue at that time.

Governmental funds include the following fund type:

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 *special revenue funds* are used to account for proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.

The *capital projects funds* account for the receipt and use of the One Percent Special Local Option Sales Tax proceeds.

Proprietary funds are accounted for on the flow of economic resources measurement focus and use the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded at the time the liabilities are incurred. Governmental Accounting and Standards Board (GASB) Statement #20, Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities that Use Proprietary Funds, provides proprietary activities with a choice of authoritative guidance issued after November 30, 1989. The City has elected to follow GASB pronouncements exclusively after that date.

Proprietary funds include the following fund type:

The *enterprise fund* is used to account for those operations that are financed and operated in a manner similar to private business or where the governing body has decided that determination of revenues earned, costs incurred and/or net income is necessary for management accountability.

Account Groups. The *general fixed assets account group* is used to account for fixed assets not accounted for in the proprietary funds. The *general long-term debt account group* is used to account for general long-term debt and certain other liabilities that are not specific liabilities of the proprietary funds.

C. Assets, Liabilities and Equity

1. Deposits and Investments

The City's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

State statutes authorize the City to invest in obligations of the United States Government and agencies of corporations of the United States Government; 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 Georgia Fund I. Georgia Fund I was created under

OCGA 36-83-8 and operates in a manner consistent with Rule 2a-7 of the Investment Company Act of 1940 and is considered to be a 2a-7 like pool. The pool is not registered with the SEC as an investment company. The Office of Treasury and Fiscal Services is the State of Georgia regulatory agency providing oversight for the pool. The fair value of the City's position in the pool is the same as the value of pool shares (\$1 per share value).

All investments are reported at fair value.

2. Receivables and Payables

All property tax and trade receivables are shown net of an allowance for uncollectibles. The property tax receivable allowance is \$17,700 at December 31, 2002.

Property values assessed on January 1, 2002 and taxes were levied on September 4, 2002. Tax bills are rendered in two installments on April 30th and October 31st and are due 60 days after the respective installment date. Property taxes are considered past due 60 days after the second installment date at which time the applicable property is subject to lien and penalties and interest are assessed.

3. Interfund Receivables and Payables

Short-term amounts owed between funds are classified as "due to/from other funds". Interfund loans are classified as "advances to/from other funds" and are offset by a fund balance reserve account.

4. Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

5. Restricted Assets

Certain proceeds of enterprise fund revenue bonds, as well as certain resources set aside for their repayment, are classified as restricted assets on the balance sheet because their use is limited by applicable bond covenants. The Sinking Fund is used to segregate resources accumulated for debt service payments. The Renewal and Extension Fund is used to report resources set aside to fund asset renewals and replacements.

6. Fixed Assets

Fixed assets used in governmental fund types of the City are recorded in the general fixed assets account group at cost or estimated historical cost if purchased or constructed. Donated fixed assets are recorded at their estimated fair market value at the date of donation. Assets in the general fund fixed asset account group are not depreciated.

Public domain (infrastructure) general fixed assets (i.e., roads, bridges, sidewalks and other assets that are immovable and of value only to the City) are not capitalized.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not included in the general fixed asset group or capitalized in the proprietary fund.

Property, plant and equipment in the proprietary fund of the City are recorded at cost. Property, plant and equipment donated to the proprietary fund type operations are recorded at their estimated fair market value at the date of donation.

Major outlays for capital assets and improvements are capitalized in the proprietary fund as projects are constructed. Interest incurred during the construction phase of proprietary fund fixed assets is reflected in the capitalized value of the asset constructed, net of interest earned on the invested proceeds over the same period.

Property, plant and equipment are depreciated in the proprietary fund of the City using the straight-line method over the following useful lives:

Assets	Years
Utility plant in service	5 – 50
Other equipment	3 – 10

7. Compensated Absences

It is the City's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. No liability is reported for unpaid accumulated sick leave. Vacation pay is accrued when incurred in the proprietary fund and reported as a fund liability. Vacation pay that is expected to be liquidated with expendable available financial resources is reported as an expenditure and a fund liability of the governmental fund. Amounts not expected to be liquidated with expendable available financial resources are reported in the general long-term debt account group. No expenditure is reported for these amounts.

8. Long-term Obligation

The City reports long-term debt of governmental funds at face value in the general long-term debt account group. Certain other governmental fund obligations not expected to be financed with current available financial resources are also reported in the general long-term debt account group. Long-term debt and other obligations financed by the proprietary funds are reported as liabilities in the appropriate funds.

Bond issuance costs are amortized over the life of the bonds using the straight-line method.

9. Fund Equity

Reservations of fund balance represent amounts that are not appropriable or are legally segregated for a specific purpose. Reservations of retained earnings are limited to outside third-party restrictions. Designations of fund balance represent tentative management plans that are subject to change. The proprietary fund's contributed capital represents equity acquired through capital grants and capital contributions from other governments, developers, customers or other funds.

10. Interfund Eliminations

Interfund eliminations have not been made in the aggregation of this data.

11. Comparative Data / Reclassifications

Comparative total data for the prior year have been presented in selected sections of the accompanying financial statements in order to provide an understanding of the changes in the City's financial position and operations. Also, certain amounts presented in the prior year data have been reclassified in order to be consistent with the current year's presentation.

II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

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 January 1st. The operating budget includes the proposed expenditures and the means of financing them.
2. A public hearing is held prior to the beginning of the fiscal year to obtain taxpayer comments.
3. Prior to the beginning of the fiscal year, the budget is legally enacted through passage of a resolution.
4. Formal budgetary integration is employed as a management control device during the year for the general fund, special revenue funds and capital project fund.
5. The budget for the general fund and special revenue funds are adopted on a basis consistent with generally accepted accounting principles (GAAP). Project length budgets are adopted for the capital projects fund.
6. The governing council must approve all revisions. Budget amounts are as originally adopted or modified by the governing council.
7. Appropriations lapse at year end; however, reappropriation of amounts to cover significant expenditures is made by Mayor and Council during the fiscal year as an amendment to the budget.
8. The legal level of budgetary control (level at which expenditures may not legally exceed the budget) is the department level.

Encumbrances represent commitments related to unperformed contracts for goods or services. Since no significant encumbrances exist at year-end, encumbrance accounting – under which purchase orders, contracts and other commitments for the expenditure of resources are recorded to reserve that portion of the applicable appropriation – is not utilized.

III. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS

A. Deposits and Investments

The carrying amount of the City's cash-on-hand and deposits with financial institutions was \$2,245,357 and the bank balance was \$2,659,059. The bank balance was categorized as follows:

Amount insured by the FDIC or collateralized with securities held by the City in its name	\$ 300,000
Amount collateralized with securities held by the pledging financial institution's trust department in the City's name	<u>2,359,059</u>
Total bank balance	<u>\$ 2,659,059</u>

Investments at December 31, 2002, were \$3,885,054, which was deposited with the State of Georgia's Local Government Investment Pool.

City of Tybee Island, Georgia
Notes to Financial Statements

B. Receivables

Receivables as of year-end, including the applicable allowances for uncollectible accounts are as follows:

Receivable	General	Enterprise	Total
Taxes	\$ 674,882	\$ -	\$ 674,882
Accounts	-	186,173	186,173
Other	13,016	-	13,016
Gross receivable	687,898	186,173	874,071
Less: allowance for uncollectibles	(17,700)	(6,467)	(24,167)
Net total receivables	<u>\$ 670,198</u>	<u>\$ 179,706</u>	<u>\$ 849,904</u>

C. Fixed Assets

A summary of changes in the general fixed asset account group for the year ended December 31, 2002, was as follows:

Asset Class	Balance 12/31/2001	Additions	Deletions	Balance 12/31/2002
Land	\$ 207,322	\$ -	\$ -	\$ 207,322
Building	1,169,640	-	-	1,169,640
Equipment	3,042,122	366,300	-	3,408,422
Totals	<u>\$ 4,419,084</u>	<u>\$ 366,300</u>	<u>\$ -</u>	<u>\$ 4,785,384</u>

A summary of changes in proprietary fund type fixed assets for the City at December 31, 2002 follows:

Asset Class	Balance 12/31/2001	Additions	Deletions	Balance 12/31/2002
Land	\$ 98,335	\$ -	\$ -	\$ 98,335
Utility plant in service	8,574,356	3,086,576	-	11,660,932
Equipment	475,826	-	-	475,826
Construction in process	2,240,956	748,232	2,989,188	-
Totals	<u>\$ 11,389,473</u>	<u>\$ 3,834,808</u>	<u>\$ 2,989,188</u>	12,235,093
			Accumulated depreciation	<u>(3,824,077)</u>
			Plant and equipment - net	<u>\$ 8,411,016</u>

D. Interfund Receivables and Payables

Current Amounts Due To/From. The composition of current interfund balances as of December 31, 2002, is as follows:

Receivable Fund	Payable Fund	Amount
General	Hotel - Motel	\$ 370,002
General	Grant	12,451
General	SPLOST	918
General	Water and Sewer	38,144
SPLOST	General	35,351
Water and Sewer	SPLOST	65,428
		<u>\$ 522,294</u>

City of Tybee Island, Georgia
Notes to Financial Statements

Advances and Loans. Interfund advances and loans at December 31, 2002 are as follows:

Receivable Fund	Payable Fund	Amount
General	Water and Sewer	\$ 624,709

E. Leases

Capital Leases. The following is an analysis of the leased property under capital leases by major classes:

Asset Description	General Long-term Debt
Vehicles.....	\$ 101,156

The future minimum lease obligations and the net present value of these minimum lease payments as of December 31, 2002, were as follows:

Year Ending December 31,	General Long-term Debt		
	Principal	Interest	Total
2003	\$ 36,985	\$ 2,047	\$ 39,032
2004	21,532	418	21,950
2005	-	-	-
2006	-	-	-
2007	-	-	-
Total	\$ 58,517	\$ 2,465	\$ 60,982

F. Long-term Debt

Changes in General Long-term Liabilities. During the year ended December 31, 2002, the following changes occurred in liabilities reported in the general long-term debt account group:

Liability Description	Balance 12/31/2001	Additions	Deletions	Balance 12/31/2002
Capital leases	\$ 106,171	\$ -	\$ 47,654	\$ 58,517
Beach Renourishment advance	1,000,000	-	400,000	600,000
Compensated absences	97,847	-	4,650	93,197
	\$ 1,204,018	\$ -	\$ 452,304	\$ 751,714

Beach Renourishment Loan. The City has entered into a loan agreement with Chatham County, Georgia for a principal amount of \$1,000,000. The proceeds were used to finance the City's share of costs related to certain beach renourishment projects. The City, as security for a source of repayment, has pledged an amount equal to the principal, proceeds that the City anticipates receiving as a result of any distribution from the 1998 - 2003 One Percent Special Local Option Sales Tax. The term of the loan agreement is not to exceed November 30, 2003 at which time the entire outstanding principal amount together with any accrued interest shall be due and payable unless paid sooner by the City. The interest rate is 3 ½ % per annum.

City of Tybee Island, Georgia
Notes to Financial Statements

Changes in Proprietary Fund Type Long-term Liabilities. The following is a summary of changes in the long-term debt of the Water and Sewer fund for the year ended December 31, 2002:

Liability Description	Balance 12/31/2001	Additions	Deletions	Balance 12/31/2002
Water and Sewer Revenue				
Bonds, Series 1994	\$ 1,810,000	\$ -	\$ 80,000	\$ 1,730,000
GEFA Loans	664,815	-	28,689	636,126
SRF Loan	1,981,686	1,009,728	-	2,991,414
Capital Lease	6,252	-	6,252	-
	<u>\$ 4,462,753</u>	<u>\$ 1,009,728</u>	<u>\$ 114,941</u>	<u>\$ 5,357,540</u>

Revenue Bonds. The City also issues bonds where the City pledges income derived for the acquired or constructed assets to pay debt service.

GEFA and SRF Loans. The City has entered into loan agreements with the Georgia Environmental Facilities Authority (GEFA), a state agency. The GEFA makes low interest long-term loans to fund improvements to publicly owned water and sewer systems.

The following shows the details of Water and Sewer fund long-term liabilities through December 31, 2002:

Liability Description / Purpose	Original Amount	Interest Rate	Balance 12/31/2002
Water and Sewer Revenue Bonds, Series 1994	\$ 2,205,000	4.30% - 6.75%	\$ 1,730,000
1984 GEFA - Water and Sewer Improvements	304,804	6.80%	186,692
1998 GEFA - Elevated Water Tank	453,800	4.55%	449,434
2000 SRF - Wastewater Treatment Plant Upgrade	2,991,414	3.00%	2,991,414
			5,357,540
			Less: current portion
			(555,261)
			Long-term amount \$ 4,802,279

The annual aggregate maturities for each debt obligation for the years subsequent to December 31, 2002, are as follows:

General Long-term Debt Account Group maturities:

Year Ending December 31,	Beach Renourishment Advance		
	Principal	Interest	Total
2003	\$ 600,000	\$ 23,733	\$ 623,733
2004	-	-	-
2005	-	-	-
2006	-	-	-
2007	-	-	-
Total	\$ 600,000	\$ 23,733	\$ 623,733

City of Tybee Island, Georgia
Notes to Financial Statements

Proprietary Fund Type Long-term maturities:

Revenue Bonds

Year Ending December 31,	Water and Sewer Revenue Series 1994		
	Principal	Interest	Total
2003	\$ 80,000	\$ 108,704	\$ 188,704
2004	85,000	103,986	188,986
2005	90,000	98,853	188,853
2006	95,000	93,315	188,315
2007	100,000	87,382	187,382
2008 - 2012	620,000	326,908	946,908
2013 - 2017	660,000	88,783	748,783
Total	<u>\$ 1,730,000</u>	<u>\$ 907,931</u>	<u>\$ 2,637,931</u>

GEFA Loans

Year Ending December 31,	1984 GEFA Loan		1998 GEFA Loan		
	Principal	Interest	Principal	Interest	Total
2003	\$ 13,075	\$ 12,366	\$ 449,434	\$ 5,112	\$ 479,987
2004	13,987	11,454	-	-	25,441
2005	14,962	10,479	-	-	25,441
2006	16,006	9,435	-	-	25,441
2007	17,123	8,319	-	-	25,442
2008 - 2012	105,285	21,921	-	-	127,206
2013 - 2017	6,254	106	-	-	6,360
Total	<u>\$ 186,692</u>	<u>\$ 74,080</u>	<u>\$ 449,434</u>	<u>\$ 5,112</u>	<u>\$ 715,318</u>

Year Ending December 31,	2000 SRF Loan		
	Principal	Interest	Total
2003	\$ 12,752	\$ 90,371	\$ 103,123
2004	118,207	88,038	206,245
2005	121,793	84,452	206,245
2006	125,488	80,757	206,245
2007	129,295	76,950	206,245
2008 - 2012	707,753	323,472	1,031,225
2013 - 2017	821,831	209,394	1,031,225
2018 - 2022	954,295	76,929	1,031,224
Total	<u>\$ 2,991,414</u>	<u>\$ 1,030,363</u>	<u>\$ 4,021,777</u>

G. Contributed Capital

The changes in the City's contributed capital accounts for its proprietary fund were as follows:

Contributed capital, beginning of year	\$ 1,846,903
Contributing sources:	
Other governments	-
Others	-
Contributed capital, end of year	<u>\$ 1,846,903</u>

H. Reserved Fund Balances / Retained Earnings and Restricted Asset Accounts

Reserved for prepaid items – General Fund. This reserve is used to segregate a portion of fund balance to indicate that, prepaid items do not represent “available spendable resources” even though they are a component of net current assets.

Reserved for grants – General Fund, Grant Fund. This reserve is used to segregate unspent grant revenues.

Reserved for non-current interfund advance – General Fund. This reserve is used to segregate a portion of fund balance to indicate that, advances to other funds do not represent “available spendable resources” even though they are a component of current assets.

Reserved for special 1 % sales tax projects – Capital Projects Fund. This reserve represents funds to be used for approved special one percent sales tax projects.

Reserved for revenue bond retirements – Water and Sewer Fund. This reserve represents funds to be used for the retirement of Water and Sewer revenue bonds.

Reserved for renewal and extension fund – Water and Sewer Fund. This reserve represents future capital expenditures related to the Water and Sewer plant.

Changes in Reservations and Designations. The changes in the City’s reservations and designations were as follows:

Reservation / Designation	Beginning Balance	Change	Ending Balance
General Fund			
Reserved for prepaid items	\$ 50,777	\$ (11,557)	\$ 39,220
Reserved for grants	37,500	57,672	95,172
Reserved for non-current interfund advances	684,294	(59,585)	624,709
Designated for fire engine acquisition	90,000	(90,000)	-
Designated for gym construction	537,634	162,780	700,414
Designated for storm drainage	40,000	-	40,000
Designated for greenspace	-	15,390	15,390
Beach Renourishment Grant Fund			
Reserved for grants	421,881	(381,735)	40,146
Capital Projects Fund			
Reserved for special 1% sales tax projects	1,609,372	252,668	1,862,040
Water and Sewer Fund			
Reserved for revenue bond retirement	252,079	33,252	285,331
Reserved for renewal and extension fund	47,663	814	48,477

The balances of the proprietary fund’s restricted asset accounts at December 31, 2002 are as follows:

Revenue bond sinking fund account	\$ 285,331
Revenue bond renewal and extension fund account	48,477
Total restricted assets	\$ <u>333,808</u>

IV. OTHER INFORMATION

A. Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors or omissions; and workers compensation for which the City carries the following insurance coverage:

Risk Pools. The City joined the Georgia Interlocal Risk Management Agency (GIRMA). Insurance coverage and deductible options for property, casualty and crime under the policy are selected by the City's management based on the anticipated needs. The City is required to pay all premiums, applicable deductibles and assessments billed GIRMA, as well as following loss reduction and prevention procedures established by GIRMA. GIRMA's responsibility includes paying claims, and representing the City in defense and settlement of claims. GIRMA's basis for estimating the liabilities for unpaid claims – incurred but not reported (IBNR) – is established by an actuary. The City has not compiled a record of the claims paid up to the applicable deductible for the prior year or the current fiscal year. The City is unaware of any claims, which the City is liable (up to the applicable deductible), which were outstanding and unpaid at December 31, 2002. No provisions have been made in the financial statements for any estimate of potential claims.

The City has elected to be a member of the Georgia Municipal Association Workers' Compensation Self-Insurance Fund (GMAWCSIF), a risk management agency created under Georgia law. As a participant in the GMAWCSIF, the City has no legal obligation to pay its own workers' compensation claims. The City is required to make an annual contribution to the fund in an amount that is determined on the basis of actuarial projections of losses. With payment of the City's annual contribution, the City has effectively transferred the risk and responsibility for payment of its workers' compensation claims. However, the enabling statute creating the GMAWCSIF permits the fund to levy an assessment upon its members to make up any deficiency the fund may have in surplus or reserves. No amount has been recorded in the financial statements for this contingency, as management believes the likelihood for assessment is remote.

Self-Insurance. The City pays unemployment claims to the state department of labor on a reimbursement basis. Liabilities for such claims are immaterial and are not accrued.

B. Segment Information – Enterprise Fund

The City maintains one enterprise fund. The Water and Sewer Fund accounts for the provision of basic water and sewer services to all citizens. Selected segment information for the year ended December 31, 2002, is as follows:

Operating revenue	<u>\$ 1,502,618</u>
Operating expenses:	
Depreciation	378,893
Other	772,492
Total operating expenses	<u>1,151,385</u>
Operating income	351,233
Net nonoperating revenues (expenses)	(153,376)
Operating transfer-in	<u>37,388</u>
Net income (loss)	<u>\$ 235,245</u>
Current assets	\$ 1,557,450
Current liabilities	<u>718,825</u>
Net working capital (deficit)	<u>\$ 838,625</u>
Total assets	\$ 10,024,797
Total liabilities	<u>6,145,813</u>
Fund equity	<u>\$ 3,878,984</u>
Long-term liabilities payable from operating revenue	<u>\$ 5,426,988</u>

C. Contingent Liabilities

The City receives a number of grants that are subject to program compliance audits by the grantors. Noncompliance with the terms and provisions of these grant agreements could result in contingent liabilities to the grantor agencies.

Various claims are pending against the City. The City attorney estimates that the potential effect of these claims net of insurance coverage would not be material in relation to the overall financial statements.

D. Employee Retirement Systems and Plans

Plan Description. The City of Tybee Island Retirement Plan is a noncontributory plan covering all full-time employees. The plan is administered by the Georgia Municipal Employees Benefit System (GMEBS), a statewide, agent multiple-employer type plan. GMEBS handles all administrative and investment functions relative to the plan. Benefits are fully vested after 10 years of service. Participants become eligible to retire at age 65, with 5 years of participation in the plan. Upon eligibility to retire, participants are entitled to an annual benefit in the amount of 1.25% of final average earnings up to a participant's amount of covered compensation, plus 2% of final average earnings in excess of the participant's covered compensation, all multiplied by the participant's years of total credited service. These benefit provisions and all other requirements are established by local ordinance. The GMEBS issues a publicly available financial report that includes financial statements and required supplementary information for GMEBS. That report may be obtained by writing to GMEBS, 201 Pryor Street, SW, Atlanta, Georgia 30303.

Funding Policy. The City's policy is to contribute the actuarially determined amount as recommended by the actuary. Employees do not contribute to the plan. The Board of Trustees of the GMEBS has adopted an actuarial funding policy for determination of annual contributions and

City of Tybee Island, Georgia
Notes to Financial Statements

the systematic funding of liabilities arising under the plan. The annual recommended contribution is the sum of 1) the normal cost, 2) the level dollar amortization of the unfunded actuarial accrued liability (initial unfunded actuarial accrued liability over 30 years from 1988 and changes in the unfunded actuarial accrued liability over 15 years for actuarial gains and losses, 20 years for plan provisions and 30 years for actuarial assumptions and cost methods from the end of the year during which such changes arise), and 3) interest on these amounts from the valuation date to the date contributions are paid (assumed monthly). The recommended contribution under this policy for the 2002 plan year is developed below.

	2002
Normal Cost	
Plan benefits	\$ 132,597
Administrative expenses	6,364
Amortization of the unfunded actuarial accrued liability	91,654
Interest	8,970
Recommended contribution	239,585
Covered payroll	1,769,544
Recommended contribution as a percentage of covered payroll	13.5%

The above contribution exceeds the estimated minimum annual contribution under Public Retirement Systems Standards Law (Georgia Code Section 47-20-10).

Annual Pension Cost. For 2001 plan year, the City's annual pension costs of \$162,054 were equal to the City's required and actual contributions. The required contribution was determined as a part of the May 1, 2001 actuarial valuation using the projected unit credit actuarial cost method and the asset valuation method for developing the actuarial value of assets as described in the tables of Significant Actuarial Assumptions and Actuarial Assumptions and Methods. The period, and related method, for amortizing the initial unfunded actuarial accrued liability over 30 years from 1988 and changes in the unfunded actuarial accrued liability over 15 years for actuarial gains and losses, 20 years for the plan provisions and 30 years for actuarial assumptions and cost methods as a level dollar. These amortization periods, if applicable, are open for this plan year.

Significant Actuarial Assumptions. The significant actuarial assumptions used to compute the actuarial accrued liability and the annual recommended contribution of the plan meet the Actuarial Standard of Practice No. 4, Measuring Pension Obligations, establishing generally accepted actuarial principles and practices.

Actuarial Assumptions and Methods

Economic Assumptions

Interest rate	8.0	%
Annual rates of increase in salaries	5.5	%
Future Social Security wage bases	5.5	%
Inflation rate	3.0	%

Demographic Assumptions

Mortality	1983 GAM Table	
Termination	<u>Age</u>	<u>Rate</u>
	20	.2580
	30	.1560
	40	.0945
	50	.0585
	60	---
Disability	50% of 1975 SSA Study	
Retirement	Employees: 65 with 5 years of service	
	Police: Earlier of 65 with 5 years of service or 60 with 20 years of service	
Form of payment	Life annuity	

Actuarial Methods

Normal Cost and Actuarial Accrued Liability	Projected Unit Credit
Actuarial Value of Assets	Roll forward prior year's actuarial value with contributions, disbursements, and expected return on investments, plus 10% of investment gains (losses) during 10 prior years.

Concentrations. At September 30, 2002 there were no investments (other than investments in securities issued or guaranteed by the U.S. government) in entities that represent 5% or more of the net assets of the pension plan.

Schedule of Employer Contributions

<u>Actuarial Valuation Date</u>	<u>Annual Required Contribution</u>	<u>Percentage Contributed</u>	<u>Net Pension Obligation</u>
5/1/99	\$ 96,877	100%	-
5/1/00	139,026	100%	-
5/1/01	162,054	100%	-

City of Tybee Island, Georgia
Notes to Financial Statements

Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability [AAL] --Entry Age (b)	Unfunded AAL [UAAL] (Funding Excess) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL (Funding Excess) As a Percentage Of Covered Payroll ((b-a)/c)
5/1/00	\$ 1,190,810	\$ 1,647,175	\$ 456,365	72.3%	\$ 1,431,393	31.9%
5/1/01	1,387,378	1,958,732	571,354	70.8%	1,514,810	37.7%
5/1/02	1,613,078	2,492,213	879,135	64.7%	1,769,544	49.7%

City of Tybee Island, Georgia
 General Fund
 Comparative Balance Sheets
 December 31, 2002 and 2001

	2002	2001
Assets		
Cash	\$ 2,469,537	\$ 2,881,718
Receivables:		
Taxes (net of allowance for uncollectibles of \$17,700)	657,182	111,300
Other receivables	13,016	7,928
Due from other funds	421,515	5,233
Advances to other funds	624,709	684,294
Prepaid items	39,220	50,077
Total assets	\$ 4,225,179	\$ 3,740,550
Liabilities and fund balance		
Liabilities:		
Accounts payable	\$ 171,456	\$ 134,557
Accrued payables	-	60,690
Due to other funds	35,351	44,572
Deferred revenue	215,368	102,518
Total liabilities	422,175	342,337
Fund balance:		
Reserved for prepaid items	39,220	50,077
Reserved for grants	95,172	37,500
Reserved for non-current interfund advances	624,709	684,381
Designation for fire engine acquisition	-	90,000
Designated for gym construction	700,414	537,634
Designated for storm drainage	40,000	40,000
Designated for greenspace	15,390	-
Unreserved, undesignated	2,288,099	1,958,621
Total fund balance	3,803,004	3,398,213
Total liabilities and fund balance	\$ 4,225,179	\$ 3,740,550

City of Tybee Island, Georgia
General Fund
Comparative Statements of Revenues, Expenditures, and Changes in Fund Balance
For the Years Ended December 31, 2002 and 2001

	2002	2001
Revenues:		
Taxes	\$ 2,425,127	\$ 2,265,262
Licenses and permits	165,990	196,629
Intergovernmental revenues	77,752	232,784
Charges for services	1,464,474	1,347,665
Fines and forfeitures	245,673	261,610
Investment income	70,864	64,430
Miscellaneous revenue	191,901	160,953
Total revenues	4,641,781	4,529,333
Expenditures:		
Current:		
General governmental	812,583	699,278
Judicial	22,882	20,161
Public safety	1,315,712	1,270,371
Public works	1,394,491	1,320,350
Health and welfare	2,222	1,004
Culture and recreation	313,151	548,898
Housing and development	421,734	395,399
Total current	4,282,775	4,255,461
Capital outlay:		
General governmental	71,319	53,311
Public safety	208,423	86,466
Public works	21,223	50,936
Culture and recreation	14,684	54,022
Housing and development	30,060	46,864
Total capital outlay	345,709	291,599
Debt service:		
Principal	47,652	63,419
Interest	4,029	3,718
Total debt service	51,681	67,137
Total expenditures	4,680,165	4,614,197
Excess (deficiency) of revenues over (under) expenditures	(38,384)	(84,864)
Other financing sources (uses):		
Capital lease proceeds	-	95,728
Operating transfers in	442,554	390,955
Sale of surplus property	621	3,152
Total financing sources (uses)	443,175	489,835
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other uses	404,791	404,971
Fund balance, beginning of year	3,398,213	2,993,242
Fund balance, end of year	\$ 3,803,004	\$ 3,398,213

City of Tybee Island, Georgia
General Fund
Comparative Statements of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual
For the Years Ended December 31, 2002 and 2001

	2002		Variance Favorable (Unfavorable)	2001
	Budget	Actual		Actual
Revenues:				
Taxes	\$ 2,475,900	\$ 2,425,127	\$ (50,773)	\$ 2,265,262
Licenses and permits	93,350	165,990	72,640	196,629
Intergovernmental revenues	179,000	77,752	(101,248)	232,784
Charges for services	1,404,150	1,464,474	60,324	1,347,665
Fines and forfeitures	235,000	245,673	10,673	261,610
Investment income	60,000	70,864	10,864	64,430
Miscellaneous revenue	176,100	191,901	15,801	160,953
Total revenues	<u>4,623,500</u>	<u>4,641,781</u>	<u>18,281</u>	<u>4,529,333</u>
Expenditures:				
Current:				
General governmental	886,051	812,583	73,468	699,278
Judicial	23,036	22,882	154	20,161
Public safety	1,349,640	1,315,712	33,928	1,270,371
Public works	1,396,016	1,394,491	1,525	1,320,350
Health and welfare	4,000	2,222	1,778	1,004
Culture and recreation	386,250	313,151	73,099	548,898
Housing and development	428,032	421,734	6,298	395,399
Total current	<u>4,473,025</u>	<u>4,282,775</u>	<u>190,250</u>	<u>4,255,461</u>
Capital outlay:				
General governmental	118,575	71,319	47,256	53,311
Public safety	233,000	208,423	24,577	86,466
Public works	121,000	21,223	99,777	50,936
Culture and recreation	176,000	14,684	161,316	54,022
Housing and development	45,500	30,060	15,440	46,864
Total capital outlay	<u>694,075</u>	<u>345,709</u>	<u>348,366</u>	<u>291,599</u>
Debt service:				
Principal	47,652	47,652	-	63,419
Interest	4,029	4,029	-	3,718
Total debt service	<u>51,681</u>	<u>51,681</u>	<u>-</u>	<u>67,137</u>
Total expenditures	<u>5,218,781</u>	<u>4,680,165</u>	<u>538,616</u>	<u>4,614,197</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(595,281)</u>	<u>(38,384)</u>	<u>556,897</u>	<u>(84,864)</u>
Other financing sources (uses):				
Capital lease proceeds	90,281	-	(90,281)	95,728
Operating transfers in	360,000	442,554	82,554	390,955
Sale of surplus property	5,000	621	(4,379)	3,152
Total financing sources (uses)	<u>455,281</u>	<u>443,175</u>	<u>(12,106)</u>	<u>489,835</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other uses	<u>(140,000)</u>	<u>404,791</u>	<u>544,791</u>	<u>404,971</u>
Fund balance, beginning of year	<u>3,398,213</u>	<u>3,398,213</u>		<u>2,993,242</u>
Fund balance, end of year	<u>\$ 3,258,213</u>	<u>\$ 3,803,004</u>	<u>\$ 544,791</u>	<u>\$ 3,398,213</u>

City of Tybee Island, Georgia
Special Revenue Funds
Combining Balance Sheet
December 31, 2002
With Comparative Totals for 2001

	Beach Renourishment Grant Fund	Hotel - Motel Tax Fund	2002	2001
Assets				
Cash	\$ 52,597	\$ 406,842	\$ 459,439	\$ 435,321
Total assets	<u>\$ 52,597</u>	<u>\$ 406,842</u>	<u>\$ 459,439</u>	<u>\$ 435,321</u>
Liabilities and fund balance				
Liabilities:				
Accounts payable	\$ -	\$ 36,840	\$ 36,840	\$ 13,440
Due to other funds	12,451	370,002	382,453	-
Total liabilities	<u>12,451</u>	<u>406,842</u>	<u>419,293</u>	<u>13,440</u>
Fund balance:				
Reserved for beach renourishment	40,146	-	40,146	421,881
Unreserved, undesignated	-	-	-	-
Total fund balance	<u>40,146</u>	<u>-</u>	<u>40,146</u>	<u>421,881</u>
Total liabilities and fund balance	<u>\$ 52,597</u>	<u>\$ 406,842</u>	<u>\$ 459,439</u>	<u>\$ 435,321</u>

City of Tybee Island, Georgia
Special Revenue Funds
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
For the Year December 31, 2002
With Comparative Totals for 2001

	Beach Renourishment Grant Fund	Hotel - Motel Tax Fund	2002	2001
Revenues:				
Taxes	\$ -	\$ 883,293	\$ 883,293	\$ 781,911
Intergovernmental	-	-	-	450,000
Total revenues	<u>-</u>	<u>883,293</u>	<u>883,293</u>	<u>1,231,911</u>
Expenditures:				
Current:				
Housing and development	381,735	440,739	822,474	419,075
Total current	<u>381,735</u>	<u>440,739</u>	<u>822,474</u>	<u>419,075</u>
Total expenditures	<u>381,735</u>	<u>440,739</u>	<u>822,474</u>	<u>419,075</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(381,735)</u>	<u>442,554</u>	<u>60,819</u>	<u>812,836</u>
Other financing sources (uses):				
Operating transfers in (out)	-	(442,554)	(442,554)	(390,955)
Total financing sources (uses)	<u>-</u>	<u>(442,554)</u>	<u>(442,554)</u>	<u>(390,955)</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other uses	(381,735)	-	(381,735)	421,881
Fund balances, beginning of year	421,881	-	421,881	-
Fund balance, end of year	<u>\$ 40,146</u>	<u>\$ -</u>	<u>\$ 40,146</u>	<u>\$ 421,881</u>

City of Tybee Island, Georgia
 Beach Renourishment Grant Fund
 Comparative Balance Sheets
 December 31, 2002 and 2001

	2002	2001
Assets		
Cash	\$ 52,597	\$ 421,881
Total assets	\$ 52,597	\$ 421,881
Liabilities and fund balance		
Liabilities:		
Accounts payable	\$ -	\$ -
Due to other funds	12,451	-
Total liabilities	12,451	-
Fund balance:		
Reserved for beach renourishment	40,146	421,881
Total fund balance	40,146	421,881
Total liabilities and fund balance	\$ 52,597	\$ 421,881

City of Tybee Island, Georgia
 Beach Renourishment Grant Fund
 Comparative Statements of Revenue, Expenditures, and Changes in Fund Balances
 For the Years Ended December 31, 2002 and 2001

	2002	2001
Revenues:		
Intergovernmental	\$ -	\$ 450,000
Total revenues	-	450,000
Expenditures:		
Current:		
Housing and development	381,735	28,119
Total current	381,735	28,119
Total expenditures	381,735	28,119
Excess (deficiency) of revenues over (under) expenditures	(381,735)	421,881
Other financing sources (uses):		
Operating transfers in (out)	-	-
Total financing sources (uses)	-	-
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other uses	(381,735)	421,881
Fund balance, beginning of year	421,881	-
Fund balance, end of year	\$ 40,146	\$ 421,881

City of Tybee Island, Georgia
 Beach Renourishment Grant Fund
 Comparative Statements of Revenue, Expenditures, and Changes in Fund Balances – Budget and Actual
 For the Years Ended December 31, 2002 and 2001

	2002		2001	
	Budget	Actual	Variance Favorable (Unfavorable)	Actual
Revenues:				
Intergovernmental	\$ -	\$ -	\$ -	\$ 450,000
Total revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>450,000</u>
Expenditures:				
Current:				
Housing and development	421,881	381,735	40,146	28,119
Total current	<u>421,881</u>	<u>381,735</u>	<u>40,146</u>	<u>28,119</u>
Total expenditures	<u>421,881</u>	<u>381,735</u>	<u>40,146</u>	<u>28,119</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(421,881)</u>	<u>(381,735)</u>	<u>40,146</u>	<u>421,881</u>
Other financing sources (uses):				
Operating transfers (out)	-	-	-	-
Total financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other uses	<u>(421,881)</u>	<u>(381,735)</u>	<u>40,146</u>	<u>421,881</u>
Fund balance, beginning of year	<u>421,881</u>	<u>421,881</u>	<u>-</u>	<u>-</u>
Fund balance, end of year	<u>\$ -</u>	<u>\$ 40,146</u>	<u>\$ 40,146</u>	<u>\$ 421,881</u>

City of Tybee Island, Georgia
Hotel – Motel Tax Fund
Comparative Balance Sheets
December 31, 2002 and 2001

	2002	2001
Assets		
Cash	\$ 406,842	\$ 13,440
Total assets	\$ 406,842	\$ 13,440
Liabilities and fund balance		
Liabilities:		
Accounts payable	\$ 36,840	\$ 13,440
Due to other funds	370,002	-
Total liabilities	406,842	13,440
Fund balance:		
Unreserved, undesignated	-	-
Total fund balance	-	-
Total liabilities and fund balance	\$ 406,842	\$ 13,440

City of Tybee Island, Georgia
Hotel – Motel Tax Fund
Comparative Statements of Revenue, Expenditures, and Changes in Fund Balances
For the Years Ended December 31, 2002 and 2001

	2002	2001
Revenues:		
Taxes	\$ 883,293	\$ 781,911
Total revenues	883,293	781,911
Expenditures:		
Current:		
Housing and development	440,739	390,956
Total current	440,739	390,956
Total expenditures	440,739	390,956
Excess (deficiency) of revenues over (under) expenditures	442,554	390,955
Other financing sources (uses):		
Operating transfers in (out)	(442,554)	(390,955)
Total financing sources (uses)	(442,554)	(390,955)
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other uses	-	-
Fund balance, beginning of year	-	-
Fund balance, end of year	\$ -	\$ -

City of Tybee Island, Georgia
Hotel – Motel Tax Fund
Comparative Statements of Revenue, Expenditures, and Changes in Fund Balances – Budget and Actual
For the Years Ended December 31, 2002 and 2001

	2002		Variance Favorable (Unfavorable)	2001
	Budget	Actual		Actual
Revenues:				
Taxes	\$ 884,000	\$ 883,293	\$ (707)	\$ 781,911
Total revenues	<u>884,000</u>	<u>883,293</u>	<u>(707)</u>	<u>781,911</u>
Expenditures:				
Current:				
Housing and development	440,739	440,739	-	390,956
Total current	<u>440,739</u>	<u>440,739</u>	<u>-</u>	<u>390,956</u>
Total expenditures	<u>440,739</u>	<u>440,739</u>	<u>-</u>	<u>390,956</u>
Excess (deficiency) of revenues over (under) expenditures	<u>443,261</u>	<u>442,554</u>	<u>(707)</u>	<u>390,955</u>
Other financing sources (uses):				
Operating transfers (out)	(443,261)	(442,554)	707	(390,955)
Total financing sources (uses)	<u>(443,261)</u>	<u>(442,554)</u>	<u>707</u>	<u>(390,955)</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other uses	-	-	-	-
Fund balance, beginning of year	-	-	-	-
Fund balance, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

City of Tybee Island, Georgia
 1998 Special Purpose Local Option Sales Tax Fund
 Comparative Balance Sheets
 December 31, 2002 and 2001

	2002	2001
Assets		
Cash	\$ 1,893,477	\$ 1,564,800
Receivables:		
Due from other funds	35,351	44,572
Total assets	\$ 1,928,828	\$ 1,609,372
Liabilities and equity		
Liabilities:		
Accounts payable	\$ 442	\$ -
Due to other funds	66,346	-
Total liabilities	66,788	-
Fund Balance:		
Reserved for special 1% sales tax projects	1,862,040	1,609,372
Total fund balance	1,862,040	1,609,372
Total liabilities and equity	\$ 1,928,828	\$ 1,609,372

City of Tybee Island, Georgia
 1998 Special Purpose Local Option Sales Tax Fund
 Comparative Statements of Revenue, Expenditures, and Changes in Fund Balances
 For the Years Ended December 31, 2002 and 2001

	2002	2001
Revenues:		
Taxes	\$ 866,153	\$ 829,097
Interest	30,825	24,139
Total revenues	896,978	853,236
Expenditures:		
Capital outlay:		
Public safety	160,000	-
Public works	17,351	60,463
Total capital outlay	177,351	60,463
Debt service:		
Principal	400,000	-
Interest	29,571	35,895
Total debt service	429,571	35,895
Total expenditures	606,922	96,358
Excess (deficiency) of revenues over (under) expenditures	290,056	756,878
Other financing sources (uses):		
Loan proceeds - Chatham County, Georgia	-	200,427
Operating transfer out	(37,388)	(37,388)
Total financing sources (uses)	(37,388)	163,039
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other uses	252,668	919,917
Fund balance, beginning of year	1,609,372	689,455
Fund balance, end of year	\$ 1,862,040	\$ 1,609,372

City of Tybee Island, Georgia
Water and Sewer Enterprise Fund
Comparative Balance Sheets
December 31, 2002 and 2001

	2002	2001
Assets		
Current assets:		
Cash	\$ 974,150	\$ 642,915
Accounts receivable (net allowance for uncollectibles)	179,706	146,733
Due from other funds	65,428	-
Prepaid items	4,358	3,408
Total current assets	1,223,642	793,056
Restricted assets:		
Bond sinking fund	285,331	252,079
Renewal and extension fund	48,477	47,663
Total restricted assets	333,808	299,742
Fixed assets:		
Land	98,335	98,335
Utility plant in service	11,660,932	8,574,356
Other equipment	475,826	475,826
Accumulated depreciation	(3,824,077)	(3,445,184)
Construction in progress	-	2,240,956
Fixed assets (net of accumulated depreciation)	8,411,016	7,944,289
Other assets:		
Prepaid bond issuance costs	92,369	92,369
Less amortization	(36,038)	(31,839)
Total other assets	56,331	60,530
Total assets	\$ 10,024,797	\$ 9,097,617

(continued)

City of Tybee Island, Georgia
Water and Sewer Enterprise Fund
Comparative Balance Sheets
December 31, 2002 and 2001

	2002	2001
Liabilities and equity		
Current liabilities payable from current assets:		
Accounts payable	\$ 99,853	\$ 271,459
Accrued payables	-	7,988
Due to other funds	38,144	5,233
Compensated absences	16,291	12,507
Notes payable - current	475,261	34,942
Total current liabilities payable from current assets	629,549	332,129
Current liabilities payable from restricted assets:		
Accrued interest on revenue bonds	9,276	9,643
Bonds payable - current	80,000	80,000
Total current liabilities payable from restricted assets	89,276	89,643
Other liabilities:		
Advances from other funds	624,709	684,294
Long-term debt:		
Bonds payable - Series 1994 Water and Sewer Revenue Bonds	1,650,000	1,730,000
Notes payable - Georgia Environmental Facilities Authority	3,152,279	2,617,812
Total other liabilities	5,426,988	5,032,106
Total liabilities	6,145,813	5,453,878
Equity:		
Contributed capital:		
Federal government	1,383,040	1,383,040
State government	350,940	350,940
Other funds	112,923	112,923
Total contributed capital	1,846,903	1,846,903
Retained earnings:		
Reserved for revenue bond retirement	285,331	252,079
Reserved for renewal and extension	48,477	47,663
Unreserved	1,698,273	1,497,094
Total retained earnings	2,032,081	1,796,836
Total equity	3,878,984	3,643,739
Total liabilities and equity	\$ 10,024,797	\$ 9,097,617

(concluded)

City of Tybee Island, Georgia
Water and Sewer Enterprise Fund
Comparative Statements of Revenues, Expenses, and Changes in Retained Earnings
For the Years Ended December 31, 2002 and 2001

	2002	2001
Operating revenues:		
Water charges	\$ 606,620	\$ 577,390
Sewer charges	668,455	618,599
Stubbing fees	24,100	14,500
Tapping fees	31,390	28,050
Aid to construction	72,886	34,800
Other	99,167	95,837
Total operating revenues	1,502,618	1,369,176
Operating expenses:		
Personnel services	358,082	306,096
Administrative services	86,837	105,558
Depreciation	378,893	293,757
Repairs and maintenance	77,724	62,620
Utilities	113,219	80,327
Operating supplies	37,416	57,042
Other	99,214	133,681
Total operating expenses	1,151,385	1,039,081
Operating income (loss)	351,233	330,095
Nonoperating revenues (expenses):		
Interest earned on investments	5,893	22,929
Bond issuance costs	(4,199)	(4,199)
Interest expense	(155,070)	(154,967)
Total nonoperating revenues (expenses)	(153,376)	(136,237)
Income before operating transfers	197,857	193,858
Operating transfer in	37,388	37,388
Net income	235,245	231,246
Retained earnings, beginning of year	1,796,836	1,565,590
Retained earnings, end of year	\$ 2,032,081	\$ 1,796,836

City of Tybee Island, Georgia
Comparative Statements of Cash Flows
For the Year Ended December 31, 2002

	2002	2001
Cash flows from operating activities:		
Cash received from customers	\$ 1,469,645	\$ 1,514,040
Cash paid to vendors	(594,954)	(201,472)
Cash paid to employees	(354,298)	(302,312)
Net cash provided by operating activities	520,393	1,010,256
Cash flows from noncapital financing activities:		
Operating transfers from other funds	37,388	37,388
Interfund borrowings	(92,102)	(608,858)
Net cash used by noncapital financing activities	(54,714)	(571,470)
Cash flows from capital and related financing activities:		
Proceeds of borrowing for capital purposes	1,009,728	1,811,099
Principal payments - bonds payable	(80,000)	(75,000)
Principal payments - notes payable	(28,690)	(27,164)
Principal payments - capital leases	(6,252)	(68,423)
Interest paid	(155,437)	(159,504)
Acquisition, construction, or improvement of capital assets	(845,620)	(1,988,875)
Net cash used by capital and related financing activities	(106,271)	(507,867)
Cash flows from investing activities:		
Interest received	5,893	22,929
Net cash provided by investing activities	5,893	22,929
Net increase (decrease) in cash and cash equivalents	365,301	(46,152)
Cash and cash equivalents, beginning of year	942,657	988,809
Cash and cash equivalents, end of year	\$ 1,307,958	\$ 942,657
Operating income (loss)	\$ 351,233	\$ 330,095
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation expense	378,893	293,757
(Increase) decrease in accounts receivable	(32,973)	144,864
(Increase) decrease in prepaid items	(950)	438
Increase (decrease) in accounts payable and accrued expenses	(179,594)	237,318
Increase (decrease) in compensated absences	3,784	3,784
Total adjustments	169,160	680,161
Net cash provided by operating activities	\$ 520,393	\$ 1,010,256

City of Tybee Island, Georgia
 Schedule of Projects Constructed with Special Sales Tax Proceeds
 For the Year Ended December 31, 2002

Project	Original Estimated Cost	Revised Estimated Cost	Prior Years	Current Year	Total Cost
Drainage	\$ 2,000,000	\$ 1,900,000	\$ 414,399	\$ 16,567	\$ 430,966
Beach Renourishment	1,000,000	1,100,000	1,072,459	30,355	1,102,814
Elevated Water Tank	616,428	616,428	56,082	37,388	93,470
Public Safety	160,000	160,000	-	160,000	160,000
Miscellaneous projects	80,000	80,000	76,193	-	76,193
Total	<u>\$ 3,856,428</u>	<u>\$ 3,856,428</u>	<u>\$ 1,619,133</u>	<u>\$ 244,310</u>	<u>\$ 1,863,443</u>

City of Tybee Island, Georgia
Schedule of Required Expenditures Generated by the Hotel – Motel Tax
For the Year Ended December 31, 2002

Revenue:	
Hotel/Motel taxes	<u>\$ 881,478</u>
Expenditures:	
Tourism expenditures	<u>\$ 440,739</u>
Percentage of expenditures to revenues	<u>50%</u>