

CITY OF TYBEE ISLAND, GEORGIA

FINANCIAL REPORT

**FOR THE FISCAL YEAR ENDED
JUNE 30, 2021**

CITY OF TYBEE ISLAND, GEORGIA
FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

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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, 2021, 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, 2021, 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.

Emphasis of Matters

As discussed in Note 13, the City implemented Governmental Accounting Standards Board (“GASB”) Statement No. 84, *Fiduciary Activities* in fiscal year 2021. This standard significantly changed the accounting for the City’s Municipal Court Fund. Our opinions are not modified with respect to this matter.

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 through 14, the schedule of changes in the city’s net pension liability and related ratios, and the schedule of city contributions on pages 55 and 56 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 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 schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 *U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and is also not a required part of the basic financial statements of the City.

The combining statements and schedules, the schedule of expenditures of federal awards, 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 statements and schedules, the schedule of expenditures of federal awards, 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 10, 2021 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 10, 2021

CITY OF TYBEE ISLAND, GEORGIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2021

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, 2021. 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 2021 are as follows:

- The City's total net position is \$46,090,061, an increase of \$2,959,347. Net position from governmental activities increased \$2,087,600 and business-type activities increased \$871,747.
- The General Fund reported fund balance of \$12,940,022. This is an increase of \$2,075,561 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 two broad categories, namely: (1) governmental funds, and (2) proprietary funds.

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 through 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 through 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	
	2021	2020	2021	2020	2021	2020
Assets						
Current and other assets	\$ 17,086,282	\$ 13,384,135	\$ 2,432,126	\$ 3,003,669	\$ 19,518,408	\$ 16,387,804
Capital assets	18,761,318	18,335,032	23,543,708	23,078,653	42,305,026	41,413,685
Total assets	<u>35,847,600</u>	<u>31,719,167</u>	<u>25,975,834</u>	<u>26,082,322</u>	<u>61,823,434</u>	<u>57,801,489</u>
Deferred Outflows of Resources						
Pension	647,744	571,648	110,027	96,229	757,771	667,877
Total deferred outflows of resources	<u>647,744</u>	<u>571,648</u>	<u>110,027</u>	<u>96,229</u>	<u>757,771</u>	<u>667,877</u>
Liabilities						
Current liabilities	3,497,336	1,258,931	1,864,076	1,849,821	5,361,412	3,108,752
Long-term liabilities	4,395,809	4,505,543	6,507,217	7,483,779	10,903,026	11,989,322
Total liabilities	<u>7,893,145</u>	<u>5,764,474</u>	<u>8,371,293</u>	<u>9,333,600</u>	<u>16,264,438</u>	<u>15,098,074</u>
Deferred Inflows of Resources						
Pension	206,187	217,929	20,519	22,649	226,706	240,578
Total pension inflow of resources	<u>206,187</u>	<u>217,929</u>	<u>20,519</u>	<u>22,649</u>	<u>226,706</u>	<u>240,578</u>
Net Assets						
Invested in capital assets	15,413,710	14,844,410	16,258,486	14,831,141	31,672,196	29,675,551
Restricted for capital outlay	1,745,688	1,446,719	-	-	1,745,688	1,446,719
Restricted for debt service	162,028	158,679	405,419	405,421	567,447	564,100
Unrestricted	11,074,586	9,858,604	1,030,144	1,585,740	12,104,730	11,444,344
Total net position	<u>\$ 28,396,012</u>	<u>\$ 26,308,412</u>	<u>\$ 17,694,049</u>	<u>\$ 16,822,302</u>	<u>\$ 46,090,061</u>	<u>\$ 43,130,714</u>

MANAGEMENT'S DISCUSSION AND ANALYSIS

Financial Position

The total net position of the City increased by \$2,959,347, or 6.9%, as noted in the table above. The governmental activities net position increased by \$2,087,600 while the business-type activities net position increased by \$871,747.

City of Tybee Island Summary of Changes in Net Position

	Governmental Activities		Business-type Activities		Totals	
	2021	2020	2021	2020	2021	2020
Revenues						
Program revenues:						
Charges for services	\$ 9,114,345	\$ 5,881,735	\$ 6,456,345	\$ 5,662,646	\$ 15,570,690	\$ 11,544,381
Capital grants and contributions	1,611,176	3,983,714	77,426	56,010	1,688,602	4,039,724
General revenues:						
Property taxes	2,278,037	2,093,974	-	-	2,278,037	2,093,974
Other taxes	8,158,789	5,755,775	-	-	8,158,789	5,755,775
Investment earnings	7,316	96,281	-	-	7,316	96,281
Gain on sale of capital assets	-	-	-	-	-	-
Total revenues	<u>21,169,663</u>	<u>17,811,479</u>	<u>6,533,771</u>	<u>5,718,656</u>	<u>27,703,434</u>	<u>23,530,135</u>
Expenses						
Governmental activities:						
General government	2,743,555	2,939,414	-	-	2,743,555	2,939,414
Judicial	1,437,142	262,829	-	-	1,437,142	262,829
Public safety	6,360,400	5,141,687	-	-	6,360,400	5,141,687
Public works	3,745,771	2,595,871	-	-	3,745,771	2,595,871
Cultural and recreation	3,463,888	4,152,666	-	-	3,463,888	4,152,666
Housing and community development	1,069,934	1,052,131	-	-	1,069,934	1,052,131
Other expenses	102,442	104,294	-	-	102,442	104,294
Business-type activities:						
Water and sewer service	-	-	3,428,542	3,410,368	3,428,542	3,410,368
Solid waste collection	-	-	1,118,994	1,085,702	1,118,994	1,085,702
Campground	-	-	1,273,419	1,139,973	1,273,419	1,139,973
Total expenses	<u>18,923,132</u>	<u>16,248,892</u>	<u>5,820,955</u>	<u>5,636,043</u>	<u>24,744,087</u>	<u>21,884,935</u>
Transfers	(158,931)	468,223	158,931	(468,223)	-	-
Change in net position	<u>2,087,600</u>	<u>2,030,810</u>	<u>871,747</u>	<u>(385,610)</u>	<u>2,959,347</u>	<u>1,645,200</u>
Beginning net position, as restated	<u>26,308,412</u>	<u>24,277,602</u>	<u>16,822,302</u>	<u>17,207,912</u>	<u>43,130,714</u>	<u>41,485,514</u>
Ending net assets	<u>\$ 28,396,012</u>	<u>\$ 26,308,412</u>	<u>\$ 17,694,049</u>	<u>\$ 16,822,302</u>	<u>\$ 46,090,061</u>	<u>\$ 43,130,714</u>

MANAGEMENT'S DISCUSSION AND ANALYSIS

Governmental Activities

The total revenues for governmental activities increased \$3,358,184, or 18.9%. Charges for services increased \$3,232,610, or 55.0% as a result of increased parking revenue. Capital grants and contributions decreased \$2,372,538, or 59.6%, as a result of decreases in federal grant revenues. All other categories of revenue remained consistent with the prior year.

Total governmental expenses have increased \$2,674,240, or 16.5%. Judicial expense increased \$1,174,313 as a result of a new GASB requirement. Public safety expenses increased \$1,218,713, as a result of new positions and a new division created. Public works expenses increased \$1,149,900 as a result of increased maintenance and repair.

Business-type Activities

Net position for business-type activities increased \$871,747. The Water and Sewer Fund had a decrease of \$76,605; the River's End RV Park Fund increased by \$948,352; and the Solid Waste Fund had no change. Below is the analysis of each enterprise fund.

Water and Sewer Fund

Water and Sewer operating revenues increased \$218,671, or 7.1%, 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

	2021	2020	\$ Change	% Change
Operating revenues	\$ 3,274,511	\$ 3,055,840	\$ 218,671	7.16%
Operating expenses	3,349,809	3,322,169	27,640	0.83%
Net operating income (loss)	<u>(75,298)</u>	<u>(266,329)</u>	<u>191,031</u>	<u>-71.73%</u>
Nonoperating income (expenses)	(78,733)	(88,199)	9,466	-10.73%
Loss on disposal of assets	-	-	-	0.00%
Income (loss) before contributions and transfers	<u>(154,031)</u>	<u>(354,528)</u>	<u>200,497</u>	<u>-56.55%</u>
Capital contributions	77,426	56,010	21,416	38.24%
Transfers in	-	-	-	0.00%
Change in net position	(76,605)	(298,518)	221,913	-74.34%
Beginning net position	<u>11,972,817</u>	12,271,335	(298,518)	-2.43%
Ending net position	<u>\$ 11,896,212</u>	<u>\$ 11,972,817</u>	<u>\$ (76,605)</u>	<u>-0.64%</u>

MANAGEMENT'S DISCUSSION AND ANALYSIS

Solid Waste Collection Fund

Solid Waste operating revenues increased \$6,138, or 1.0%. Operating expenses were consistent with the prior year. The General Fund transferred \$158,931 to the Solid Waste Collection Fund to cover operating deficits.

City of Tybee Island Solid Waste Collection Fund

	2021	2020	\$ Change	% Change
Operating revenues	\$ 960,063	\$ 953,925	\$ 6,138	0.64%
Operating expenses	1,118,994	1,085,702	33,292	3.07%
Net operating income (loss)	<u>(158,931)</u>	<u>(131,777)</u>	<u>(27,154)</u>	<u>20.61%</u>
Transfers in	<u>158,931</u>	<u>131,777</u>	<u>27,154</u>	<u>100.00%</u>
Beginning net position	<u>634</u>	<u>634</u>	-	0.00%
Ending net position	<u>\$ 634</u>	<u>\$ 634</u>	\$ -	<u>0.00%</u>

River's End RV Park Fund

Operating revenues for the River's End RV Park Fund increased \$568,890, or 34.4%. Operating expenses increased \$142,801, or 13.3%.

City of Tybee Island River's End RV Park Fund

	2021	2020	\$ Change	% Change
Operating revenues	\$ 2,221,771	\$ 1,652,881	\$ 568,890	34.42%
Operating expenses	1,216,893	1,074,092	142,801	13.30%
Net operating income (loss)	<u>1,004,878</u>	<u>578,789</u>	<u>426,089</u>	<u>73.62%</u>
Nonoperating income (expenses)	<u>(56,526)</u>	<u>(65,881)</u>	<u>9,355</u>	<u>-14.20%</u>
Income (loss) before contributions and transfers	<u>948,352</u>	<u>512,908</u>	<u>435,444</u>	<u>84.90%</u>
Transfers out	<u>-</u>	<u>(600,000)</u>	<u>600,000</u>	<u>100.00%</u>
Change in net position	<u>948,352</u>	<u>(87,092)</u>	<u>1,035,444</u>	<u>-1188.91%</u>
Beginning net position, restated	<u>4,848,851</u>	<u>4,935,943</u>	<u>(87,092)</u>	<u>-1.76%</u>
Ending net position	<u>\$ 5,797,203</u>	<u>\$ 4,848,851</u>	<u>\$ 948,352</u>	<u>19.56%</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 17 and 18 were \$13,763,622. This balance represents an increase of \$1,450,622, or 10.5%, from last year's ending balance. The tables below reflect changes in governmental fund balances.

The City Council assigned \$4,301,380, or 31%, of the General Fund's fund balance for economic stabilization and \$1,264,104, or 9% for beach renourishment.

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

City of Tybee Island Governmental Fund Balance (Deficit)

	<u>2021</u>	<u>2020</u>	<u>\$ Change</u>	<u>% Change</u>
General Fund	\$ 12,940,022	\$ 10,864,461	\$ 2,075,561	19.10%
Hotel/Motel Fund	-	-	-	0.00%
FEMA/GEMA Grant Fund	3,000	(157,341)	160,341	-101.91%
American Rescue Act Fund	-	-	-	0.00%
Grant Fund	(1,081,313)	-	(1,081,313)	0.00%
Confiscated Asset Fund	4,454	4,454	-	0.00%
Emergency Telephone 911 Fund	(2,803)	482	(3,285)	-681.54%
SPLOST 2003 Fund	184,554	452,098	(267,544)	-59.18%
SPLOST 2014 Fund	976,765	990,167	(13,402)	-1.35%
SPLOST 2020 Fund	576,915	-	576,915	0.00%
Debt Service Fund	162,028	158,679	3,349	2.11%
Total	<u>\$ 13,763,622</u>	<u>\$ 12,313,000</u>	<u>\$ 1,450,622</u>	<u>10.54%</u>

MANAGEMENT'S DISCUSSION AND ANALYSIS

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

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

	2021	2020	\$ Change	% Change
Revenues				
Taxes	\$ 10,403,061	\$ 7,899,694	\$ 2,503,367	31.69%
Licenses and permits	443,295	381,954	61,341	16.06%
Intergovernmental	1,610,079	3,953,737	(2,343,658)	-59.28%
Charges for services	6,109,562	4,432,317	1,677,245	37.84%
Fines and forfeitures	2,304,440	881,480	1,422,960	161.43%
Interest	8,413	100,692	(92,279)	-91.64%
Other revenues	257,048	211,550	45,498	21.51%
Total revenues	<u>21,135,898</u>	<u>17,861,424</u>	<u>3,274,474</u>	<u>18.33%</u>
Expenditures				
Current:				
General government	2,595,993	2,768,438	(172,445)	-6.23%
Judicial	1,440,226	263,351	1,176,875	446.88%
Public safety	5,923,788	4,603,311	1,320,477	28.69%
Public works	3,464,679	2,210,286	1,254,393	56.75%
Culture and recreation	2,593,296	2,745,203	(151,907)	-5.53%
Housing and community development	1,072,818	1,053,591	19,227	1.82%
Capital outlay	2,188,894	6,529,868	(4,340,974)	-66.48%
Debt service				
Principal	125,000	125,000	-	100.00%
Interest	121,651	120,399	1,252	100.00%
Total expenditures	<u>19,526,345</u>	<u>20,419,447</u>	<u>(893,102)</u>	<u>-4.37%</u>
Excess of revenues over (under) expenditures	<u>1,609,553</u>	<u>(2,558,023)</u>	<u>4,167,576</u>	<u>-162.92%</u>
Other financing sources (uses)				
Transfers in	3,316,237	2,585,712	730,525	28.25%
Transfers out	(3,475,168)	(2,117,489)	(1,357,679)	64.12%
Sale of capital assets	-	19,355	(19,355)	100.00%
Total other financing sources (uses)	<u>(158,931)</u>	<u>487,578</u>	<u>(646,509)</u>	<u>-132.60%</u>
Net change in fund balance	<u>1,450,622</u>	<u>(2,070,445)</u>	<u>3,521,067</u>	<u>-170.06%</u>
Fund balances, beginning of year	<u>12,313,000</u>	<u>14,383,445</u>	<u>(2,070,445)</u>	<u>-14.39%</u>
Fund balances, end of year	<u>\$ 13,763,622</u>	<u>\$ 12,313,000</u>	<u>\$ 1,450,622</u>	<u>11.78%</u>

MANAGEMENT'S DISCUSSION AND ANALYSIS

Overall governmental revenues increased \$3,274,474, or 18%. Licenses and permits were consistent with prior year. Intergovernmental revenues decreased \$2,343,658, or 59%, as less grant money was received compared to prior year. Charges for services revenues increased \$1,677,245, or 38%, as parking revenue has increased. Fines and forfeitures increased \$1,422,960, or 161%, because the City has implemented a new code enforcement department and the City recognized court revenue with the implementation of a new GASB standard.

Overall governmental expenditures decreased \$893,102 or 4%. General government expenditures decreased \$172,445, or 6%, due to vacant positions. Judicial expenses increased \$1,176,875 or 447% as a result of a new GASB standard, which is offset by revenue recognized. Public Safety expenditures increased \$1,320,477, or 29%, due to the creation of a new code enforcement department. Public works expenditures increased \$1,254,393 or 57%, because of significant maintenance and repairs. Capital outlays decreased \$4,340,974, or 66%, because less projects were completed in the current year.

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 \$586,750 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 through 23.

- For the General Fund, the actual operating revenues were \$2,431,735 more than budgeted. Operating revenues were budgeted for \$11,739,444, and actual operating revenues were \$14,171,179. The most significant variance was municipal fines which were \$1,040,566 more than budgeted due to compliance with new GASB standard.
- The actual operating expenditures of \$14,315,364 were \$1,021,936 more than the budgeted amount of \$13,293,428. \$1,172,670 was attributed to municipal costs, primarily for compliance with new GASB standard. This expense is offset by revenue. Other department deficits are offset by the anticipated surplus at year-end.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Capital Asset and Debt Administration

Capital Assets

The City has invested \$42,305,026 in capital assets (net of depreciation). Capital assets held by the City at the end of the current and previous year are summarized below:

City of Tybee Island Capital Asset Year-End Comparison						
	Governmental Activities		Business-type Activities		Totals	
	2021	2020	2021	2020	2021	2020
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	-	405,016	-	721,954
Total non-depreciable assets	<u>1,102,857</u>	<u>1,419,795</u>	<u>6,973,632</u>	<u>7,378,648</u>	<u>8,076,489</u>	<u>8,798,443</u>
Depreciable assets:						
Land improvements	-	-	350,314	350,314	350,314	350,314
Building	13,414,460	12,176,877	770,776	764,562	14,185,236	12,941,439
Machinery and equipment	7,866,468	7,297,963	2,195,841	2,247,505	10,062,309	9,545,468
Infrastructure	6,383,077	6,383,077	21,872,054	20,277,889	28,255,131	26,660,966
Total depreciable assets	<u>27,664,005</u>	<u>25,857,917</u>	<u>25,188,985</u>	<u>23,640,270</u>	<u>52,852,990</u>	<u>49,498,187</u>
Less accumulated depreciation	<u>10,005,544</u>	<u>8,942,680</u>	<u>8,618,909</u>	<u>7,940,265</u>	<u>18,624,453</u>	<u>16,882,945</u>
Book value - depreciable assets	<u>17,658,461</u>	<u>16,915,237</u>	<u>16,570,076</u>	<u>15,700,005</u>	<u>34,228,537</u>	<u>32,615,242</u>
Percentage depreciated	<u>36.17%</u>	<u>34.58%</u>	<u>34.22%</u>	<u>33.59%</u>	<u>35.24%</u>	<u>34.11%</u>
Book value - all assets	<u>\$18,761,318</u>	<u>\$ 18,335,032</u>	<u>\$ 23,543,708</u>	<u>\$ 23,078,653</u>	<u>\$ 42,305,026</u>	<u>\$ 41,413,685</u>

The schedules of capital asset activity are reported in Note 5 of the financial statements. The City added \$1,806,088 of new governmental capital assets.

The City added \$1,720,920 of new business-type capital assets; and added \$649,143 of additional construction in progress that was completed 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 \$4,751,864 and \$7,531,539 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

	<u>2021</u>	<u>2020</u>	<u>Change</u>	<u>%</u>
Governmental Activities				
Capital leases	\$ -	\$ -	\$ -	0.00%
Chatham County Recreation Bond	3,347,608	3,490,622	(143,014)	0.00%
Compensated absences	376,759	348,691	28,068	8.05%
Net pension liability	1,027,497	1,000,445	27,052	2.63%
Total debt service governmental-type activities	<u>4,751,864</u>	<u>4,839,758</u>	<u>(87,894)</u>	<u>-1.82%</u>
Business-type activities				
Chatham County Recreation Bond	2,426,950	2,866,364	(439,414)	-15.33%
Water and Sewer - Series 2005 Bond	1,980,803	2,339,437	(358,634)	-15.33%
Georgia Environmental Facility Authority Note Payables	2,877,469	3,041,711	(164,242)	-5.40%
Compensated absences	42,855	38,838	4,017	10.34%
Net pension liability	203,462	198,557	4,905	2.47%
Total debt service business-type activities	<u>7,531,539</u>	<u>8,484,907</u>	<u>(953,368)</u>	<u>-11.24%</u>
Total all debt service	<u>\$ 12,283,403</u>	<u>\$ 13,324,665</u>	<u>\$ (1,041,262)</u>	<u>-7.81%</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 2022, 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. No other plans for rate changes expected in 2022.

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, 2021

	Governmental Activities	Business-type Activities	Total
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES			
ASSETS			
Cash and cash equivalents	\$ 12,825,098	\$ 1,408,831	\$ 14,233,929
Taxes receivable	1,515,089	-	1,515,089
Accounts receivable, net of allowances	198,428	381,174	579,602
Due from other governments	2,190,949	-	2,190,949
Internal balances	68,699	(68,699)	-
Inventory	-	84,597	84,597
Prepaid expenses	288,019	220,804	508,823
Restricted assets:			
Cash and cash equivalents	-	405,419	405,419
Capital assets:			
Nondepreciable	1,102,857	6,973,632	8,076,489
Depreciable, net of accumulated depreciation	17,658,461	16,570,076	34,228,537
Total assets	<u>35,847,600</u>	<u>25,975,834</u>	<u>61,823,434</u>
DEFERRED OUTFLOWS OF RESOURCES			
Pension	647,744	110,027	757,771
Total deferred outflows of resources	<u>647,744</u>	<u>110,027</u>	<u>757,771</u>
LIABILITIES AND DEFERRED INFLOWS OF RESOURCES			
LIABILITIES			
Accounts payable	1,352,065	156,022	1,508,087
Accrued liabilities	121,135	22,484	143,619
Unearned revenue	1,653,231	325,098	1,978,329
Customer deposits payable	14,850	336,150	351,000
Notes payable due within one year	-	166,091	166,091
Notes payable due in more than one year	-	2,711,378	2,711,378
Compensated absences due within one year	226,055	42,855	268,910
Compensated absences due in more than one year	150,704	-	150,704
Bonds payable due within one year	130,000	815,376	945,376
Bonds payable due in more than one year	3,217,608	3,592,377	6,809,985
Net pension liability due in more than one year	1,027,497	203,462	1,230,959
Total liabilities	<u>7,893,145</u>	<u>8,371,293</u>	<u>16,264,438</u>
DEFERRED INFLOWS OF RESOURCES			
Pension	206,187	20,519	226,706
Total deferred inflows of resources	<u>206,187</u>	<u>20,519</u>	<u>226,706</u>
NET POSITION			
Net investment in capital assets	15,413,710	16,258,486	31,672,196
Restricted for capital outlay	1,745,688	-	1,745,688
Restricted for debt service	162,028	405,419	567,447
Unrestricted	11,074,586	1,030,144	12,104,730
Total net position	<u>\$ 28,396,012</u>	<u>\$ 17,694,049</u>	<u>\$ 46,090,061</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, 2021**

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	\$ 2,743,555	\$ 806,316	\$ -	\$ -	\$ (1,937,239)	\$ -	\$ (1,937,239)
Judicial	1,437,142	1,298,614	-	-	(138,528)	-	(138,528)
Public safety	6,360,400	465,619	-	988,791	(4,905,990)	-	(4,905,990)
Public works	3,745,771	-	-	48,382	(3,697,389)	-	(3,697,389)
Culture and recreation	3,463,888	63,350	-	574,003	(2,826,535)	-	(2,826,535)
Housing and community development	1,069,934	6,480,446	-	-	5,410,512	-	5,410,512
Interest on long-term debt	102,442	-	-	-	(102,442)	-	(102,442)
Total governmental activities	18,923,132	9,114,345	-	1,611,176	(8,197,611)	-	(8,197,611)
Business-type activities:							
Water and sewer	3,428,542	3,274,511	-	77,426	-	(76,605)	(76,605)
River's End RV Park	1,273,419	2,221,771	-	-	-	948,352	948,352
Solid waste collection	1,118,994	960,063	-	-	-	(158,931)	(158,931)
Total business-type activities	5,820,955	6,456,345	-	77,426	-	712,816	712,816
Total primary government	\$ 24,744,087	\$ 15,570,690	\$ -	\$ 1,688,602	(8,197,611)	712,816	(7,484,795)
General revenues:							
Property taxes					2,278,037	-	2,278,037
Sales taxes					1,552,719	-	1,552,719
Hotel/Motel taxes					5,315,336	-	5,315,336
Franchise taxes					466,170	-	466,170
Insurance premium taxes					239,810	-	239,810
Other taxes					584,754	-	584,754
Unrestricted investment earnings					7,316	-	7,316
Transfers					(158,931)	158,931	-
Total general revenues and transfers					10,285,211	158,931	10,444,142
Change in net position					2,087,600	871,747	2,959,347
Net position, beginning of year, as restated					26,308,412	16,822,302	43,130,714
Net position, end of year					\$ 28,396,012	\$ 17,694,049	\$ 46,090,061

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

CITY OF TYBEE ISLAND, GEORGIA

**BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2021**

	<u>General Fund</u>	<u>Hotel/ Motel Tax Fund</u>	<u>Grant Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS					
Cash and cash equivalents	\$ 10,997,732	\$ -	\$ -	\$ 1,827,366	\$ 12,825,098
Taxes receivable, net of allowance	533,271	981,818	-	-	1,515,089
Accounts receivable	103,077	-	6,809	88,542	198,428
Due from other governments	238,371	-	1,081,313	871,265	2,190,949
Due from other funds	1,541,205	-	-	-	1,541,205
Prepaid items	285,734	-	-	2,285	288,019
Total assets	<u>\$ 13,699,390</u>	<u>\$ 981,818</u>	<u>\$ 1,088,122</u>	<u>\$ 2,789,458</u>	<u>\$ 18,558,788</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
LIABILITIES					
Accounts payable	\$ 445,289	\$ 749,918	\$ 149,584	\$ 7,274	\$ 1,352,065
Accrued liabilities	80,513	-	-	3,285	83,798
Due to other funds	-	231,900	938,538	302,068	1,472,506
Deposits payable	14,850	-	-	-	14,850
Unearned revenue	-	-	-	571,918	571,918
Total liabilities	<u>540,652</u>	<u>981,818</u>	<u>1,088,122</u>	<u>884,545</u>	<u>3,495,137</u>
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue - intergovernmental	4,318	-	-	-	4,318
Unavailable revenue - grants	-	-	1,081,313	-	1,081,313
Unavailable revenue - property taxes	214,398	-	-	-	214,398
Total deferred inflows of resources	<u>218,716</u>	<u>-</u>	<u>1,081,313</u>	<u>-</u>	<u>1,300,029</u>
FUND BALANCES					
Nonspendable:					
Prepaid items	285,734	-	-	2,285	288,019
Restricted for:					
Capital projects	-	-	-	1,738,234	1,738,234
Refuse truck	-	-	-	7,454	7,454
Tower maintenance	-	-	-	162,028	162,028
Committed for:					
Future capital projects	891,332	-	-	-	891,332
Refuse truck	144,900	-	-	-	144,900
Tower maintenance	136,500	-	-	-	136,500
Pavement maintenance	500,000	-	-	-	500,000
Assigned to:					
Economic stabilization	4,301,380	-	-	-	4,301,380
Beach renourishment	1,264,104	-	-	-	1,264,104
Unassigned	5,416,072	-	(1,081,313)	(5,088)	4,329,671
Total fund balances	<u>12,940,022</u>	<u>-</u>	<u>(1,081,313)</u>	<u>1,904,913</u>	<u>13,763,622</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 13,699,390</u>	<u>\$ 981,818</u>	<u>\$ 1,088,122</u>	<u>\$ 2,789,458</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.					18,761,318
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.					218,716
Certain long-term liabilities are not due and payable in the current period and are, therefore, not reported in the funds.					
Net pension liability					(1,027,497)
Deferred outflows of resources - pension					647,744
Deferred inflows of resources - pension					(206,187)
Revenue bonds payable, including unamortized premiums of \$187,608					(3,347,608)
Accrued interest payable					(37,337)
Compensated absences					(376,759)
Net position of governmental activities					<u>\$ 28,396,012</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, 2021**

	<u>General Fund</u>	<u>Hotel/ Motel Tax Fund</u>	<u>Grant Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues					
Taxes	\$ 5,087,725	\$ 5,315,336	\$ -	\$ -	\$ 10,403,061
Licenses and permits	443,295	-	-	-	443,295
Intergovernmental	47,285	-	574,003	988,791	1,610,079
Charges for services	6,031,437	-	-	78,125	6,109,562
Fines and forfeitures	2,304,440	-	-	-	2,304,440
Interest	7,316	-	-	1,097	8,413
Other revenues	249,681	7,367	-	-	257,048
Total revenues	<u>14,171,179</u>	<u>5,322,703</u>	<u>574,003</u>	<u>1,068,013</u>	<u>21,135,898</u>
Expenditures					
Current:					
General government	2,595,993	-	-	-	2,595,993
Judicial	1,440,226	-	-	-	1,440,226
Public safety	5,498,598	-	-	425,190	5,923,788
Public works	3,464,679	-	-	-	3,464,679
Culture and recreation	243,050	2,350,246	-	-	2,593,296
Housing and community development	1,072,818	-	-	-	1,072,818
Capital outlay	-	-	1,655,316	533,578	2,188,894
Debt service:					
Principal	-	-	-	125,000	125,000
Interest	-	-	-	121,651	121,651
Total expenditures	<u>14,315,364</u>	<u>2,350,246</u>	<u>1,655,316</u>	<u>1,205,419</u>	<u>19,526,345</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(144,185)</u>	<u>2,972,457</u>	<u>(1,081,313)</u>	<u>(137,406)</u>	<u>1,609,553</u>
Other financing sources (uses)					
Transfers in	2,722,457	-	-	593,780	3,316,237
Transfers out	(502,711)	(2,972,457)	-	-	(3,475,168)
Total other financing sources (uses)	<u>2,219,746</u>	<u>(2,972,457)</u>	<u>-</u>	<u>593,780</u>	<u>(158,931)</u>
Net change in fund balances	2,075,561	-	(1,081,313)	456,374	1,450,622
Fund balances, beginning of year, as restated	<u>10,864,461</u>	<u>-</u>	<u>-</u>	<u>1,448,539</u>	<u>12,313,000</u>
Fund balances, end of year	<u>\$ 12,940,022</u>	<u>\$ -</u>	<u>\$ (1,081,313)</u>	<u>\$ 1,904,913</u>	<u>\$ 13,763,622</u>

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

CITY OF TYBEE ISLAND, GEORGIA

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

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

Net change in fund balances - total governmental funds.	\$ 1,450,622
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.	
Total capital outlay	1,489,150
Total depreciation	(1,062,864)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	33,765
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
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	60,786
Amortization expense	18,014
Accrued interest	1,195
Compensated absences	(28,068)
	<u>\$ 2,087,600</u>

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

CITY OF TYBEE ISLAND, GEORGIA

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES – BUDGET (GAAP BASIS) AND ACTUAL
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues				
Taxes				
Property taxes	\$ 2,034,950	\$ 2,125,550	\$ 2,244,272	\$ 118,722
Local option sales tax	1,200,000	1,200,000	1,552,719	352,719
Franchise taxes	466,000	466,000	466,170	170
Insurance premium tax	230,000	230,000	239,810	9,810
Alcoholic beverage excise tax	290,000	290,000	431,741	141,741
Real estate transfer tax	15,000	15,000	39,997	24,997
Occupational taxes	75,000	75,000	81,936	6,936
Energy excise tax	20,030	20,030	31,080	11,050
Total taxes	<u>4,330,980</u>	<u>4,421,580</u>	<u>5,087,725</u>	<u>666,145</u>
Licenses and permits:				
Regulatory fees	85,000	85,000	97,370	12,370
Building permits	95,000	95,000	121,189	26,189
Building inspections	29,000	29,000	41,702	12,702
Zoning variance request fees	2,000	2,000	1,000	(1,000)
Recording fees	1,000	1,000	2,375	1,375
Penalties	2,000	2,000	-	(2,000)
Other	142,500	142,500	179,659	37,159
Total licenses and permits	<u>356,500</u>	<u>356,500</u>	<u>443,295</u>	<u>86,795</u>
Intergovernmental	<u>55,000</u>	<u>55,000</u>	<u>47,285</u>	<u>(7,715)</u>
Charges for services:				
Parking fees	4,977,100	5,351,214	5,823,650	472,436
Other charges for services	179,100	182,100	207,787	25,687
Total charges for services	<u>5,156,200</u>	<u>5,533,314</u>	<u>6,031,437</u>	<u>498,123</u>
Fines and forfeitures:				
Municipal fines	779,000	779,000	1,819,566	1,040,566
Parking fines	352,000	352,000	484,874	132,874
Total fines and forfeitures	<u>1,131,000</u>	<u>1,131,000</u>	<u>2,304,440</u>	<u>1,173,440</u>
Interest income	<u>100,000</u>	<u>100,000</u>	<u>7,316</u>	<u>(92,684)</u>
Miscellaneous:				
Rents and royalties	66,000	66,000	60,500	(5,500)
Other	37,000	76,050	189,181	113,131
Total miscellaneous	<u>103,000</u>	<u>142,050</u>	<u>249,681</u>	<u>107,631</u>
Total revenues	<u>11,232,680</u>	<u>11,739,444</u>	<u>14,171,179</u>	<u>2,431,735</u>
Expenditures				
Current:				
General government				
Governing body	74,088	99,688	95,678	4,010
Clerk of council	112,236	125,607	125,682	(75)
City manager	373,755	369,855	355,251	14,604
Financial administration	576,686	668,919	668,801	118
Legal	318,000	318,000	368,871	(50,871)
Information technology	813,657	869,224	791,456	77,768
Human resources	151,590	176,469	190,254	(13,785)
Total general government	<u>\$ 2,420,012</u>	<u>\$ 2,627,762</u>	<u>\$ 2,595,993</u>	<u>\$ 31,769</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, 2021**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Expenditures (Continued)				
Current (Continued):				
Judicial				
Municipal Court	\$ 277,256	\$ 267,556	\$ 1,440,226	\$ (1,172,670)
Total judicial	<u>277,256</u>	<u>267,556</u>	<u>1,440,226</u>	<u>(1,172,670)</u>
Public safety				
Police administration	2,995,413	3,385,157	3,383,294	1,863
Fire administration	1,773,814	2,074,334	2,115,304	(40,970)
Total public safety	<u>4,769,227</u>	<u>5,459,491</u>	<u>5,498,598</u>	<u>(39,107)</u>
Public works				
General operations	3,195,072	3,485,664	3,464,679	20,985
Total public works	<u>3,195,072</u>	<u>3,485,664</u>	<u>3,464,679</u>	<u>20,985</u>
Culture and recreation				
General operations	120,567	27,175	26,600	575
Recreation centers	168,450	168,450	168,450	-
Beach, lifeguards, dunes	65,000	48,000	48,000	-
Total culture and recreation	<u>354,017</u>	<u>243,625</u>	<u>243,050</u>	<u>575</u>
Housing and development				
Zoning and inspection	544,046	569,046	450,592	118,454
Urban redevelopment	130,941	130,941	100,600	30,341
Parking	509,343	509,343	521,626	(12,283)
Total housing and development	<u>1,184,330</u>	<u>1,209,330</u>	<u>1,072,818</u>	<u>136,512</u>
Total current expenditures	<u>12,199,914</u>	<u>13,293,428</u>	<u>14,315,364</u>	<u>(1,021,936)</u>
Total expenditures	<u>12,199,914</u>	<u>13,293,428</u>	<u>14,315,364</u>	<u>(1,021,936)</u>
Deficiency of revenues under expenditures	<u>(967,234)</u>	<u>(1,553,984)</u>	<u>(144,185)</u>	<u>1,409,799</u>
Other financing sources (uses)				
Appropriation of fund balance	-	586,750	-	(586,750)
Sale of assets	-	-	-	-
Transfers in	1,611,464	1,611,464	2,722,457	1,110,993
Transfers out	<u>(644,230)</u>	<u>(644,230)</u>	<u>(502,711)</u>	<u>141,519</u>
Total other financing sources, net	<u>\$ 967,234</u>	<u>\$ 1,553,984</u>	<u>\$ 2,219,746</u>	<u>\$ 665,762</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, 2021**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Net change in fund balance	\$ -	\$ -	\$ 2,075,561	\$ 2,075,561
Fund balances, beginning of year, as restated	10,864,461	10,864,461	10,864,461	-
Appropriation of fund balance	-	(586,750)	-	586,750
Fund balances, end of year	<u>\$ 10,864,461</u>	<u>\$ 10,277,711</u>	<u>\$ 12,940,022</u>	<u>\$ 2,662,311</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, 2021**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Taxes	\$ 3,361,000	\$ 3,361,000	\$ 5,315,336	\$ 1,954,336
Other revenues	10,000	10,000	7,367	(2,633)
Total revenues	<u>3,371,000</u>	<u>3,371,000</u>	<u>5,322,703</u>	<u>1,951,703</u>
Expenditures				
Current:				
Culture and recreation	1,514,316	1,514,136	2,350,246	(836,110)
Total expenditures	<u>1,514,316</u>	<u>1,514,136</u>	<u>2,350,246</u>	<u>(836,110)</u>
Excess of revenues over expenditures	<u>1,856,684</u>	<u>1,856,864</u>	<u>2,972,457</u>	<u>1,115,593</u>
Other financing uses				
Transfers out	<u>(1,856,864)</u>	<u>(1,856,864)</u>	<u>(2,972,457)</u>	<u>(1,115,593)</u>
Total other financing uses	<u>(1,856,864)</u>	<u>(1,856,864)</u>	<u>(2,972,457)</u>	<u>(1,115,593)</u>
Net change in fund balance	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances, beginning of year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
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, 2021**

	<u>Water and Sewer Fund</u>	<u>River's End RV Park Fund</u>	<u>Solid Waste Collection Fund</u>	<u>Totals</u>
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES				
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 479,209	\$ 929,622	\$ -	\$ 1,408,831
Accounts receivable, net of allowances	302,261	-	78,913	381,174
Inventory	65,245	19,352	-	84,597
Prepaid expenses	138,595	82,209	-	220,804
Total current assets	<u>985,310</u>	<u>1,031,183</u>	<u>78,913</u>	<u>2,095,406</u>
Non-current assets:				
Restricted cash	405,419	-	-	405,419
Capital assets:				
Nondepreciable	103,632	6,870,000	-	6,973,632
Depreciable, net of accumulated depreciation	15,832,777	737,299	-	16,570,076
Total non-current assets	<u>16,341,828</u>	<u>7,607,299</u>	<u>-</u>	<u>23,949,127</u>
Total assets	<u>17,327,138</u>	<u>8,638,482</u>	<u>78,913</u>	<u>26,044,533</u>
DEFERRED OUTFLOWS OF RESOURCES				
Pension	70,894	38,342	791	110,027
Total deferred outflows of resources	<u>70,894</u>	<u>38,342</u>	<u>791</u>	<u>110,027</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION				
LIABILITIES				
Current liabilities:				
Accounts payable	112,152	36,708	7,162	156,022
Accrued liabilities	14,047	8,437	-	22,484
Due to other funds	-	-	68,699	68,699
Compensated absences, current	24,329	18,526	-	42,855
Notes payable, current	166,091	-	-	166,091
Bonds payable, current	366,422	448,954	-	815,376
Unearned revenue	-	325,098	-	325,098
Total current liabilities	<u>683,041</u>	<u>837,723</u>	<u>75,861</u>	<u>1,596,625</u>
Non-current liabilities:				
Customer deposits	336,150	-	-	336,150
Notes payable, net of current portion	2,711,378	-	-	2,711,378
Bonds payable, net of current portion	1,614,381	1,977,996	-	3,592,377
Net pension liability	145,532	57,930	-	203,462
Total non-current liabilities	<u>4,807,441</u>	<u>2,035,926</u>	<u>-</u>	<u>6,843,367</u>
Total liabilities	<u>5,490,482</u>	<u>2,873,649</u>	<u>75,861</u>	<u>8,439,992</u>
DEFERRED INFLOWS OF RESOURCES				
Pension	11,338	5,972	3,209	20,519
Total deferred inflows of resources	<u>11,338</u>	<u>5,972</u>	<u>3,209</u>	<u>20,519</u>
NET POSITION				
Net investment in capital assets	11,078,137	5,180,349	-	16,258,486
Restricted for debt service	405,419	-	-	405,419
Unrestricted	412,656	616,854	634	1,030,144
Total net position	<u>\$ 11,896,212</u>	<u>\$ 5,797,203</u>	<u>\$ 634</u>	<u>\$ 17,694,049</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, 2021**

	Water and Sewer Fund	River's End RV Park Fund	Solid Waste Collection Fund	Totals
OPERATING REVENUES				
Charges for services:				
Water charges	\$ 1,292,242	\$ -	\$ -	\$ 1,292,242
Sewer charges	1,687,581	-	-	1,687,581
Camping fees	-	2,219,978	-	2,219,978
Stubbing fees	9,618	-	-	9,618
Tapping fees	13,269	-	-	13,269
Rental fees	215,234	-	-	215,234
Sanitation collection fees	-	-	960,063	960,063
Other	56,567	1,793	-	58,360
Total operating revenues	<u>3,274,511</u>	<u>2,221,771</u>	<u>960,063</u>	<u>6,456,345</u>
OPERATING EXPENSES				
Personnel services	1,229,888	528,041	-	1,757,929
Administrative	51,068	339,916	-	390,984
Utilities	223,559	142,574	-	366,133
Supplies	181,663	113,374	-	295,037
Repairs and maintenance	241,926	26,382	-	268,308
Sanitation services	-	-	1,118,994	1,118,994
Miscellaneous	637,462	-	-	637,462
Depreciation	784,243	66,606	-	850,849
Total operating expenses	<u>3,349,809</u>	<u>1,216,893</u>	<u>1,118,994</u>	<u>5,685,696</u>
Operating income (loss)	<u>(75,298)</u>	<u>1,004,878</u>	<u>(158,931)</u>	<u>770,649</u>
NON-OPERATING EXPENSES				
Interest expense	<u>(78,733)</u>	<u>(56,526)</u>	<u>-</u>	<u>(135,259)</u>
Total non-operating expenses	<u>(78,733)</u>	<u>(56,526)</u>	<u>-</u>	<u>(135,259)</u>
Income (loss) before contributions and transfers	(154,031)	948,352	(158,931)	635,390
CAPITAL CONTRIBUTIONS				
	77,426	-	-	77,426
TRANSFERS				
Transfers in	-	-	158,931	158,931
Total transfers	<u>-</u>	<u>-</u>	<u>158,931</u>	<u>158,931</u>
Change in net position	(76,605)	948,352	-	871,747
NET POSITION, beginning of year	<u>11,972,817</u>	<u>4,848,851</u>	<u>634</u>	<u>16,822,302</u>
NET POSITION, end of year	<u>\$ 11,896,212</u>	<u>\$ 5,797,203</u>	<u>\$ 634</u>	<u>\$ 17,694,049</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, 2021**

	<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	\$ 3,258,380	\$ 2,329,059	\$ 1,032,788	\$ 6,620,227
Payments to suppliers	(1,405,778)	(643,169)	(1,204,029)	(3,252,976)
Payments to employees	(1,236,522)	(528,413)	-	(1,764,935)
Net cash provided by (used in) operating activities	<u>616,080</u>	<u>1,157,477</u>	<u>(171,241)</u>	<u>1,602,316</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES				
Transfers in	-	-	158,931	158,931
Net cash provided by non-capital financing activities	<u>-</u>	<u>-</u>	<u>158,931</u>	<u>158,931</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Acquisition and construction of capital assets	(1,220,908)	(17,570)	-	(1,238,478)
Principal paid on bonds	(358,634)	(439,414)	-	(798,048)
Principal paid on notes payable	(164,242)	-	-	(164,242)
Interest paid	(71,677)	(53,225)	-	(124,902)
Net cash used in capital and related financing activities	<u>(1,815,461)</u>	<u>(510,209)</u>	<u>-</u>	<u>(2,325,670)</u>
Net change in cash and cash equivalents	(1,199,381)	647,268	(12,310)	(564,423)
Cash and cash equivalents, beginning of year	<u>2,084,009</u>	<u>282,354</u>	<u>12,310</u>	<u>2,378,673</u>
Cash and cash equivalents, end of year	<u>\$ 884,628</u>	<u>\$ 929,622</u>	<u>\$ -</u>	<u>\$ 1,814,250</u>
Classified as				
Cash and cash equivalents	\$ 479,209	\$ 929,622	\$ -	\$ 1,408,831
Restricted assets: cash	405,419	-	-	405,419
	<u>\$ 884,628</u>	<u>\$ 929,622</u>	<u>\$ -</u>	<u>\$ 1,814,250</u>

(Continued)

CITY OF TYBEE ISLAND, GEORGIA

**STATEMENT OF CASH FLOWS
 PROPRIETARY FUNDS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

	<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)	\$ (75,298)	\$ 1,004,878	\$ (158,931)	\$ 770,649
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities				
Depreciation	784,243	66,606	-	850,849
Change in assets and liabilities:				
(Increase) decrease:				
Accounts receivable	(44,731)	-	4,026	(40,705)
Inventory	55,767	6,624	-	62,391
Prepaid expenses	(41,532)	(41,733)	-	(83,265)
Increase (decrease):				
Accounts payable	(84,335)	14,186	(85,035)	(155,184)
Accrued expenses	458	3,559	-	4,017
Customer deposits	28,600	107,288	-	135,888
Net pension liability	(7,092)	(3,931)	-	(11,023)
Due to other funds	-	-	68,699	68,699
Net cash provided by (used in) operating activities	<u>\$ 616,080</u>	<u>\$ 1,157,477</u>	<u>\$ (171,241)</u>	<u>\$ 1,602,316</u>
Noncash capital and related financing activities				
Contributions from developers	<u>\$ 77,426</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 77,426</u>

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

CITY OF TYBEE ISLAND, GEORGIA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2021

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 accounting policies of the City 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, 2021.

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 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 Collection 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 and grants.

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, the FEMA/GEMA Grant Fund, and the American Rescue Act 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, intergovernmental revenues, and grants 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.

NOTES TO FINANCIAL STATEMENTS

NOTE 2. LEGAL COMPLIANCE – BUDGETS

A. Budgets and Budgetary Accounting

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.
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.

NOTES TO FINANCIAL STATEMENTS

NOTE 2. LEGAL COMPLIANCE – BUDGETS (CONTINUED)

B. Excess of Expenditures Over Appropriations

For the year ended June 30, 2021, the following departments of the General Fund and Hotel/Motel Tax Fund had excess of actual expenditures over appropriations. The over-expenditures were funded by excess revenues over appropriations.

	<u>Excess</u>
General Fund:	
General government	
Clerk of court	\$ 75
Legal	50,871
Human resources	13,785
Judicial	
Municipal court	1,172,670
Public safety	
Fire administration	40,970
Housing and development	
Parking	12,283
Hotel/Motel Tax Fund:	
Culture and recreation	836,110

C. Deficit Fund Balance

The following funds reported a deficit fund balance for the fiscal year ended June 30, 2021: E-911 Fund's deficit fund balance of \$2,803 and the Grant Fund's deficit fund balance of \$1,801,313. The E-911 deficit is intended to be eliminated through increased charges for services or interfund transfers. The Grant deficit is intended to be eliminated through the receipt of revenues in the next fiscal year that were unavailable as of June 30, 2021.

NOTES TO FINANCIAL STATEMENTS

NOTE 3. CASH AND INVESTMENTS

Total cash and investments as of June 30, 2021 are summarized as follows:

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

Cash and cash equivalents	\$	14,233,929
Restricted cash and cash equivalents		405,419
Total	\$	<u>14,639,348</u>
Cash deposited with financial institutions	\$	14,639,348
Total	\$	<u>14,639,348</u>

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"). As of June 30, 2021, the City does not have any investments.

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. As of June 30, 2021, the City does not have any investments.

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, 2021, 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. As of June 30, 2021, the City does not have any investments.

NOTES TO FINANCIAL STATEMENTS

NOTE 4. RECEIVABLES

Property taxes were levied in two installments on September 15, 2020 with a due date of November 15, 2020, and again on April 1, 2021 with a due date of June 1, 2021. 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, 2021 and expected to be collected by August 31, 2021, are recognized as revenues in the year ended June 30, 2021. Net receivables estimated to be collectible subsequent to August 31, 2021 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	Nonmajor Governmental Funds	Water and Sewer Fund	Solid Waste Collection Fund	Total
Receivables:							
Taxes	\$ 546,471	\$ 981,818	\$ -	\$ -	\$ -	\$ -	\$ 1,528,289
Due from other governments	238,371	-	1,081,313	871,265	-	-	2,190,949
Accounts	103,077	-	6,809	88,542	332,683	87,274	618,385
Gross receivables	887,919	981,818	1,088,122	959,807	332,683	87,274	4,337,623
Less: allowance for uncollectibles	(13,200)	-	-	-	(30,422)	(8,361)	(51,983)
Net total receivables	<u>\$ 874,719</u>	<u>\$ 981,818</u>	<u>\$ 1,088,122</u>	<u>\$ 959,807</u>	<u>\$ 302,261</u>	<u>\$ 78,913</u>	<u>\$ 4,285,640</u>

NOTES TO FINANCIAL STATEMENTS

NOTE 5. CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2021 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	316,938	-	-	(316,938)	-
Total capital assets, not being depreciated	<u>1,419,795</u>	<u>-</u>	<u>-</u>	<u>(316,938)</u>	<u>1,102,857</u>
Capital assets, being depreciated:					
Buildings and improvements	12,176,877	920,645	-	316,938	13,414,460
Machinery and equipment	7,297,963	568,505	-	-	7,866,468
Infrastructure	6,383,077	-	-	-	6,383,077
Total capital assets, being depreciated	<u>25,857,917</u>	<u>1,489,150</u>	<u>-</u>	<u>316,938</u>	<u>27,664,005</u>
Less accumulated depreciation for:					
Buildings and improvements	(2,124,299)	(295,412)	-	-	(2,419,711)
Machinery and equipment	(4,594,495)	(626,218)	-	-	(5,220,713)
Infrastructure	(2,223,886)	(141,234)	-	-	(2,365,120)
Total accumulated depreciation	<u>(8,942,680)</u>	<u>(1,062,864)</u>	<u>-</u>	<u>-</u>	<u>(10,005,544)</u>
Total capital assets, being depreciated, net	<u>16,915,237</u>	<u>426,286</u>	<u>-</u>	<u>316,938</u>	<u>17,658,461</u>
Governmental activities capital assets, net	<u>\$ 18,335,032</u>	<u>\$ 426,286</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 18,761,318</u>

NOTES TO FINANCIAL STATEMENTS

NOTE 5. CAPITAL ASSETS (CONTINUED)

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Business-type activities					
Capital assets, not being depreciated:					
Construction in progress	\$ 405,016	\$ 244,127	\$ -	\$ (649,143)	\$ -
Land	6,973,632	-	-	-	6,973,632
Total capital assets, not being depreciated	<u>7,378,648</u>	<u>244,127</u>	<u>-</u>	<u>(649,143)</u>	<u>6,973,632</u>
Capital assets, being depreciated:					
Land improvements	350,314	-	-	-	350,314
Buildings	764,562	6,214	-	-	770,776
Utility systems and improvements	20,277,889	1,047,207	(102,185)	649,143	21,872,054
Machinery and equipment	2,247,505	18,356	(70,020)	-	2,195,841
Total capital assets, being depreciated	<u>23,640,270</u>	<u>1,071,777</u>	<u>(172,205)</u>	<u>649,143</u>	<u>25,188,985</u>
Less accumulated depreciation for:					
Land improvements	(171,390)	(22,930)	-	-	(194,320)
Buildings	(187,203)	(29,365)	-	-	(216,568)
Utility systems and improvements	(6,438,143)	(631,547)	102,185	-	(6,967,505)
Machinery and equipment	(1,143,529)	(167,007)	70,020	-	(1,240,516)
Total accumulated depreciation	<u>(7,940,265)</u>	<u>(850,849)</u>	<u>172,205</u>	<u>-</u>	<u>(8,618,909)</u>
Total capital assets, being depreciated, net	<u>15,700,005</u>	<u>220,928</u>	<u>-</u>	<u>649,143</u>	<u>16,570,076</u>
Business-type activities capital assets, net	<u>\$ 23,078,653</u>	<u>\$ 465,055</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 23,543,708</u>

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

Governmental activities:	
General government	\$ 148,654
Public safety	419,633
Public works	220,996
Culture and recreation	273,581
Total depreciation expense - governmental activities	<u>\$ 1,062,864</u>
Business-type activities:	
Water and sewer	\$ 784,243
River's End RV Park	66,606
Total depreciation expense - business-type activities	<u>\$ 850,849</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, 2021 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	\$ 3,285,000	\$ -	\$ (125,000)	\$ 3,160,000	\$ 130,000
Plus bond premium	205,622	-	(18,014)	187,608	-
Total bonds payable	<u>3,490,622</u>	<u>-</u>	<u>(143,014)</u>	<u>3,347,608</u>	<u>130,000</u>
Compensated absences	348,691	592,553	(564,485)	376,759	226,055
Net pension liability	<u>1,000,445</u>	<u>1,140,261</u>	<u>(1,113,209)</u>	<u>1,027,497</u>	<u>-</u>
Governmental activity long-term liabilities	<u>\$ 4,839,758</u>	<u>\$ 1,732,814</u>	<u>\$ (1,820,708)</u>	<u>\$ 4,751,864</u>	<u>\$ 356,055</u>
Business-type activities					
Notes payable	\$ 3,041,711	\$ -	\$ (164,242)	\$ 2,877,469	\$ 166,091
Revenue bonds payable	5,205,801	-	(798,048)	4,407,753	815,376
Compensated absences	38,838	72,916	(68,899)	42,855	42,855
Net pension liability	<u>198,557</u>	<u>206,104</u>	<u>(201,199)</u>	<u>203,462</u>	<u>-</u>
Business-type activity long-term liabilities	<u>\$ 8,484,907</u>	<u>\$ 279,020</u>	<u>\$ (1,232,388)</u>	<u>\$ 7,531,539</u>	<u>\$ 1,024,322</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, 2021 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	\$ 2,426,949
Water and Sewer Refunding Revenue Bonds, Series 2016	3,750,000	2.15%	2026	1,980,804
Chatham County Recreation Authority Revenue Bond, Series 2019	3,410,000	3% - 4%	2039	3,160,000
				7,567,753
		Add unamortized bond premium		187,608
		Less current portion		(945,376)
				<u>\$ 6,809,985</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>
2022	\$ 1,149,289	\$ 945,376	\$ 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	1,151,689	1,038,534	113,155
2027 – 2031	1,376,592	969,939	406,653
2032 – 2036	1,223,600	970,000	253,600
2037 – 2039	735,005	680,005	55,000
	<u>\$ 9,080,191</u>	<u>\$ 7,567,753</u>	<u>\$ 1,512,438</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, 2021:

<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	\$ 1,204,459
Water and sewer improvements	1,361,000	0.89%	2038	1,189,746
Water and sewer improvements	568,973	0.89%	2038	483,264
				<u>2,877,469</u>
			Less current portion	(166,091)
				<u>\$ 2,711,378</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>
2022	\$ 186,663	\$ 166,091	\$ 20,572
2023	187,232	167,965	19,267
2024	187,808	169,861	17,947
2025	188,389	171,779	16,610
2026	188,973	173,719	15,254
2027 – 2031	953,829	898,520	55,309
2032 – 2036	906,349	904,569	1,780
2037 – 2039	225,452	224,965	487
	<u>\$ 3,024,695</u>	<u>\$ 2,877,469</u>	<u>\$ 147,226</u>

NOTE 7. INTERFUND BALANCES AND TRANSFERS

Interfund balances for the fiscal year ended June 30, 2021 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>	<u>Solid Waste Collection Fund</u>	
General Fund	\$ 938,538	\$ 231,900	\$ 302,068	\$ 68,699	\$ 1,541,205
Total	<u>\$ 938,538</u>	<u>\$ 231,900</u>	<u>\$ 302,068</u>	<u>\$ 68,699</u>	<u>\$ 1,541,205</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, 2021 consisted of the following:

Transfer To	Transfer From		
	General Fund	Hotel/Motel Fund	Total
General Fund	\$ -	\$ 2,722,457	\$ 2,722,457
Solid Waste Fund	158,931	-	158,931
Nonmajor Governmental Funds	343,780	250,000	593,780
Total	\$ 502,711	\$ 2,972,457	\$ 3,475,168

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, 2021, pension plan membership consisted of the following:

Retirees and beneficiaries currently receiving benefits	56
Terminated employees entitled to benefits but not yet receiving them	62
Active Plan members	127
Total membership in the Plan	245

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, 2021, the City's contribution rate was 7.17% of annual payroll. City contributions to the Plan were \$408,372 for the year ended June 30, 2021.

Net Pension Liability of the City

The City's net pension liability was measured as of September 30, 2020. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2020 with updated procedures performed by the actuary to roll forward to the total pension liability measured as of September 30, 2020.

Actuarial assumptions. The total pension liability in the January 1, 2021 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 Pri-2012 head-count weighted Healthy Retiree Mortality Table with rate multiplied by 1.25.

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, 2020, are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return*</u>
Domestic equity	45%	6.40%
International equity	20%	7.05%
Domestic fixed income	20%	1.15%
Real estate	10%	4.50%
Global fixed income	5%	1.25%
	<u>100%</u>	

*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, 2021, were as follows:

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Beginning balances	\$ 10,845,374	\$ 9,646,372	\$ 1,199,002
<i>Changes for the year:</i>			
Service cost	236,096	-	236,096
Interest	799,348	-	799,348
Differences between expected and actual experience	276,274	-	276,274
Contributions - employer	-	383,945	(383,945)
Net investment income	-	926,792	(926,792)
Benefit payments, including refunds of employee contributions	(485,696)	(485,696)	-
Administrative expense	-	(30,976)	30,976
Other	-	-	-
<i>Net changes</i>	826,022	794,065	31,957
Ending balances	\$ 11,671,396	\$ 10,440,437	\$ 1,230,959

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 (asset)	\$ 2,785,622	\$ 1,230,959	\$ (52,316)

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, 2020, 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, 2021, the City recognized pension expense of \$338,915. At June 30, 2021, 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	\$ 451,376	\$ (45,219)
Changes in assumptions	115	(65,365)
Net difference between projected and actual earnings on pension plan investments	-	(116,122)
City contributions subsequent to the measurement date	306,280	-
Total	\$ 757,771	\$ (226,706)

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 \$306,280 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, 2022. 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,	
2022	\$ 13,477
2023	146,259
2024	109,101
2025	(44,052)
Total	<u>\$ 224,785</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, 2021, 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, 2021, \$5,322,703 of Hotel/Motel tax was collected. Of the total collected, 100% was used for the promotion of tourism within the City (\$1,520,012 to the Savannah Chamber of Commerce, \$760,234 to the Georgia International Convention Center, \$70,000 to the Tybee Post Theater, \$442,211 to the Beach Renourishment, \$2,280,246 to the General Fund, and \$250,000 to the Debt Service Fund).

NOTES TO FINANCIAL STATEMENTS

NOTE 13. RESTATEMENT OF PRIOR YEAR NET POSITION AND FUND BALANCE

In fiscal year 2021, the City adopted GASB Statement No. 84, Fiduciary Activities. This statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on: (1) whether a government is controlling the assets of the fiduciary activity, and (2) the beneficiaries with whom a fiduciary relationship exists. An activity meeting the criteria should be reported in a fiduciary fund in the basic financial statements. Governments with activities meeting the criteria should present a statement of fiduciary net position and a statement of changes in fiduciary net position. The City restated beginning governmental activities net position and beginning fund balance for the General Fund for the cumulative effect of this accounting change. These changes are in accordance with generally accepted accounting principles.

Fund balance, General Fund, as previously reported	\$ 10,780,071
Prior period adjustment - implementation of GASB No. 84	<u>84,390</u>
Fund balance, Special Programs Fund, as restated	<u>\$ 10,864,461</u>
Net position, governmental activities, as previously reported	\$ 26,224,022
Prior period adjustment - implementation of GASB No. 84	<u>84,390</u>
Net position, governmental activities, as restated	<u>\$ 26,308,412</u>

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,**

	2021	2020	2019	2018	2017	2016	2015
Total pension liability							
Service cost	\$ 236,096	\$ 222,306	\$ 259,255	\$ 270,293	\$ 243,211	\$ 271,181	\$ 254,414
Interest on total pension liability	799,348	750,299	724,949	678,645	632,774	591,196	559,195
Differences between expected and actual experience	276,274	445,331	(180,875)	107,516	55,701	(6,456)	(90,395)
Changes of assumptions	-	-	-	-	-	-	(2,320)
Benefit payments, including refunds of employee contributions	(485,696)	(447,024)	(409,734)	(404,293)	(331,010)	(307,853)	(308,101)
Other	-	(130,732)	-	577	27,856	-	-
Net change in total pension liability	826,022	840,180	393,595	652,738	628,532	548,068	412,793
Total pension liability - beginning	10,845,374	10,005,194	9,611,599	8,958,861	8,330,329	7,782,261	7,369,468
Total pension liability - ending (a)	11,671,396	10,845,374	10,005,194	9,611,599	8,958,861	8,330,329	7,782,261
Plan fiduciary net position							
Contributions - employer	383,945	421,734	433,667	423,061	430,220	450,057	428,260
Net investment income	926,792	283,751	850,056	1,123,477	745,075	67,622	651,704
Benefit payments, including refunds of employee contributions	(485,696)	(447,024)	(409,734)	(404,293)	(331,010)	(307,853)	(308,101)
Administrative expenses	(30,976)	(27,528)	(28,995)	(29,890)	(17,953)	(20,168)	(15,776)
Net change in plan fiduciary net position	794,065	230,933	844,994	1,112,355	826,332	189,658	756,087
Plan fiduciary net position - beginning	9,646,372	9,415,439	8,570,445	7,458,090	6,631,758	6,442,100	5,686,013
Plan fiduciary net position - ending (b)	10,440,437	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)	\$ 1,230,959	\$ 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	89.45%	88.94%	94.11%	89.17%	83.25%	79.61%	82.78%
Covered payroll	\$ 5,695,722	\$ 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	21.61%	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,**

	2021	2020	2019	2018	2017	2016	2015
Actuarially determined contribution	\$ 408,372	\$ 372,670	\$ 438,089	\$ 432,193	\$ 420,017	\$ 433,621	\$ 455,536
Contributions in relation to the actuarially determined contribution	<u>408,372</u>	<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>	<u>\$ -</u>
Covered payroll	\$ 5,695,722	\$ 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	7.17%	7.88%	10.53%	9.61%	9.71%	11.30%	11.87%

Notes to the Schedule:

Valuation date	January 1, 2021
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.

American Rescue Act Fund – To account for and report financial resources and expenditures associated with the U.S. Department of Treasury's Coronavirus State and Local Fiscal Recovery Funds established by the American Rescue Plan Act of 2021.

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.

2003 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.

2020 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, 2021**

	Nonmajor Special Revenue Funds	Nonmajor 2003 SPLOST Fund	Nonmajor 2014 SPLOST Fund	Nonmajor 2020 SPLOST Fund	Nonmajor Debt Service Fund	Total Nonmajor Governmental Funds
ASSETS						
Cash and cash equivalents	\$ 4,588	\$ 184,554	\$ 981,028	\$ 495,168	\$ 162,028	\$ 1,827,366
Accounts receivable	6,795	-	-	81,747	-	88,542
Due from other governments	871,265	-	-	-	-	871,265
Prepaid expenditures	2,285	-	-	-	-	2,285
Total assets	\$ 884,933	\$ 184,554	\$ 981,028	\$ 576,915	\$ 162,028	\$ 2,789,458
LIABILITIES AND FUND BALANCE						
LIABILITIES						
Accounts payable	\$ 3,011	\$ -	\$ 4,263	\$ -	\$ -	\$ 7,274
Accrued liabilities	3,285	-	-	-	-	3,285
Due to other funds	302,068	-	-	-	-	302,068
Unearned revenue	571,918	-	-	-	-	571,918
Total liabilities	880,282	-	4,263	-	-	884,545
FUND BALANCE						
Nonspendable - prepaid items	2,285	-	-	-	-	2,285
Restricted for:						
Public safety vehicles and equipment	7,454	-	-	-	-	7,454
Capital projects	-	184,554	976,765	576,915	-	1,738,234
Debt service	-	-	-	-	162,028	162,028
Unassigned	(5,088)	-	-	-	-	(5,088)
Total fund balance	4,651	184,554	976,765	576,915	162,028	1,904,913
Total liabilities and fund balance	\$ 884,933	\$ 184,554	\$ 981,028	\$ 576,915	\$ 162,028	\$ 2,789,458

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, 2021**

	Nonmajor Special Revenue Funds	Nonmajor 2003 SPLOST Fund	Nonmajor 2014 SPLOST Fund	Nonmajor 2020 SPLOST Fund	Nonmajor Debt Service Fund	Total Nonmajor Governmental Funds
Revenues						
Intergovernmental	\$ 160,341	\$ -	\$ 251,592	\$ 576,858	\$ -	\$ 988,791
Charges for services	78,125	-	-	-	-	78,125
Interest income	-	-	1,040	57	-	1,097
Total revenues	<u>238,466</u>	<u>-</u>	<u>252,632</u>	<u>576,915</u>	<u>-</u>	<u>1,068,013</u>
Expenditures						
Current:						
Public safety	425,190	-	-	-	-	425,190
Capital outlay	-	267,544	266,034	-	-	533,578
Debt service:						
Principal	-	-	-	-	125,000	125,000
Interest	-	-	-	-	121,651	121,651
Total expenditures	<u>425,190</u>	<u>267,544</u>	<u>266,034</u>	<u>-</u>	<u>246,651</u>	<u>1,205,419</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(186,724)</u>	<u>(267,544)</u>	<u>(13,402)</u>	<u>576,915</u>	<u>(246,651)</u>	<u>(137,406)</u>
Other financing source						
Transfers in	<u>343,780</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>250,000</u>	<u>593,780</u>
Total other financing source	<u>343,780</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>250,000</u>	<u>593,780</u>
Net change in fund balance	157,056	(267,544)	(13,402)	576,915	3,349	456,374
Fund balance, beginning of year	<u>(152,405)</u>	<u>452,098</u>	<u>990,167</u>	<u>-</u>	<u>158,679</u>	<u>1,448,539</u>
Fund balance, end of year	<u>\$ 4,651</u>	<u>\$ 184,554</u>	<u>\$ 976,765</u>	<u>\$ 576,915</u>	<u>\$ 162,028</u>	<u>\$ 1,904,913</u>

CITY OF TYBEE ISLAND, GEORGIA

**COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2021**

	<u>E911 Fund</u>	<u>Confiscated Assets Fund</u>	<u>FEMA/GEMA Grant Fund</u>	<u>American Rescue Act Fund</u>	<u>Total Nonmajor Special Revenue Funds</u>
ASSETS					
Cash and cash equivalents	\$ -	\$ 4,588	\$ -	\$ -	\$ 4,588
Accounts receivable	6,795	-	-	-	6,795
Due from other governments	-	-	299,347	571,918	871,265
Prepaid expenditures	<u>2,285</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,285</u>
Total assets	<u>\$ 9,080</u>	<u>\$ 4,588</u>	<u>\$ 299,347</u>	<u>\$ 571,918</u>	<u>\$ 884,933</u>
LIABILITIES AND FUND BALANCES					
LIABILITIES					
Accounts payable	\$ 2,877	\$ 134	\$ -	\$ -	\$ 3,011
Accrued liabilities	3,285	-	-	-	3,285
Due to other funds	5,721	-	296,347	-	302,068
Unearned revenue	-	-	-	571,918	571,918
Total liabilities	<u>11,883</u>	<u>134</u>	<u>296,347</u>	<u>571,918</u>	<u>880,282</u>
FUND BALANCE					
Nonspendable - prepaid items	2,285	-	-	-	2,285
Restricted for:					
Public safety	-	4,454	3,000	-	7,454
Unassigned	<u>(5,088)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(5,088)</u>
Total fund balance	<u>(2,803)</u>	<u>4,454</u>	<u>3,000</u>	<u>-</u>	<u>4,651</u>
Total liabilities and fund balance	<u>\$ 9,080</u>	<u>\$ 4,588</u>	<u>\$ 299,347</u>	<u>\$ 571,918</u>	<u>\$ 884,933</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, 2021**

	E911 Fund	Confiscated Assets Fund	FEMA/GEMA Grant Fund	American Rescue Act Fund	Total Nonmajor Special Revenue Funds
Revenues					
Intergovernmental	\$ -	\$ -	\$ 160,341	\$ -	\$ 160,341
Charges for services	78,125	-	-	-	78,125
Total revenues	<u>78,125</u>	<u>-</u>	<u>160,341</u>	<u>-</u>	<u>238,466</u>
Expenditures					
Current:					
Public safety	425,190	-	-	-	425,190
Total expenditures	<u>425,190</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>425,190</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(347,065)</u>	<u>-</u>	<u>160,341</u>	<u>-</u>	<u>(186,724)</u>
Other financing source					
Transfers in	343,780	-	-	-	343,780
Total other financing source	<u>343,780</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>343,780</u>
Net change in fund balance	(3,285)	-	160,341	-	157,056
Fund balance, beginning of year	<u>482</u>	<u>4,454</u>	<u>(157,341)</u>	<u>-</u>	<u>(152,405)</u>
Fund balance, end of year	<u>\$ (2,803)</u>	<u>\$ 4,454</u>	<u>\$ 3,000</u>	<u>\$ -</u>	<u>\$ 4,651</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, 2021**

Project	Estimated Cost		Expenditures		Cumulative Total
	Original	Current	Prior Years	Current Year	
Public Safety					
Police department vehicles	\$ 120,000	\$ 228,434	\$ 228,437	\$ 29,996	\$ 258,433
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	40,615	5,443	46,058
Drainage project - various	-	196,030	21,736	50,489	72,225
Street sweeper equipment	-	180,000	180,000	-	180,000
Cultural and Recreation					
Memorial Park pavilion building	32,000	45,997	45,997	105,623	151,620
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	674,291	41,977	716,268
Various projects	332,000	-	-	-	-
South end restrooms	-	400,000	-	32,506	32,506
Beach Related					
Mobile mats	20,000	-	-	-	-
Beach crossovers	-	224,770	224,769	-	224,769
Future projects	-	248,039	-	-	-
	<u>\$ 4,200,000</u>	<u>\$ 4,125,694</u>	<u>\$ 3,383,525</u>	<u>\$ 266,034</u>	<u>\$ 3,649,559</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, 2021**

Project	Estimated Cost		Expenditures		Cumulative Total
	Original	Current	Prior Years	Current Year	
Drainage					
Drainage reconstruction/maintenance	\$ 200,000	\$ 559	\$ 559	\$ -	\$ 559
North Beach area	200,000	-	-	-	-
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	3,238,579	267,544	3,506,123
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>\$ 9,990,831</u>	<u>\$ 267,544</u>	<u>\$ 10,258,375</u>

CITY OF TYBEE ISLAND, GEORGIA

**SCHEDULE OF EXPENDITURES OF
SPECIAL PURPOSE LOCAL OPTION SALES TAX PROCEEDS (2020 RESOLUTION)
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

Project	Estimated Cost		Expenditures		Cumulative Total
	Original	Current	Prior Years	Current Year	
Public Safety					
Fire station	\$ 460,000	\$ 46,000	\$ -	\$ -	\$ -
Fire vehicles	545,000	545,000	-	-	-
Public Works					
Street paving and maintenance	200,000	200,000	-	-	-
Water/Sewer improvements	500,000	500,000	-	-	-
Drainage projects	230,000	230,000	-	-	-
Cultural and Recreational					
Recreational facilities	469,653	469,653	-	-	-
Recreational area improvements	550,000	550,000	-	-	-
Beach area improvements	450,000	450,000	-	-	-
General Government					
City facilities	550,000	550,000	-	-	-
	<u>\$ 3,954,653</u>	<u>\$ 3,540,653</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</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, 2021, 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 10, 2021.

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 black ink that reads "Mauldin & Jenkins, LLC". The signature is written in a cursive, flowing style.

Savannah, Georgia
December 10, 2021



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

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

Report on Compliance for Each Major Federal Program

We have audited City of Tybee Island's (the "City") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended June 30, 2021. The City's major federal program is identified in the summary of audit results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

In our opinion, the City complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2021.

Report on Internal Control Over Compliance

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

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

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

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



Savannah, Georgia
December 10, 2021

CITY OF TYBEE ISLAND, GEORGIA

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

<u>Federal Grantor/ Pass-Through Program Title</u>	<u>Federal CFDA Number</u>	<u>Grant ID Number</u>	<u>Federal Expenditures</u>	<u>Passed-Through to Subrecipients</u>
U.S. Department of Homeland Security				
Passed through Georgia Emergency Management Division				
Hazard Mitigation Grant	97.039	HMGP 4284-0055	\$ 309,650	\$ -
Hazard Mitigation Grant	97.039	HMGP 4284-0058	319,329	-
Hazard Mitigation Grant	97.039	HMGP 4294-0004-R	395,396	-
Total U.S. Department of Homeland Security			<u>1,024,375</u>	<u>-</u>
U.S. Department of the Treasury				
Passed through Georgia Governors Office of Planning and Budget				
COVID-19 - Coronavirus Relief Fund	21.019	14518-CRF	160,341	-
			<u>160,341</u>	<u>-</u>
Total Expenditures of Federal Awards			<u>\$ 1,184,716</u>	<u>\$ -</u>

See Notes to Schedule of Expenditures of Federal Awards.

CITY OF TYBEE ISLAND, GEORGIA

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE FISCAL YEAR ENDED JUNE 30, 2021

NOTE 1. BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards ("SEFA") includes the federal award activity of the City of Tybee Island (the "City") under programs of the federal government for the year ended June 30, 2021. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the SEFA presents only a selected portion of the operations of the City, it is not intended to and does not present the net position, changes in net position, or cash flows of the City.

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the SEFA are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

NOTE 3. INDIRECT COST RATE

The City has elected not to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

NOTE 4. NON-CASH ASSISTANCE

No federal awards were expended in the form of non-cash assistance during the fiscal year ended June 30, 2021.

NOTE 5. SUBRECIPIENTS

The City did not pass funding through to subrecipients during the fiscal year ended June 30, 2021.

CITY OF TYBEE ISLAND, GEORGIA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE FISCAL YEAR ENDED JUNE 30, 2021

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

Internal control over financial reporting:

Material weaknesses identified?

Yes No

Significant deficiencies identified not considered
to be material weaknesses?

Yes None Reported

Type of auditor's report issued

Unmodified

Any audit findings disclosed that are required to
be reported in accordance with the Uniform Guidance?

Yes No

Identification of major programs:

CFDA Number

97.039

Name of Federal Program or Cluster

**U.S. Department of Homeland
Security**

Hazard Mitigation Grant

Dollar threshold used to distinguish between
Type A and Type B programs?

\$750,000

Auditee qualified as a low-risk auditee?

Yes No

CITY OF TYBEE ISLAND, GEORGIA

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

**SECTION II
FINANCIAL STATEMENT FINDINGS AND QUESTIONED COSTS**

None reported.

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

None reported.

CITY OF TYBEE ISLAND, GEORGIA
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

STATUS OF PRIOR YEAR AUDIT FINDINGS

None reported.