

CITY OF PORT WENTWORTH, GEORGIA

Comprehensive Annual Financial Report **Fiscal Year Ended June 30, 2013**

Prepared by:
City Finance Department



City of Port Wentworth, Georgia

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City of Port Wentworth, Georgia

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INTRODUCTORY SECTION





CITY OF PORT WENTWORTH

305 South Coastal Highway Port Wentworth, Georgia 31407

(912) 964-4379

(912) 966-7429 (f)

www.cityofportwentworth.com

October 9, 2013

MAYOR

G. Glenn Jones

Honorable Mayor
Members of Council and Citizens
City of Port Wentworth, Georgia

COUNCIL MEMBERS

Jud Bowers

James Curry

Bill Herrin

Tim Holbrook

Lloyd Stanhope, Jr.

State law requires that every general-purpose local government publish within six months of the close of each fiscal year a complete set of audited financial statements. This report is published to fulfill that requirement for the fiscal year ended June 30, 2013.

Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal control that it has established for this purpose. Because the cost of internal control should not exceed the benefits, the objective is to provide a reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

CITY ADMINISTRATOR

Phillip Claxton

Karp, Ronning & Tindol, Certified Public Accountants, have issued an unqualified ("clean") opinion on the City of Port Wentworth's financial statements for the fiscal year ended June 30, 2013. The independent auditor's report is located at the front of the financial section of this report.

Management's discussion and analysis (MD&A) immediately follows the independent auditors' report and provides a narrative introduction, overview, and analysis of the basic financial statements. MD&A complements this letter of transmittal and should be read in conjunction with it.

PROFILE OF THE GOVERNMENT

The City of Port Wentworth (the City) is located in Chatham County near the Georgia Ports Authority and borders Effingham County and South Carolina, encompassing 15.6 square miles with a population of 5,359 according to the 2010 Census.

The City was founded in 1733 and incorporated in 1957. Under the Charter, the City Council is comprised of a Mayor and six (6) Council Members who enact local legislation, determine the policy and direction of the City, and adopt the operating budget. The Mayor and Council are elected for four (4) year staggered terms.

The City Council employs a City Administrator to manage the City on a daily basis and implement the policies and programs enacted by Council. The City also employs a Clerk of Council who serves as the official record keeper of the City.

The City is a full service municipality providing general governmental, public safety, recreation, street maintenance, code enforcements, solid waste, water, sanitary sewer, and other services. The criteria used by the City for including activities in preparing its financial statements are set forth in Governmental Accounting Standards Board (GASB) Statement No. 14. Based on these criteria, all municipal services listed above are included in the City's financial statements. There are no active entities considered to be component units, or legally separate entities, for which the City is financially responsible.

The City Council adopts and reports annual budgets for the general and special revenues funds as required by State law. The legal level of control (the level at which expenditures may not exceed appropriations) is at the department level.

ECONOMIC CONDITION AND OUTLOOK

Summary of Local Economy

Although the City has been affected by the national economic recession over the past couple of years, it shows signs of recovery. Tax revenues have increased during the fiscal year ended June 30, 2013. In addition, water and sewer fee collections have also grown over the past year. Population growth accounts for most of the City's improved tax and fee revenue.

The Georgia Department of Labor indicates that the annualized average unemployment rate for Chatham County in 2012 was 8.3%. As of June 30, 2013, the unemployment rate had increased to 8.8%.

According to the Savannah Economic Development Authority, the top employers in the Savannah-Chatham MSA (Metropolitan Statistical Area) in 2013 included Gulfstream Aerospace, Fort Stewart Hunter Army Airfield, Memorial Health University Medical Center, Savannah-Chatham County Board of Education, St. Joseph/Candler Health System, City of Savannah, Savannah College of Art and Design, Chatham County, Georgia Pacific and International Paper.

According to the Georgia Department of Labor, by the fourth quarter of 2012, the percentage of employed persons by sector included:

Good producing sector	13.7%
Service producing sector	70.8%
Government	15.1%

Prospects for the Economy

Port Wentworth is a bedroom community in the Savannah-Chatham County MSA. The local economy mirrors the larger region. The Georgia Department of Labor projects that Chatham County's population will increase 7.6% by 2015. We anticipate the City's population and home construction to continue, though not as rapidly as in the past couple of years. By analyzing building permits and issued certificates of occupancy, we project that the City's population will be over 7,000 people by 2015.

Relevant Financial Policies

Adherence to the City's financial planning, revenue, and expenditure policies have allowed the City to maintain general fund unreserved, undesignated fund balance of \$7,291,745. Without additional revenue enhancements such as millage rate increase or increase in charges for services, this fund balance will be critical to fund the current level of government service in the future.

Major Initiatives

Major projects and initiatives started and/or completed in FY 2013 included:

- Construction of Water and Sewer on Berrien and Saussy Roads
- Downtown Sewer Rehabilitation
- Berrien Road Improvements
- Meinhard Road Reclamation
- Replacement of P.B. Edwards Recreation Center floor
- Implementation of new financial utility billing and municipal court software

Long-term Financial Planning

The City incurred debt in funding of its wastewater treatment plant as well as other sewer projects in the City completed and placed in service in recent years. Fee collections from the wastewater treatment plant are expected to service the long-term debt incurred.

OTHER INFORMATION

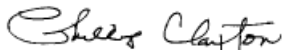
Awards

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Port Wentworth for its comprehensive annual financial report for the year ended June 30, 2013. This was the twelfth year the City has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiency organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements. A certificate of achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

FINAL COMMENTS

The preparation of this report would not have been possible without the efficient and dedicated service of the City's staff. We wish to express our appreciation to all members of the staff who assisted and contributed to the preparation of this report. Finally, credit also must be given to the Mayor and Council for their unfailing support for maintaining the highest standards of professionalism in the management of the City of Port Wentworth's finances.

Sincerely,

A handwritten signature in cursive script that reads "Phillip Claxton".

Phillip Claxton
City Administrator

City of Port Wentworth, Georgia

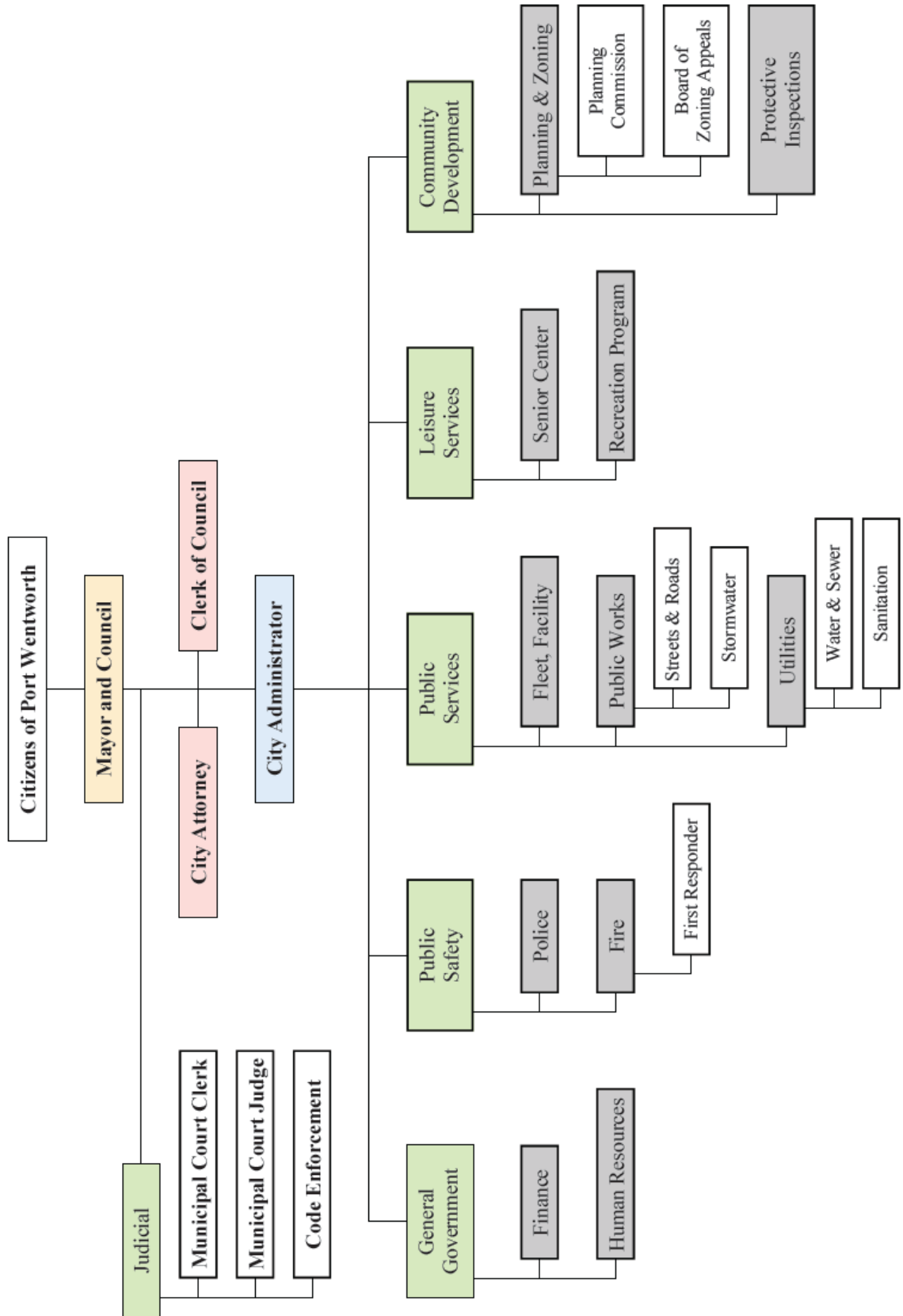
List of Principal Officials

Mayor	G. Glenn Jones
Mayor Pro Tem	Jud Bowers
City Administrator	Phillip Claxton
City Attorney	Eric Gotwalt
Clerk of Council	Miriam Jordan
Director of Public Safety	Matthew Libby
Director of Development Services	James Harvey
Director of Leisure Services	Tiffany Dennis

Council Committee Chairpersons

James Curry	Water, Sewer & Sanitation
Tim Holbrook	Administration, Accounting & Finance
Bill Herrin	Public Safety
Jud Bowers	Planning Commission, Zoning Board of Appeals & Public Properties
Lloyd Stanhope, Jr.	Leisure Services

City of Port Wentworth, Georgia
Organizational Chart





Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**City of Port Wentworth
Georgia**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2012

A handwritten signature in black ink, reading "Jeffrey R. Egan". The signature is fluid and cursive.

Executive Director/CEO

FINANCIAL SECTION





Independent Auditor's Report

Honorable Mayor and Members of the City Council
City of Port Wentworth, 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 remaining fund information of the City of Port Wentworth, Georgia, as of and for the year ended June 30, 2013, 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 remaining fund information of the City of Port Wentworth, Georgia, as of June 30, 2013, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and the required supplementary information other than Management's Discussion and Analysis beginning on page C-1 and E-1 respectively be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Port Wentworth, Georgia's basic financial statements. The budgetary comparison schedule for the nonmajor governmental fund, the fiduciary fund statement of changes in assets and liabilities, the schedule of projects constructed with special purpose local option sales tax proceeds, the schedule of required expenditures funded by the hotel/motel tax, and the other information, such as the introductory and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The budgetary comparison schedule for the nonmajor governmental fund, the fiduciary fund statement of changes in assets and liabilities, the schedule of projects constructed with special purpose local option sales tax proceeds, and the schedule of required expenditures funded by the hotel/motel tax is the responsibility of management and was derived from and relates 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 budgetary comparison schedule for the nonmajor governmental fund, the fiduciary fund statement of changes in assets and liabilities, the schedule of projects

constructed with special purpose local option sales tax proceeds, and the schedule of required expenditures funded by the hotel/motel tax is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The information identified in the table of contents as the introductory and statistical section has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 9, 2013 on our consideration of the City of Port Wentworth, Georgia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City of Port Wentworth, Georgia's internal control over financial reporting and compliance.

KRT, CPAs P.C.

KRT, CPAs P.C.
Savannah, Georgia
October 9, 2013



City of Port Wentworth, Georgia

Management's Discussion and Analysis

INTRODUCTION

Our discussion and analysis of the financial performance of the City of Port Wentworth provides an overview of the City's financial activities for the fiscal year ended June 30, 2013. The intent of this management discussion and analysis is to look at the City's financial performance as a whole. Readers should also review the transmittal letter, financial statements and notes to the financial statements to enhance their understanding of the City's financial performance.

The basic financial statements contain three components:

1. Government-wide financial statements including the Statement of Net Position and the Statement of Activities which provide a broad overview of the City's finances;
2. Fund financial statements, including the balance sheets, that provide a greater level of detail of revenues and expenditures and focus on how well the City has performed in the short term in the most significant funds, and;
3. Notes to the financial statements.

This report presents the financial highlights for last year and contains other supplementary information.

FINANCIAL HIGHLIGHTS

- ⇒ The City's assets exceeded its liabilities at June 30, 2013 by \$46,874,839 (net position). Of this amount, \$13,510,175 (unrestricted net position) may be used to meet the City's ongoing obligations to citizens and creditors.
- ⇒ The City's total net position increased \$1,422,686 which is comprised of a \$1,432,037 increase resulting from governmental activities and a \$9,351 decrease resulting from business-type activities.
- ⇒ Key factors resulting in the governmental activities change in net position include the following.
 1. Charges for services were around \$2,062,000, an increase of approximately \$83,000 from the previous year;
 2. Grants and contributions approximated \$773,000, primarily from intergovernmental agencies;
 3. Tax revenues were approximately \$4,370,000, an increase from 2012 of approximately \$300,000;
 4. Governmental activity expenses were approximately \$5,638,000, a decrease of around \$198,000 from the previous year;
 5. Capital lease payable on one of the City's fire trucks was paid off during the year resulting in approximately \$238,000 decrease in long-term liabilities;
 6. Transfers to the business-type activities fund were approximately \$286,000, primarily for the North Area water and sewer project; and
- ⇒ Key factors resulting in the business-type activities change in net position include:
 1. Charges for services increased approximately \$94,000 as a result of new connections and rate increases;
 2. Capital grants and contributions received this year were \$231,795 from aid to construction and federal grants obtained for construction of the new water and sewer infrastructure projects;

City of Port Wentworth, Georgia

Management's Discussion and Analysis (cont.)

3. Transfers from the Governmental Activities fund were approximately \$286,000 in 2013 compared to \$1,510,000 in 2012, primarily for debt service repayment ; and

⇒ At June 30, 2013, the City's governmental funds balance sheet reports combined ending fund balances of \$10,920,501, an increase of \$1,003,897 from the previous fiscal year. Of this amount, \$7,291,745 remains in the general fund of the City as unassigned.

OVERVIEW OF THE FINANCIAL STATEMENTS

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. The Statement of Net Position and the Statement of Activities provide information about the activities of the City as a whole, presenting both an aggregate and long-term view of the finances. These statements include all assets and liabilities using the accrual basis of accounting. This basis of accounting includes all of the current year's revenues and expenses regardless of when cash is received or paid.

The Statement of Net Position presents information on all of the City's assets and liabilities, 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.

The Statement of Activities presents information showing how the City'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 compensated absences).

Both statements attempt to distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities).

Governmental activities reported in the statements include General Government, Judicial, Public Safety, Public Services, Leisure Services and Housing and Development. Business-type activities in the City include water and sewer services (Water and Sewer Enterprise Fund).

The government-wide financial statements can be found on pages D-1 through D-3 of this report.

Fund Financial Statements:

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Like other state and local governments, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All funds of the City government can be divided into three categories: governmental, proprietary, and fiduciary funds.

City of Port Wentworth, Georgia

Management's Discussion and Analysis (cont.)

Governmental funds - Governmental funds, presented on pages D - 4 to D - 7, essentially account for the same functions as those reported under the government-wide statement of net position and statement of activities. However, this set of financial statements focuses on events that produce near-term inflows and outflows of spendable resources as well as on the balances of spendable resources available at the end of the fiscal year and is a narrower focus than the government-wide financial statements. Such information may be useful in evaluating the City's near-term financing requirements and available resources.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the City's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities. These reconciliations are on pages D - 5 and D - 7.

The majority of the City's services are reported in governmental funds. Governmental fund reporting focuses on showing how money flows into and out of funds and the balances left at year-end that are available for spending. They are reported using modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the City's operations and the services it provides.

Proprietary funds - The City maintains and presents one type of proprietary fund, an enterprise fund found on pages D - 8 to D - 11 of this report.

Enterprise funds report, in greater detail, the same information presented as business-type activities in the government-wide financial statements. The Water and Sewer Enterprise Fund is the only major proprietary fund.

Fiduciary funds - The City maintains and presents one type of fiduciary fund, an agency fund found on page D - 12 of this report.

The Municipal Court Fund is the only fiduciary fund.

Notes to the Financial Statements - The notes provide additional information that is essential to a full understanding of the data provided in both government-wide and fund financial statements. Notes are presented on pages D - 13 to D - 30 of this report.

Other information - In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City's budget process. This required supplementary information begins on page E - 1 of this report.

City of Port Wentworth, Georgia

Management's Discussion and Analysis (cont.)

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net Position:

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. The City's combined net position (government and business-type activities) totaled approximately \$47 million on June 30, 2013.

<i>City of Port Wentworth's Net Position</i>						
	Governmental Activities		Business-Type Activities		Total	
	2013	2012	2013	2012	2013	2012
Assets						
Current and other assets	\$ 12,817,982	\$ 11,253,205	\$ 5,603,046	\$ 5,483,024	\$ 18,421,028	\$ 16,736,229
Capital assets, net	8,301,163	8,136,425	26,987,659	27,611,121	35,288,822	35,747,546
Total assets	21,119,145	19,389,630	32,590,705	33,094,145	53,709,850	52,483,775
Liabilities						
Other liabilities	1,507,591	994,781	765,185	1,084,220	2,272,776	2,079,001
Long-term liabilities	62,147	277,479	4,500,088	4,675,142	4,562,235	4,952,621
Total liabilities	1,569,738	1,272,260	5,265,273	5,759,362	6,835,011	7,031,622
Net position						
Net investment in capital assets	8,301,163	7,898,751	22,331,549	22,781,837	30,632,712	30,680,588
Restricted	2,731,952	2,779,710	-	-	2,731,952	2,779,710
Unrestricted	8,516,292	7,438,909	4,993,883	4,552,946	13,510,175	11,991,855
Total net position	\$ 19,549,407	\$ 18,117,370	\$ 27,325,432	\$ 27,334,783	\$ 46,874,839	\$ 45,452,153

The largest portion of the City's net position (65%) reflect its investment in capital assets such as land, buildings, and equipment, less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to pay these liabilities.

An additional portion of the City's net position (6%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of the City's net position (29%) represents the unrestricted net position, may be used to meet the City's ongoing obligations to citizens and creditors. Internally imposed designations of resources are not presented as restricted net position.

At the end of the current fiscal year, the City is able to report positive balances in all three categories of net position for the government as a whole. Positive balances are reported for the City's separate governmental and business-type activities.

Within the City's governmental activities, restricted net position decreased \$47,758 in connection with resources externally restricted for Capital Projects.

The City's total net position increased approximately \$1,423,000. Business-type activities decreased approximately \$9000, while government-type activities increased approximately \$1,432,000.

City of Port Wentworth, Georgia

Management's Discussion and Analysis (cont.)

Change in position:

The following table presents a summary of the changes in net position for the fiscal years ended June 30, 2013 and 2012:

<i>City of Port Wentworth's Changes in Net Position</i>						
	Governmental Activities		Business-Type Activities		Total	
	2013	2012	2013	2012	2013	2012
Revenues						
Program revenues						
Charges for services	\$ 2,062,030	\$ 1,979,413	\$ 2,510,901	\$ 2,417,521	\$ 4,572,931	\$ 4,396,934
Operating grants and contributions	51,864	87,539	-	-	51,864	87,539
Capital grants and contributions	772,510	650,782	231,795	346,073	1,004,305	996,855
General revenues:						
Property taxes	1,985,150	1,892,546	-	-	1,985,150	1,892,546
Sales taxes	1,195,556	1,047,670	-	-	1,195,556	1,047,670
Selective sales and use taxes	832,579	785,188	-	-	832,579	785,188
Business taxes	357,172	344,275	-	-	357,172	344,275
Contributions not restricted to specific programs	-	-	-	-	-	-
Unrestricted investment earnings	13,196	13,071	13,474	17,903	26,670	30,974
Gain on disposition of capital assets	59,633	15,840	10,463	-	70,096	15,840
Miscellaneous	26,008	29,612	77,601	83,841	103,609	113,453
Total revenues	7,355,698	6,845,936	2,844,234	2,865,338	10,199,932	9,711,274
Expenses						
General government	490,656	475,923	-	-	490,656	475,923
Judiciary	124,347	131,614	-	-	124,347	131,614
Public safety	2,775,757	2,896,829	-	-	2,775,757	2,896,829
Public works	1,304,589	1,396,285	-	-	1,304,589	1,396,285
Culture and recreation	427,733	377,690	-	-	427,733	377,690
Housing and development	504,696	547,210	-	-	504,696	547,210
Interest on long-term debt	9,931	10,163	-	-	9,931	10,163
Water and sewer	-	-	3,139,537	3,127,749	3,139,537	3,127,749
Total expenses	5,637,709	5,835,714	3,139,537	3,127,749	8,777,246	8,963,463
Changes in net position before transfers	1,717,989	1,010,222	(295,303)	(262,411)	1,422,686	747,811
Transfers	(285,952)	(1,509,551)	285,952	1,509,551	-	-
Change in net position	1,432,037	(499,329)	(9,351)	1,247,140	1,422,686	747,811
Net position, beginning	18,117,370	18,616,699	27,334,783	26,087,643	45,452,153	44,704,342
Net position, ending	\$ 19,549,407	\$ 18,117,370	\$ 27,325,432	\$ 27,334,783	\$ 46,874,839	\$ 45,452,153

Approximately 45% of the City's total revenue came from charges for various goods and services, 43% resulted from taxes, and 10% from grants and contributions. The City's expenses cover a range of services. The largest expenses were for public safety, public works, housing and development, and water and sewer services.

The increase in net position for governmental activities was \$1,432,037. The key reasons for this increase were discussed earlier in the financial highlights section. The business-type activities net position decreased \$9,351 for the fiscal year ended June 30, 2013. Significantly less transfers from governmental activities in 2013 is the key factor in the resultant decline in net position for business-type activities.

City of Port Wentworth, Georgia

Management's Discussion and Analysis (cont.)

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

The City utilizes fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds:

Governmental Funds provide information on near-term inflows, outflows, and balances of available resources. The Governmental Fund types include the General Fund, Special Revenue Fund, and Capital Projects fund. The General Fund, the Capital Projects Fund, and Hotel/Motel Tax Fund are reported as the City's major funds. The Special Revenue Fund, Confiscated Assets Fund, is presented as Other Governmental Funds.

General Fund

The General Fund is the chief operating fund of the City. As of June 30, 2013, the total fund balance in the General Fund was \$8,188,549. The total amount of unassigned fund balance for the General Fund is \$7,291,745. Assigned fund balance for capital asset replacement was \$655,746 and nonspendable fund balance related to prepaid insurance was \$152,342.

One measure of the General Fund's liquidity is to compare its unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 127% of total General Fund expenditures, while total fund balance represents 142% of that same amount.

The fund balance of the general fund increased \$1,051,655 during the current fiscal year. Revenues were approximately \$443,000 more than last year, expenditures were up by \$413,000 and overall, the City was able to meet its operating expenditures with current revenues. Excess revenues over expenditures were \$366,418.

Capital Projects

The Capital Projects fund has a total fund balance of \$2,708,001 which must be used for paving, drainage, fire safety, open space, and waste water treatment projects. The fund balance decreased \$49,173 primarily due to monies being spent for fire vehicle, Meinhard reclamation project, North Area water, sewer and stormwater project, and Downtown rehabilitation project. The Schedule of Projects Constructed with Special Purpose Local Option Sales Tax Proceeds is shown beginning on page F - 3.

Proprietary Funds:

Proprietary fund statements provide the same information as in the business activities column of the government-wide statements, only in greater detail. The City currently utilizes only one enterprise fund in the Proprietary Fund financial statements, the water and sewer enterprise fund. An enterprise fund is required to be used to account for the operations for which a fee is charged to external users for goods or services.

At June 30, 2013, total net position amounted to \$27,325,432, for the enterprise fund as compared to \$27,334,783 at June 30, 2012. The decline in the net position of \$9,351 was discussed earlier in the financial highlights section. The enterprise fund is reflected on pages D - 8 to D - 11.

City of Port Wentworth, Georgia

Management's Discussion and Analysis (cont.)

CAPITAL ASSETS

The Statement of Net Position presents capital assets in two groups: those assets subject to depreciation, such as equipment or operational facilities, and those assets not subject to depreciation, such as land and construction-in-progress. At June 30, 2013, the City's net capital assets for both governmental activities and business-type activities totaled \$35,288,822. Capital assets include assets purchased and donated, land, buildings, system improvements and machinery and equipment. Capital assets increased \$458,724, or 1%, from fiscal year 2012 to 2013. Major capital asset events during the year included road improvements, purchase and installation of new financial software, various drainage and sewer projects, and capital outlays for police and fire vehicles.

Additional information on the City's capital assets can be found in Note 2. C on pages D - 22 and D - 23.

DEBT ADMINISTRATION

The long-term liabilities at June 30, 2013, totaled \$4,486,039, all related to business-type activities.

Total debt of governmental activities decreased by approximately \$238,000 and business-type activities decreased by approximately \$173,000 from June 30, 2012. Governmental activity debt decrease is due to retirement of capital lease. The business-type debt decrease resulted primarily from current year principal payments on loans from GEFA and USDA. Additional information on the City's debt and capital leases can be found in Note 2. E and Note 2. F on pages D - 25 through D - 27.

GENERAL FUND BUDGETARY HIGHLIGHTS

The budgetary comparison schedule of the General Fund provided as required supplementary information other than MD&A can be found beginning on page E - 1.

The overall operations of the City are similar to directing a large multi-million dollar business. Budget amendments are approved throughout the year to more accurately reflect the ongoing changes and to abide by state laws. The original budget was adopted on June 21, 2012, for the fiscal year ended June 30, 2013.

During the year there were supplemental appropriation increases totaling \$1,020,530 between the original and final amended budget. The supplemental appropriations were obtained to fund road improvements, capital lease retirement and capital outlays, primarily.

The total revenues actually recorded for this fiscal year were \$6,113,113 which is \$89,333 less than the final budgeted figure.

Individual major category variances in resources and explanations are as follows:

- ⇒ Charges for services were over budget by \$14,465 primarily due to sanitation fees collected from new residents and businesses.
- ⇒ Intergovernmental revenues were less than budgeted by \$101,010. Local Maintenance Improvement Grant Program (LMIG) funds were received in the fiscal year ended June 30, 2013, but moved to deferred revenue as all funds were not needed for CDBG road improvements and will be utilized in the subsequent year.

City of Port Wentworth, Georgia

Management's Discussion and Analysis (cont.)

The total expenditures actually recorded for the 2013 fiscal year were \$5,746,695. This figure is \$1,565,551 less than the final budgeted figure.

Individual major category variances in appropriations are as follows:

- ⇒ The police department's actual expenditures were \$408,379 lower than budgeted due to decreased medical costs, lower than anticipated gas costs, and grant funds not spent.
- ⇒ The fire department's actual expenditures were \$293,710 lower than budgeted as a result of lower insurance costs and asset replacement not funded.
- ⇒ The leisure services department's actual expenditures were \$127,073 lower than budgeted due to lower insurance costs and gym renovation not as costly as estimated.
- ⇒ The highways and streets department expenditures were \$437,554 lower than budgeted due to a capital project that was budgeted for 2013, but has been postponed until 2014.

ECONOMIC, FISCAL YEAR 2013 BUDGETS AND RATES

The City adopted a \$6,291,716 governmental funds budget for fiscal year 2013. Although not required to budget enterprise fund activity, the City also adopted a \$2,859,380 water and sewer fund budget. The City will continually look for new ways in the future to reduce the reliance on one-time revenue sources. The millage rate for calendar year 2013, or fiscal year 2013, was 4.397 mills.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview for the governmental operations of the City of Port Wentworth. It is designed for anyone with an interest in our government's finances and management. Questions concerning any of the information provided in this report or requests for additional financial information may be addressed to the City of Port Wentworth, City Administrator, 305 South Coastal Highway, Port Wentworth, Georgia 31407.

BASIC FINANCIAL STATEMENTS



GOVERNMENT-WIDE FINANCIAL STATEMENTS



City of Port Wentworth, Georgia

Statement of Net Position

June 30, 2013

	Governmental Activities	Business- type Activities	Total
ASSETS			
Cash and investments	\$ 11,633,483	\$ 4,939,137	\$ 16,572,620
Receivables	901,540	303,577	1,205,117
Internal balances	70,559	(70,559)	-
Prepaid items	152,342	85,245	237,587
Restricted assets			
Cash and investments	60,058	345,646	405,704
Capital assets			
Land, improvements, and construction in progress	538,858	241,805	780,663
Other capital assets, net of depreciation	7,762,305	26,745,854	34,508,159
Total assets	21,119,145	32,590,705	53,709,850
LIABILITIES			
Accounts payable	858,405	230,410	1,088,815
Other accrued liabilities	117,493	8,475	125,968
Unearned revenue	430,241	-	430,241
Customer deposits	36,107	345,646	381,753
Long-term liabilities			
Due within one year			
Notes and loans payable	-	170,071	170,071
Compensated absences	65,345	10,583	75,928
Due in more than one year			
Notes and loans payable	-	4,486,039	4,486,039
Compensated absences	62,147	14,049	76,196
Total liabilities	1,569,738	5,265,273	6,835,011
NET POSITION			
Net investment in capital assets	8,301,163	22,331,549	30,632,712
Restricted for			
Capital projects	2,708,001	-	2,708,001
Confiscated assets	23,951	-	23,951
Unrestricted	8,516,292	4,993,883	13,510,175
Total net position	\$ 19,549,407	\$ 27,325,432	\$ 46,874,839

The notes to the basic financial statements are an integral part of this statement.

Year ended June 30, 2013

		Program Revenues		
		Charges for	Operating	Capital
	Expenses	Services	Grants and	Grants and
			Contributions	Contributions
FUNCTIONS/PROGRAMS				
Governmental activities				
General government	\$ 490,656	\$ 24,140	\$ -	\$ -
Judiciary	124,347	-	-	-
Public safety	2,775,757	1,007,248	51,864	45,457
Public works	1,304,589	871,759	-	727,053
Culture and recreation	427,733	10,198	-	-
Housing and development	504,696	148,685	-	-
Interest on long-term debt	9,931	-	-	-
Total governmental activities	5,637,709	2,062,030	51,864	772,510
Business-type activities				
Water and sewer	3,139,537	2,510,901	-	231,795
Total business-type activities	3,139,537	2,510,901	-	231,795
Total	\$ 8,777,246	\$ 4,572,931	\$ 51,864	\$ 1,004,305

GENERAL REVENUES

Taxes

Property taxes, levied for general purpose

Sales taxes for general purposes

Selective sales and use taxes

Business taxes

Unrestricted investment earnings

Gain on disposition of capital assets

Miscellaneous

TRANSFERS

Total general revenues and transfers

Change in net position

Net position, beginning

Net position, ending

City of Port Wentworth, Georgia

Statement of Activities

Net (Expense) Revenue and Changes in Net Position		
Governmental Activities	Business- Type Activities	Total
\$ (466,516)	\$ -	\$ (466,516)
(124,347)	-	(124,347)
(1,671,188)	-	(1,671,188)
294,223	-	294,223
(417,535)	-	(417,535)
(356,011)	-	(356,011)
(9,931)	-	(9,931)
(2,751,305)	-	(2,751,305)
-	(396,841)	(396,841)
-	(396,841)	(396,841)
(2,751,305)	(396,841)	(3,148,146)
1,985,150	-	1,985,150
1,195,556	-	1,195,556
832,579	-	832,579
357,172	-	357,172
13,196	13,474	26,670
59,633	10,463	70,096
26,008	77,601	103,609
(285,952)	285,952	-
4,183,342	387,490	4,570,832
1,432,037	(9,351)	1,422,686
18,117,370	27,334,783	45,452,153
\$ 19,549,407	\$ 27,325,432	\$ 46,874,839

The notes to the basic financial statements are an integral part of this statement.



FUND FINANCIAL STATEMENTS



City of Port Wentworth, Georgia

Balance Sheets

June 30, 2013

	General	Capital Projects	Hotel/Motel Tax Fund	Other Governmental Fund	Total Governmental Funds
ASSETS					
Cash and investments	\$ 8,563,705	\$ 2,939,921	\$ 129,857	\$ -	\$ 11,633,483
Receivables	804,794	46,118	50,628	-	901,540
Due from other funds	151,051	-	-	-	151,051
Prepaid items	152,342	-	-	-	152,342
Restricted cash and investments	36,107	-	-	23,951	60,058
Total assets	\$ 9,707,999	\$ 2,986,039	\$ 180,485	\$ 23,951	\$ 12,898,474
LIABILITIES AND FUND BALANCES					
Liabilities					
Accounts payable	\$ 480,374	\$ 278,038	\$ 99,993	\$ -	\$ 858,405
Other accrued liabilities	117,493	-	-	-	117,493
Due to other funds	-	-	80,492	-	80,492
Customer deposits	36,107	-	-	-	36,107
Deferred revenue	885,476	-	-	-	885,476
Total liabilities	1,519,450	278,038	180,485	-	1,977,973
Fund balances					
Nonspendable					
prepaid items	152,342	-	-	-	152,342
Restricted					
Capital projects funds	-	2,708,001	-	-	2,708,001
Confiscated assets funds	-	-	-	23,951	23,951
Assigned					
Capital asset replacement	655,746	-	-	-	655,746
Subsequent year's budget	88,716	-	-	-	88,716
Unassigned	7,291,745	-	-	-	7,291,745
Total fund balances	8,188,549	2,708,001	-	23,951	10,920,501
Total liabilities and fund balances	\$ 9,707,999	\$ 2,986,039	\$ 180,485	\$ 23,951	\$ 12,898,474

The notes to the basic financial statements are an integral part of this statement.

City of Port Wentworth, Georgia

Reconciliation of Total Governmental Fund Balances to Net Position of Governmental Activities

<i>Year ended June 30,</i>	2013
<i>Amounts reported for governmental activities on the Statement of Net Position differ from the amounts reported on the Balance Sheets for governmental funds because:</i>	
Total fund balances for governmental activities	\$ 10,920,501
Capital assets used in governmental activities are not current financial resources and therefore, are not reported in the governmental funds (net of accumulated depreciation of \$5,029,019)	8,301,163
Revenues (deferred taxes) in the statement of activities that do not provide current financial resources and are not reported as revenue in the funds: Property, sales and franchise taxes levied, but not yet earned and available for use	455,235
Long-term and related liabilities are not due and payable in the current period and therefore, are not reported in the governmental funds balance sheet: Compensated absences	(127,492)
Net position of governmental activities	\$ 19,549,407

The notes to the basic financial statements are an integral part of this statement.

City of Port Wentworth, Georgia

Statement of Revenues, Expenditures, and Changes in Fund Balances

Year ended June 30, 2013

	General	Capital Projects	Hotel/ Motel Tax Fund	Other Governmental Fund	Total Governmental Funds
REVENUES					
Taxes	\$ 3,757,818	\$ -	\$ 619,860	\$ -	\$ 4,377,678
Licenses and permits	145,103	-	-	-	145,103
Intergovernmental	258,195	555,065	-	-	813,260
Charges for services	1,219,463	-	-	-	1,219,463
Fines and forfeitures	698,139	-	-	5,126	703,265
Investment income	13,095	5,988	80	21	19,184
Miscellaneous	21,300	-	-	-	21,300
Total revenues	6,113,113	561,053	619,940	5,147	7,299,253
EXPENDITURES					
Current					
General government	524,294	-	-	-	524,294
Judiciary	115,971	-	-	-	115,971
Public safety	2,744,931	-	-	3,732	2,748,663
Public works	1,474,231	-	-	-	1,474,231
Culture and recreation	401,379	-	-	-	401,379
Housing and development	201,704	-	-	-	201,704
Capital outlay	-	450,768	-	-	450,768
Debt services					
Principal	237,674	-	-	-	237,674
Interest	9,931	-	-	-	9,931
Intergovernmental					
Assistance	36,580	-	309,909	-	346,489
Total expenditures	5,746,695	450,768	309,909	3,732	6,511,104
Excess of revenues over expenditures	366,418	110,285	310,031	1,415	788,149
OTHER FINANCING SOURCES (USES)					
Proceeds from sale of assets	371,165	-	-	-	371,165
Transfers in	310,039	-	-	-	310,039
Transfers out	-	(159,458)	(310,031)	-	(469,489)
Insurance recoveries	4,033	-	-	-	4,033
Total other financing sources (uses)	685,237	(159,458)	(310,031)	-	215,748
Net change in fund balances	1,051,655	(49,173)	-	1,415	1,003,897
Fund balances at beginning of year	7,136,894	2,757,174	-	22,536	9,916,604
Fund balances at end of year	\$ 8,188,549	\$ 2,708,001	\$ -	\$ 23,951	\$ 10,920,501

The notes to the basic financial statements are an integral part of this statement.

City of Port Wentworth, Georgia

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities

Year ended June 30, 2013

Net change in Fund Balances - Total Governmental Funds \$ 1,003,897

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

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 as depreciation expense.

Capital assets reported as capital outlay in governmental funds	\$ 1,092,798
Depreciation expense reported in the statement of activities	<u>(616,528)</u>

This is the amount by which capital outlays exceeded depreciation in the current period.	476,270
--	---------

The effect of sale of capital assets is to decrease net position.	(311,532)
---	-----------

Governmental funds do not present revenues that are not available to pay current obligations. In contrast, such revenues are reported in the statement of activities when earned.

Deferred taxes	(7,221)
----------------	---------

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.

Change in capital leases	237,674	
Change in compensated absences	<u>32,949</u>	<u>270,623</u>

Change in net position of governmental activities	\$ 1,432,037
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The notes to the basic financial statements are an integral part of this statement.

City of Port Wentworth, Georgia

Water and Sewer Enterprise Fund Statement of Net Position

June 30, 2013

ASSETS

Current assets

Cash and investments	\$	4,939,137
Accounts receivable, net		303,577
Prepaid items		85,245
Restricted cash and investments		345,646

Total current assets		5,673,605
----------------------	--	-----------

Capital assets

Land, improvements, and construction in progress		241,805
Other capital assets, net of depreciation		26,745,854

Total capital assets		26,987,659
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Total assets		32,661,264
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LIABILITIES

Current liabilities

Accounts payable		230,410
Accrued expenses		8,475
Due to other funds		70,559
Customer deposits		345,646
Compensated absences		10,583
Notes and loans payable		170,071

Total current liabilities		835,744
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Non-current liabilities

Compensated absences		14,049
Notes and loans payable		4,486,039

Total non-current liabilities		4,500,088
-------------------------------	--	-----------

Total liabilities		5,335,832
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NET POSITION

Net investment in capital assets		22,331,549
Unrestricted		4,993,883

Total net position	\$	27,325,432
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The notes to the basic financial statements are an integral part of this statement.

City of Port Wentworth, Georgia

Water and Sewer Enterprise Fund Statement of Revenues, Expenses, and Changes in Fund Net Position

Year ended June 30, 2013

OPERATING REVENUES

Charges for services	\$ 2,492,339
Connection fees	18,562
Miscellaneous	77,601

Total operating revenues	2,588,502
--------------------------	-----------

OPERATING EXPENSES**Sewer Department**

Personal services and employee benefits	153,562
Purchased and contracted services	749,742
Supplies	305,905
Depreciation	698,483

Total operating expenses, sewer	1,907,692
---------------------------------	-----------

Water Department

Personal services and employee benefits	190,730
Purchased and contracted services	172,854
Supplies	481,679
Depreciation	233,739

Total operating expenses, water	1,079,002
---------------------------------	-----------

Total operating expenses	2,986,694
--------------------------	-----------

Operating loss	(398,192)
----------------	-----------

NON-OPERATING REVENUES (EXPENSES)

Gain on disposition of capital assets	10,463
Interest income	13,474
Interest expense	(152,843)

Total non-operating revenues, net	(128,906)
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Loss before capital contributions and transfers	(527,098)
---	-----------

Transfer in	159,450
-------------	---------

Capital contributions	358,297
-----------------------	---------

Change in net position	(9,351)
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Net position, beginning of year	27,334,783
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Net position, end of year	\$ 27,325,432
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The notes to the basic financial statements are an integral part of this statement.

City of Port Wentworth, Georgia

Water and Sewer Enterprise Fund Statement of Cash Flows

Year ended June 30, 2013

CASH FLOWS FROM OPERATING ACTIVITIES	
Cash received from customers	\$ 2,612,750
Cash payments to suppliers for goods and services	(1,994,007)
Cash payments to employees for services	(340,890)
Net cash provided by operating activities	277,853
CASH FLOW FROM NON-CAPITAL FINANCING ACTIVITIES	
Advances from other funds	137,391
Net cash provided by non-capital financing activities	137,391
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Proceeds from sale of capital assets	11,330
Principal paid on long-term debt	(173,174)
Interest paid on long-term debt	(153,388)
Transfer from governmental fund	159,450
Capital grants	119,350
Aid to construction	117,303
Acquisition and construction of capital assets	(337,043)
Net cash provided by capital and related financing activities	(256,172)
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest on investments	13,474
Net cash provided by investing activities	13,474
Net increase in cash and cash equivalents	172,546
Cash and cash equivalents, beginning of year	5,112,237
Cash and cash equivalents, end of year	\$ 5,284,783
RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED BY OPERATING ACTIVITIES	
Operating loss	\$ (398,192)
Adjustments to reconcile operating loss to net cash provided by operating activities	
Depreciation	932,222
Write down of construction in progress	87,132
Changes in assets and liabilities	
Increase in accounts receivable	(22,635)
Increase in prepaid items	(4,361)
Decrease in accounts payable	(366,598)
Increase in customer deposits	46,883
Increase in compensated absences	3,402
Total adjustments	676,045
Net cash provided by operating activities	\$ 277,853

City of Port Wentworth, Georgia

Water and Sewer Enterprise Fund Statement of Cash Flows (cont.)

Year ended June 30, 2013

NON-CASH CAPITAL AND RELATED FINANCING ACTIVITIES

Capital assets constructed or acquired with SPLOST resources	\$	126,502
Capital contributions from developers		17,826

Total non-cash capital and related financing activities	\$	144,328
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The notes to the basic financial statements are an integral part of this statement.

City of Port Wentworth, Georgia

Fiduciary Fund - Agency Fund Statement of Fiduciary Assets and Liabilities

June 30, 2013

		Municipal Court Fund
ASSET		
Cash	\$	113,815
Total asset	\$	113,815
LIABILITY		
Due to others	\$	113,815
Total liability	\$	113,815

The notes to the basic financial statements are an integral part of this statement.



City of Port Wentworth, Georgia

Notes to the Basic Financial Statements

NOTE 1	Summary of Significant Accounting Policies	
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City of Port Wentworth, Georgia

Notes to the Basic Financial Statements

1. Summary of Significant Accounting Policies

The financial statements of the City of Port Wentworth (the City) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting for establishing governmental accounting and financial reporting principles. The significant accounting policies are described below:

Financial Reporting Entity

The City was founded in 1733 and incorporated in 1957 and operates under the laws of the State of Georgia applicable to municipal corporations. As required by generally accepted accounting principles, the financial statements present the government and its component units, entities for which the government is considered to be financially accountable. Blended component units, although legally separate entities, are, in substance, part of the government's operations. When there is significant component unit activity or assets, the discretely presented component unit is reported in a separate column in the government-wide financial statements (see note below for description) to emphasize that it is legally separate from the government.

The City's primary government major operations include general administrative functions, police and fire protection, street construction and maintenance, sanitation services, culture and recreation, planning and zoning, and water and sewer services. The City has no blended component units.

Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component unit. As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Interfund services provided and used are not eliminated in the process of consolidation. 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. Likewise, the primary government is reported separately from its legally separate component unit for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or activity is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or activity. 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 activity, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or activity. Taxes and other items not properly included among program revenues are reported instead as general revenues.

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.

Notes to the Basic Financial Statements (cont.)

1. Summary of Significant Accounting Policies (cont.)

C. Measurement Focus and Basis of Accounting

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year of 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.

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, revenues are considered to be available if they are collected within thirty (30) 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 the payment is due.

Property taxes, sales taxes, franchise taxes, licenses, and interest associated within the current period are all considered to be susceptible to accrual and so have been organized 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.

Fiduciary (agency) funds are used to report assets held in an agency capacity for others and therefore are not available to support City programs. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. Agency funds report only assets and liabilities.

The City reports the following major governmental funds:

- **General Fund** - The government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.
- **Capital Projects - Capital Projects Fund** - The fund that accounts for the City's share of the special purpose local option sales tax (SPLOST) proceeds which are restricted for the acquisition or construction of specific capital projects or items.
- **Special Revenue - Hotel/Motel Tax Fund** - The fund that accounts for proceeds of the lodging tax that are restricted by local ordinance for the promotion of convention and tourism.

The City reports the following major proprietary fund:

- **Enterprise - Water and Sewer Fund** - The water and sewer fund operates the water distribution system, the sewer treatment plant, sewage pumping stations and collection systems.

City of Port Wentworth, Georgia

Notes to the Basic Financial Statements (cont.)

1. Summary of Significant Accounting Policies (cont.)

Additionally, the City reports the following fund type:

- Agency Fund - **Municipal Court Fund** - The municipal court fund accounts on a temporary basis for fines collected by the municipal court that ultimately are transmitted to the general fund.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the GASB. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to the same limitation. The City has elected not to follow subsequent private-sector guidance.

As a general rule, the effect of the interfund activity has been eliminated for the government-wide financial statements.

Amounts reported as program revenues include: 1) charges to customers, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than 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 water and sewer enterprise fund are charges to customers for sales and services. The water and sewer fund also recognizes as revenue the portion of the tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for the water and sewer enterprise fund include the cost of sales and service, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources as they are needed.

D. Assets, Liabilities, and Equities

1. *Cash and investments* - The City's cash and cash equivalents consist of cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. State statutes authorize the City to invest in obligations of or obligations guaranteed by 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 and FSLIC; prime bankers acceptances, repurchase agreements; and the Local Government Investment Pool of the State of Georgia (Georgia Fund 1).

Investments for the City are reported at fair value. The City invested funds in Georgia Fund 1, a local government investment pool. Georgia Fund 1 is managed by the office of the State Treasurer under Georgia Law (OCGA 36-83-8). The pool operates in a manner consistent with Rule 2a-7 of the Investment Company Act of 1940 and is considered to be a 2a-7 like pool. The pool is not registered with the SEC as an investment company. The fair value of the City's position in the pool is the same as the value of pool shares (\$1 per share value).

Notes to the Basic Financial Statements (cont.)

1. Summary of Significant Accounting Policies (cont.)

2. *Receivables and payables* - Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal period are referred to as either "due from/to other funds" (i.e., the current portion of interfund loans) or "advances from/to other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due from/to other funds". Any residual balances outstanding between governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

All trade receivables are shown net of an allowance for uncollectible accounts. Delinquent accounts receivables based on prior credit experience are provided for by an allowance for uncollectibles. The general fund sanitation allowance for uncollectibles is \$66,300 and the water and sewer enterprise fund allowance for uncollectibles is \$135,600 at June 30, 2013.

Property taxes are levied as of January 1 on property values assessed on the same day. A millage rate of 4.397 mills was adopted on June 21, 2012. The tax levy is divided into two billings: the first billing (mailed April 30th) is an estimate of the current year's levy based on the prior year's taxes; the second billing (mailed October 31st) reflects adjustments to the current year's actual levy. The billings are considered past due 60 days after the second tax billing date at which time the applicable property is subject to lien and penalties and interest are assessed.

3. *Prepaid items* - Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. Prepaid items using the consumption method are reported as assets and are recognized as expenditures when used.

4. *Restricted assets* - Assets are reported as restricted when limitations on their uses change the nature or normal understanding of the availability of the asset. Such constraints are either externally imposed by creditors, contributors, grantors, or laws of other governments, or are imposed by law through constitutional provisions or enabling legislation. Restricted assets in the general fund and the water and sewer enterprise funds represent cash and cash equivalents set aside for repayment of sanitation cart deposits and water utility deposits to customers.

5. *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 columns in the government-wide financial statements. Capital assets, other than infrastructure 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 one year. The amounts spent for the construction or acquisition of general infrastructure assets subsequent to July 1, 2003 are capitalized and reported in the government-wide financial statements regardless of their amount. The reported value excludes normal maintenance and repairs which are essentially amounts spent in relation to capital assets that do not increase the capacity or efficiency of the item or extend its useful life beyond the original estimate. General infrastructure assets acquired prior to July 1, 2003 are not reported in the government-wide financial statements.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are reported at their fair value as of the date received. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

Notes to the Basic Financial Statements (cont.)

1. **Summary of Significant Accounting Policies (cont.)** All capital assets are depreciated, except for land and construction in progress. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation for governmental and business-type activities is computed using the straight-line method over the following useful lives:

Assets	Years
Buildings and improvements	20 - 50
Infrastructure	20 - 50
Machinery and equipment	5 - 20
Vehicles	3 - 8

6. *Compensated absences* - It is the City's policy to permit employees to accumulate earned but unused personal time off. All personal time off (when material) are accrued when incurred in the governmental-wide and proprietary fund financial statements. No liability is recorded in the government fund statements unless the amount is due and payable at year end.

7. *Long-term obligations* - In the government-wide financial statements and proprietary fund type in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, or business-type activities statement of net position. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

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. Premiums received on debt issuances are 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.

8. *Fund equity* -

Fund financial statements – Beginning with fiscal year 2011, the City implemented GASB Statement 54, “Fund Balance Reporting and Governmental Fund Type Definitions”. This statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government’s fund balance more transparent. The following classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used:

- *Non-spendable* – includes fund balance amounts that cannot be spent either because it is not in spendable form or because of legal or contractual constraints.
- *Restricted* – includes fund balance amounts that are constrained for specific purposes which are externally imposed by providers, such as creditors, or amounts constrained due to constitutional provisions or enabling legislation.
- *Committed* – includes fund balance amounts that are constrained for specific purposes that are internally imposed by the government through formal action of the highest level of decision making authority and does not lapse at year-end.

Notes to the Basic Financial Statements (cont.)

1. Summary of Significant Accounting Policies (cont.)

8. Fund equity (cont.) -

- *Assigned* – includes fund balance amounts that are intended to be used for specific purposes that are neither considered restricted or committed. Intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority.
- *Unassigned* – includes fund balance amounts that are available for any purpose; positive amounts are reported only in the general fund.

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The City itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the City's highest level of decision-making authority. City Council is the highest level of decision-making authority for the City that can, by adoption of an ordinance prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken (the adoption of another ordinance) to remove or revise the limitation.

Amounts in the assigned fund balance classification are intended to be used by the City for specific purposes but do not meet the criteria to be classified as committed. The City Council has by resolution authorized the City Manager to assign fund balance. The City Council may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

Government-wide financial statements - Equity is classified as net position and displayed in three components:

1. *Net investment in capital assets* - Amount of capital assets, net of accumulated depreciation, less outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvements of those assets.
2. *Restricted net position* - Amounts of net position that are subject to restrictions that are imposed by 1) external groups, such as creditors, grantors, contributors, or laws and regulations of other governments; or 2) law through constitutional provisions or enabling legislation.
3. *Unrestricted net position* - Net position that is classified neither as restricted net position nor as net investment in capital assets.

9. *Use of estimates* - The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that may affect the amounts reported in the financial statements and the related notes. Accordingly, actual results could differ from these estimates.

City of Port Wentworth, Georgia

Notes to the Basic Financial Statements (cont.)

2. Detailed Notes on all Funds

A. Cash and Investments

As of June 30, 2013, the City had the following investments:

Investment	Maturities	Fair Value
Georgia Fund I (Local Government Investment Pool)	Less than 1 Year	\$ 6,036,782

Interest rate risk – the risk that changes in interest rates will adversely affect the value of an investment. The City does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit risk – the risk that an issuer or counterparty to an investment will not fulfill its obligations. The City has no investment policy that would further limit its investment choices from those authorized and listed in Note 1.D.1. As of June 30, 2013, the City's investment in the Georgia Fund I was rated AA+ by Standards & Poor's.

The carrying amount of the City's cash and investments totaled \$17,092,139 on June 30, 2013 as summarized below (by type and by balance sheet classification):

Accounts by Type	June 30, 2013
Deposits	\$ 11,054,557
Investments	6,036,782
Petty cash funds	800
Total carrying value of cash and cash equivalents	\$ 17,092,139

Accounts by Balance Sheet Classification	June 30, 2013
Cash and cash equivalents	\$ 16,572,620
Restricted cash and cash equivalents	405,704
Agency fund cash	113,815
Total carrying value of cash and cash equivalents	\$ 17,092,139

Custodial credit risk - the risk that in the event of a bank failure, the City's deposits may not be returned or the City will not be able to recover collateral securities in the possession of an outside party. Official Code of Georgia Annotated (O.C.G.A.) Section 45-8-12 provides that there shall not be on deposit at any time in any depository for a time longer than ten days a sum of money which has not been secured by a surety bond, by guarantee of insurance, or by collateral. The aggregate of the face value of such surety bond and the fair value of securities pledged shall be equal to not less than 110% of the public funds being secured after the deduction of insurance provided by the Federal Deposit Insurance Corporation (FDIC) in the amount of \$250,000. The City has no custodial credit risk policy that would require additional collateral requirements. At June 30, 2013, 100% of the City's deposits were insured or collateralized with securities held by the City, an agent in the name of the City, or securities pledged by financial institutions in the name of the City.

City of Port Wentworth, Georgia

Notes to the Basic Financial Statements (cont.)

2. Detailed Notes on all Funds (cont.)

B. Receivables

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

June 30, 2013	General	Capital Projects	Hotel/Motel Tax Fund	Water and Sewer	Total
Receivables					
Taxes	\$ 458,744	\$ -	\$ 50,628	\$ -	\$ 509,372
Accounts	166,422	-	-	439,177	605,599
Intergovernmental	245,928	46,118	-	-	292,046
Gross receivables	871,094	46,118	50,628	439,177	1,407,017
Allowance for uncollectibles	(66,300)	-	-	(135,600)	(201,900)
Total net receivables	\$ 804,794	\$ 46,118	\$ 50,628	\$ 303,577	\$ 1,205,117

Substantially all receivables are expected to be collected within one year.

Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. Taxes are due and payable when levied. Liens may be placed on property once the related tax payments become delinquent. A lien on such property becomes enforceable 60 days after final notification on delinquency of property taxes. Due to the liens on the delinquent property tax accounts, no allowance amount has been established. At the end of the current fiscal year, the various components of deferred revenue and unearned revenue reported in the general fund were as follows:

June 30, 2013	Unavailable	Unearned	Total Deferred
2013 Property tax collection	\$ -	\$ 373,783	\$ 373,783
Delinquent property taxes receivable	175,220	-	175,220
Franchise taxes receivable	280,015	-	280,015
Grants received	-	56,458	56,458
	\$ 455,235	\$ 430,241	\$ 885,476

City of Port Wentworth, Georgia

Notes to the Basic Financial Statements (cont.)

2. Detailed Notes on all Funds (cont.)

C. Capital Assets

Capital asset activity for the year ended June 30, 2013 was as follows:

	Beginning Balance, Restated	Increases	Decreases	Transfers	Ending Balance
Governmental activities					
<i>Non-depreciable assets</i>					
Land	\$ 538,858	\$ -	\$ -	\$ -	\$ 538,858
Construction in progress	321,997	734,490	(310,232)	(746,255)	-
Total capital assets not being depreciated	860,855	734,490	(310,232)	(746,255)	538,858
<i>Depreciable assets</i>					
Buildings and improvements	2,574,328	-	-	67,452	2,641,780
Machinery, equipment and vehicles	3,294,021	358,308	(127,832)	-	3,524,497
Infrastructure	5,946,244	-	-	678,803	6,625,047
Subtotals depreciable assets	11,814,593	358,308	(127,832)	746,255	12,791,324
<i>Accumulated depreciation</i>					
Buildings and improvements	(1,162,621)	(81,437)	-	-	(1,244,058)
Machinery, equipment and vehicles	(2,309,767)	(327,619)	126,532	-	(2,510,854)
Infrastructure	(1,066,635)	(207,472)	-	-	(1,274,107)
Subtotals accumulated depreciation	(4,539,023)	(616,528)	126,532	-	(5,029,019)
Total capital assets being depreciated, net	7,275,570	(258,220)	(1,300)	746,255	7,762,305
Governmental activities capital assets, net	\$ 8,136,425	\$ 476,270	\$ (311,532)	\$ -	\$ 8,301,163

City of Port Wentworth, Georgia

Notes to the Basic Financial Statements (cont.)

2. Detailed Notes on all Funds (cont.)

C. Capital Assets (cont.)

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Business-type activities					
<i>Non-depreciable assets</i>					
Land	\$ 236,232	\$ -	\$ -	\$ -	\$ 236,232
Construction in progress	2,058,315	323,547	(87,134)	(2,289,155)	5,573
Total capital assets not being depreciated	2,294,547	323,547	(87,134)	(2,289,155)	241,805
<i>Depreciable assets</i>					
Buildings and improvements	37,808	-	-	-	37,808
Machinery, equipment and vehicles	290,580	41,537	(28,000)	-	304,117
Infrastructure	30,114,809	31,676	-	2,289,155	32,435,640
Subtotals depreciable assets	30,443,197	73,213	(28,000)	2,289,155	32,777,565
<i>Accumulated depreciation</i>					
Buildings and improvements	(16,908)	(1,235)	-	-	(18,143)
Machinery, equipment and vehicles	(202,099)	(28,655)	27,134	-	(203,620)
Infrastructure	(4,907,616)	(902,332)	-	-	(5,809,948)
Subtotals accumulated depreciation	(5,126,623)	(932,222)	27,134	-	(6,031,711)
Total capital assets being depreciated, net	25,316,574	(859,009)	(866)	2,289,155	26,745,854
Business-type activities					
capital assets, net	\$ 27,611,121	\$ (535,462)	\$ (88,000)	\$ -	26,987,659
Less related long-term debt outstanding					(4,656,110)
Net investment in capital assets					\$ 22,331,549

City of Port Wentworth, Georgia

Notes to the Basic Financial Statements (cont.)

2. Detailed Notes on all Funds (cont.)

C. Capital Assets (cont.)

Depreciation expense was charged to governmental and business-type activities as follows:

June 30, 2013

Governmental activities

General government	\$	30,318
Public safety		262,786
Public works (streets and sanitation)		246,202
Culture and recreation		74,824
Planning and zoning		2,398

Total governmental activities depreciation expense

\$ 616,528

Business-type activities

Sewer	\$	698,483
Water		233,739

Total business-type activities depreciation expense

\$ 932,222

The City sold assets during the current fiscal year for \$382,495 resulting in a gain on sale of \$70,096.

D. Interfund Receivables, Payables, and Transfers

Interfund receivable and payable balances as of June 30, 2013 are as follows:

Receivable Fund	Payable Fund	Amount
General Fund	Hotel/Motel Tax Fund	\$ 80,492
General Fund	Water and Sewer Fund	70,559
Total interfund receivables and payables		\$ 151,051

These balances represent loans between the borrower fund and the lender fund. These balances resulted from the time lag between the 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. Interfund receivables and payables are reported in the fund financial statements; however, they are eliminated in the government-wide financial statements if the interfund loan is between governmental funds.

A summary of interfund transfers by fund type is as follows:

Transfer In	Transfer Out	Purpose	Amount
General Fund	Hotel/Motel Tax Fund	Distribution of tax revenue	\$ 310,031
General Fund	SPLOST	Close out SPLOST account	8
Water and Sewer Fund	SPLOST	Capital project	159,450
			\$ 469,489

City of Port Wentworth, Georgia

Notes to the Basic Financial Statements (cont.)

2. Detailed Notes on all Funds (cont.)

Interfund transfers are used to: 1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, 2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due, and 3) use unrestricted revenues collected to finance various programs accounted for in other funds in accordance with budgetary authorizations. Transfers are eliminated in the government-wide financial statements if the interfund transfer is within the governmental fund group.

E. Capital Leases

The City has entered into lease agreements as lessee for financing of fire equipment used in governmental activities. These lease agreements qualify as capital leases for accounting purposes and, therefore, have been recorded at the present value of future minimum lease payments as of the inception date. The City paid off the leases during the year ended June 30, 2013.

F. Long-term Debt

Notes and loans payable - business-type activities

GEFA Loans - The City has entered into a loan agreement with the Georgia Environmental Finance Authority (GEFA), a state agency. The GEFA makes low interest long-term loans to fund improvements to publicly owned water and sewer systems. A 5.4% GEFA loan was executed in fiscal year 2004, for \$2,091,667, with a maturity date of September 1, 2021. This loan provided funding for a new water and sewer extension.

Annual debt service requirements to maturity for the GEFA loan is as follows:

Year ending June 30,	Business-Type Activities		
	Principal	Interest	Total
2014	\$ 119,462	\$ 61,467	\$ 180,929
2015	126,075	54,854	180,929
2016	133,054	47,875	180,929
2017	140,420	40,509	180,929
2018	148,193	32,736	180,929
2019 - 2022	510,428	46,973	557,401
	\$ 1,177,632	\$ 284,414	\$ 1,462,046

City of Port Wentworth, Georgia

Notes to the Basic Financial Statements (cont.)

2. Detailed Notes on all Funds (cont.)

USDA Loan - The City has a loan agreement with United States Department of Agriculture, Rural Development, Community Programs Division (USDA). This loan provided funding for construction of the City's wastewater treatment plant and other water and sewer capital improvements. On June 18, 2012, the 2.75% loan was executed at \$3,527,716, with a maturity date of June 18, 2052.

Annual debt service requirements to maturity for the USDA loan is as follows:

Year ending June 30,	Business-Type Activities		
	Principal	Interest	Total
2014	\$ 50,609	\$ 95,023	\$ 145,632
2015	52,018	93,614	145,632
2016	53,467	92,165	145,632
2017	54,956	90,676	145,632
2018	56,486	89,146	145,632
2019 - 2023	306,922	421,238	728,160
2024 - 2028	352,107	376,053	728,160
2029 - 2033	403,945	324,215	728,160
2034 - 2038	463,414	264,746	728,160
2039 - 2043	531,639	196,521	728,160
2044 - 2048	609,907	118,253	728,160
2049 - 2052	543,008	30,561	573,569
	\$ 3,478,478	\$ 2,192,211	\$ 5,670,689

Changes in long-term liabilities:

	Outstanding 07/01/12	Issued	Retired	Outstanding 06/30/13	Due Within One Year
Governmental activities					
Capital leases	\$ 237,674	\$ -	\$ 237,674	\$ -	\$ -
Compensated absences	160,441	30,709	63,658	127,492	65,345
Total governmental activities	\$ 398,115	\$ 30,709	\$ 301,332	\$ 127,492	\$ 65,345
Business-type activities					
Loans payable	\$ 4,829,284	\$ -	\$ 173,174	\$ 4,656,110	\$ 170,071
Compensated absences	21,230	3,999	597	24,632	10,583
Total business-type activities	\$ 4,850,514	\$ 3,999	\$ 173,771	\$ 4,680,742	\$ 180,654

For the governmental activities, long-term liabilities are generally liquidated by the general fund. For business-type activities, long-term liabilities are liquidated by the water and sewer enterprise fund.

City of Port Wentworth, Georgia

Notes to the Basic Financial Statements (cont.)

3. Other Information

A. Defined Benefit Pension Plan

Plan description - The City's defined benefit pension plan, City of Port Wentworth Retirement Plan (the Plan), provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to Plan members and beneficiaries. The Plan is an agent multiple-employer pension plan administered by the Georgia Municipal Employees Benefit System (GMEBS). Benefit provisions and other requirements are established and may be amended by local ordinance. The GMEBS issues a publicly available financial report that includes financial statements and required supplementary information for the Plan. That report may be obtained by writing to Georgia Municipal Employees Benefit System, 201 Pryor Street South West, Atlanta, Georgia 30303.

All full-time employees are eligible for participation in the Plan. Any eligible employee who has completed one year of service may participate in the Plan. Employees become vested after five years of service to the City.

The following is the Plan membership at January 1, 2013:

Active Plan participants	49
Retirees and beneficiaries currently receiving benefits	29
Terminated Plan participants entitled to, but not yet receiving benefits	26
Total	104

Funding policy - The City is required to contribute at an actuarially determined rate. Section 47-20 of the Georgia Code sets forth the minimum fund standards for state and local governmental pension plans. Administrative expenses are based on total covered compensation of active Plan participants and are added to the state required fund requirements. Employees are not required to contribute to the Plan.

The Georgia Constitution enables the governing authority of the City to establish and amend from time to time the contribution rates for the City and its Plan participants.

The City's funding policy is to contribute at least the minimum actuarially determined contribution in accordance with the State of Georgia's requirements. As of January 1, 2013, the most recent actuarial valuation date, the minimum City contribution rate is 7.63% of covered payroll. There are no legal or contractual maximum contributions to the Plan.

Funding status and funding progress - As of January 1, 2013, the actuarial value of assets was \$5,505,364 and the actuarial accrued liability for the benefits was \$4,862,469. The actuarial value of assets was in excess of the actuarial accrued liability by \$642,895. The actuarial accrued liability includes \$2,570,677 for pensioners and beneficiaries, \$649,336 for inactive participants with vested rights, and \$1,642,456 for active participants. The actuarial value of assets as a percentage of the actuarial accrued liability was 113.22% (funded ratio). The covered payroll (annual payroll of active employees covered by the Plan) was \$1.7 million and the ratio of the unfunded actuarial accrued liability to the covered payroll was zero.

The annual recommended contribution is the sum of the normal cost, the level dollar amortization of the unfunded actuarial accrued liability, and interest on these amounts from the valuation date to the date contributions are paid. The normal cost, including administrative expenses, was \$124,563.

City of Port Wentworth, Georgia

Notes to the Basic Financial Statements (cont.)

3. Other Information (cont.)

A. Defined Benefit Pension Plan (cont.)

Actuarial valuation information – Actuarial valuations for pension plans involve the estimates of the value of reported amounts and assumptions about the probability of events far into the future, and that actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made in the future.

The City's actuarial valuation information is as follows:

Current valuation date	January 1, 2013
Actuarial cost method	Project unit credit
Amortization method	Level percentage of pay, closed
Amortization period:	
Initial liability	30 years
Assumption change	30 years
Plan provisions	20 years
Actuarial gains and losses	15 years
Temporary retirement incentive	10 years
Equivalent single amortization period	n/a
Asset valuation method	Smoothed market value
Actuarial assumptions:	
Investment rate of return	7.75%
Projected salary increases	3.5% plus age and merit increases
Expected annual inflation	3.5%
Social security wage base increase	3.5%

Three-year trend information – Trend information, which gives an indication of the progress made in accumulating sufficient assets to pay benefits when due, is presented below:

Fiscal Year Ending June 30,	Annual Pension Cost (APC)	Actual Contribution Made	Percentage of APC Contributed	Net Pension Obligations
2011	\$ 237,934	\$ 237,934	100%	\$ -
2012	\$ 247,603	\$ 247,603	100%	\$ -
2013	\$ 234,976	\$ 234,976	100%	\$ -

The Schedule of Funding Progress, presented as Required Supplementary Information, following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of the Plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

City of Port Wentworth, Georgia

Notes to the Basic Financial Statements (cont.)

3. Other Information (cont.)

B. Defined Contribution Plan

Plan description - In April 2001, the City elected to participate in the Georgia Municipal Association (GMA) 401(a) Defined Contribution Plan (the Plan). The Plan is administered by GMA. One employee is eligible to participate in the Plan. The Plan requires the City to contribute 8.2% of the eligible participant's salary (employer portion). There are no required contributions by Plan members. Plan provisions are established in the Plan Adoption Agreement and may be amended by City Council, so long as the amendment is not inconsistent with the Plan, the Internal Revenue Code or other applicable law and is approved by the trustees of the Plan. During the year ended June 30, 2013, the City paid \$5,698 to the Plan.

C. Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors or omissions, 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, a public entity risk pool currently operating as a common risk management and insurance program for member local governments.

As part of these risk pools, the City is required to pay all contributions and assessments as prescribed by the pools, to cooperate with the pool's 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 against the City within the scope of loss protection furnished by the funds.

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

D. Commitments and Contingencies

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

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

City of Port Wentworth, Georgia

Notes to the Basic Financial Statements (cont.)

3. Other Information (cont.)

E. Membership in a Regional Commission

Under Georgia law, the City is a member of the Coastal Regional Commission (CRC) and is required to pay annual dues thereto. During its year ended June 30, 2013, the City paid \$5,359 in such dues. Membership in a Regional Commission is required by the Official Code of Georgia Annotated (O.C.G.A.) Section 50-8-34 which provides for the organizational structure of the CRC in Georgia. The CRC Board membership includes five members from the Chatham County governments: the Mayors of the Cities of Savannah, Pooler, and Tybee Island and two commissioners of Chatham County, Georgia. Therefore, the City of Port Wentworth has no direct representation on the Board. The total Board membership is 37. Other county representation is as follows: Bryan - 3, Bulloch - 5, Camden - 4, Effingham - 4, Glynn - 5, Liberty - 5, Long - 3, and McIntosh - 3. O.C.G.A. 50-8-39.1 provides that the member governments are liable for any debts or obligations of a CRC. Management believes that the CRC is currently accumulating sufficient financial resources to meet its financial obligations. Separate financial statements may be obtained from the Coastal Georgia Regional Development Center, P.O. Box 1917, Brunswick, Georgia 31521.



**REQUIRED SUPPLEMENTARY INFORMATION OTHER THAN
MANAGEMENT'S DISCUSSION & ANALYSIS**



City of Port Wentworth, Georgia

General Fund Budgetary Comparison Schedule

Year ended June 30, 2013

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget Positive (Negative)
REVENUES				
Taxes	\$ 2,995,000	\$ 3,760,640	\$ 3,757,818	\$ (2,822)
Licenses and permits	110,000	145,103	145,103	-
Intergovernmental revenues	53,060	359,205	258,195	(101,010)
Charges for services	1,326,087	1,204,998	1,219,463	14,465
Fines and forfeitures	750,000	698,138	698,139	1
Investment income	14,000	13,095	13,095	-
Miscellaneous revenue	9,200	21,267	21,300	33
Total revenues	5,257,347	6,202,446	6,113,113	(89,333)
EXPENDITURES				
Current				
General government				
City Council	91,662	91,662	41,745	49,917
Mayor	17,735	17,735	10,206	7,529
General administration	439,034	484,203	472,343	11,860
Judicial				
Municipal court	181,381	185,800	115,971	69,829
Public safety				
Police	2,218,337	2,283,785	1,875,406	408,379
Fire	869,817	1,163,235	869,525	293,710
Public works				
Highways and streets	709,315	1,052,553	614,999	437,554
Storm drainage	278,127	295,119	223,897	71,222
Sanitation	619,181	656,093	635,335	20,758
Culture and recreation				
Recreation	529,394	528,452	401,379	127,073
Housing and development				
Inspections	242,733	269,304	201,704	67,600
Debt service				
Principal	45,000	237,674	237,674	-
Interest	-	9,991	9,931	60
Intergovernmental				
Assistance	50,000	36,640	36,580	60
Total expenditures	6,291,716	7,312,246	5,746,695	1,565,551
(Deficiency) excess of revenues (under) over expenditures	(1,034,369)	(1,109,800)	366,418	1,476,218

City of Port Wentworth, Georgia

General Fund Budgetary Comparison Schedule (cont.)

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual	Positive (Negative)
OTHER FINANCING SOURCES				
(USES)				
Sales of capital assets	-	343,000	371,165	28,165
Transfers in	1,098,749	984,690	310,039	(674,651)
Transfers out	(64,380)	(221,923)	-	221,923
Insurance recoveries	-	4,033	4,033	-
Total other financing sources (uses)	1,034,369	1,109,800	685,237	(424,563)
Net change in fund balance	-	-	1,051,655	1,051,655
Fund balance, beginning of year	7,136,894	7,136,894	7,136,894	-
Fund balance, end of year	\$ 7,136,894	\$ 7,136,894	\$ 8,188,549	\$ 1,051,655

City of Port Wentworth, Georgia

Special Revenue - Hotel/Motel Fund Budgetary Comparison Schedule

Year ended June 30, 2013

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
REVENUES				
Taxes	\$ 550,555	\$ 618,079	\$ 619,860	\$ 1,781
Investment income	100	80	80	-
Total revenues	550,655	618,159	619,940	1,781
EXPENDITURES				
Intergovernmental Assistance	275,272	309,079	309,909	(830)
Total expenditures	275,272	309,079	309,909	(830)
Excess (deficiency) of revenues over (under) expenditures	275,383	309,080	310,031	951
OTHER FINANCING SOURCES (USES)				
Transfers out	(275,383)	(309,080)	(310,031)	(951)
Total other financing (uses) sources	(275,383)	(309,080)	(310,031)	(951)
Net change in fund balance	-	-	-	-
Fund balance, beginning of year	-	-	-	-
Fund balance, end of year	\$ -	\$ -	\$ -	\$ -

City of Port Wentworth, Georgia

Notes to Required Supplementary Information

1. Budgetary Information

Budgets and budgetary accounting - Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the general and special revenue funds. The level of legal budgetary control (the level at which expenditures may not exceed appropriations) is at the department level.

Supplemental appropriations and decreases in budget appropriations were properly approved by the City Council. For the year ended June 30, 2013, the following supplemental increase and decrease in appropriations were approved:

Fund Type	Original Appropriation	Supplemental Appropriations	Supplemental Decreases	Final Appropriation
General	\$ 6,291,716	\$ 1,020,530	\$ -	\$ 7,312,246
Hotel/motel tax	275,272	58,350	-	333,622
Confiscated assets	-	3,732	-	3,732

City of Port Wentworth, Georgia

Required Supplementary Information Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability [AAL] (b)	Unfunded (Surplus) AAL [UAAL] (b) - (a)	Funded Ratio (a) / (b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll [(b) - (a)]/(c)
11/1/2006	\$ 3,725,308	\$ 3,697,038	\$ (28,270)	100.76%	\$ 1,038,619	-
11/1/2007	4,029,518	4,234,554	205,036	95.16%	1,346,275	15.23%
11/1/2008	4,301,927	4,676,774	374,847	91.98%	1,753,333	21.38%
10/1/2009	4,215,128	4,451,121	235,993	94.70%	1,822,745	12.95%
01/1/2010	4,547,805	3,833,886	(713,919)	118.62%	1,880,036	-
01/1/2011	4,862,012	4,140,867	(721,145)	117.42%	1,956,436	-
01/1/2012	5,176,165	4,632,875	(543,290)	111.73%	1,856,664	-
01/1/2013	5,505,364	4,862,469	(642,895)	113.22%	1,665,180	-



**SUPPLEMENTARY DATA - INDIVIDUAL FUND STATEMENTS, SCHEDULES
AND STATE MANDATED PROGRAM INFORMATION**



City of Port Wentworth, Georgia

Special Revenue Fund - Confiscated Assets Budgetary Comparison Schedule

Year ended June 30, 2013

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
REVENUES				
Fines and forfeitures	\$ -	\$ 5,126	\$ 5,126	\$ -
Investment income	-	21	21	-
Total revenues	-	5,147	5,147	-
EXPENDITURES				
Current				
Public safety	-	3,732	3,732	-
Total expenditures	-	3,732	3,732	-
Excess of revenues over expenditures	-	1,415	1,415	-
Net change in fund balance	-	1,415	1,415	-
Fund balance, beginning of year	22,536	22,536	22,536	-
Fund balance, end of year	\$ 22,536	\$ 23,951	\$ 23,951	\$ -

City of Port Wentworth, Georgia

Fiduciary (Agency) Fund Statement of Changes in Assets and Liabilities

<i>Year ended June 30, 2013</i>					
	Balance July 1, 2012	Additions	Deletions	Balance June 30, 2013	
ASSETS					
Cash and investments	\$ 24,083	\$ 1,050,357	\$ 960,625	\$ 113,815	
Total assets	\$ 24,083	\$ 1,050,357	\$ 960,625	\$ 113,815	
LIABILITIES					
Due to others	\$ 24,083	\$ 1,050,357	\$ 960,625	\$ 113,815	
Total liabilities	\$ 24,083	\$ 1,050,357	\$ 960,625	\$ 113,815	

City of Port Wentworth, Georgia

Schedule of Projects Constructed with Special Purpose Local Option Sales Tax Proceeds

June 30, 2013

	Original Estimated Cost	Revised Estimated Cost	Prior Years	Current Year	Total Cost
1993 SPLOST EXPENDITURES					
City streets	\$ 937,934	\$ 1,199,836	\$ 921,798	\$ 278,038	\$ 1,199,836
Various projects / capital replacements:	563,389	-	-	-	-
Water and sewer projects:					
O'Leary Road	-	25,758	25,758	-	25,758
Sleep Inn	-	17,144	17,144	-	17,144
Cargo Group	-	84,010	84,010	-	84,010
Relocation of utilities	-	212,176	212,176	-	212,176
US 21	-	26,195	26,195	-	26,195
Birkenhead	-	16,107	16,107	-	16,107
Aberfeldy	-	16,572	16,572	-	16,572
Cantyre	-	25,925	25,925	-	25,925
Crossgate	-	6,525	6,525	-	6,525
Falkirk	-	24,541	24,541	-	24,541
Pleasant	-	3,268	3,268	-	3,268
Phillips	-	2,410	2,410	-	2,410
Kaiser water and sewer study	-	1,482	1,482	-	1,482
I&D Water and supply interconnection	-	2,069	2,069	-	2,069
Bonnybridge	-	2,273	2,273	-	2,273
North area water and sewer project	-	54,203	-	54,203	54,203
Senior Citizens facility	-	34,493	34,493	-	34,493
Houlihan Boat Ramp and facilities	-	33,400	33,400	-	33,400
Port Wentworth Gym improvements	-	20,000	-	20,000	20,000
Debt service	-	49,643	49,643	-	49,643
Capital outlay - vehicles	-	105,354	105,354	-	105,354

Total 1993 SPLOST expenditures	\$ 1,501,323	\$ 1,963,384	\$ 1,611,143	\$ 352,241	\$ 1,963,384
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1998 SPLOST EXPENDITURES

Drainage projects					
City drainage project	\$ 1,950,000	\$ -	\$ -	\$ -	\$ -
South Coastal Highway	-	125,000	-	-	-
Black Creek Road	-	102,260	60,000	-	60,000
Clifton Drive	-	130,000	-	-	-
Osteen Street	-	132,395	14,138	-	14,138
Grange Road	-	250,000	-	-	-
800 Block, Armadale Road	-	227,145	4,018	-	4,018
300 Block, Birkenhead Street	-	115,000	-	-	-
200 Block, Phillips Avenue	-	115,000	21,865	-	21,865
Falkirk Street	-	113,570	-	-	-
O'Leary Road at Black Creek	-	151,615	-	-	-
Gordon Street	-	113,570	-	-	-
Cantyre Street	-	113,570	-	-	-
Mobley Park	-	90,000	161,878	-	161,878
Gordon and Crossgate	-	7,000	6,732	-	6,732
Pine Forest	-	5,500	6,945	-	6,945
Saussy Road	-	5,500	5,210	-	5,210
Berrien Road	-	5,000	2,013	-	2,013
North area water and sewer project	-	147,875	159,342	8,250	167,592
Drainage equipment	50,000	50,000	50,000	-	50,000

Total drainage project	2,000,000	2,000,000	492,141	8,250	500,391
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City of Port Wentworth, Georgia

Schedule of Projects Constructed with Special Purpose Local Option Sales Tax Proceeds (cont.)

June 30, 2013

	Original Estimated Cost	Revised Estimated Cost	Prior Years	Current Year	Total Cost
1998 SPLOST EXPENDITURES (cont.)					
Other capital outlay	458,703	28,174	-	-	-
Black Creek flood study	-	79,448	79,448	-	79,448
Other equipment	-	284,888	330,425	-	330,425
Debt service	-	66,193	66,193	-	66,193
Total 1998 SPLOST expenditures	\$ 2,458,703	\$ 2,458,703	\$ 968,207	\$ 8,250	\$ 976,457
2003 SPLOST EXPENDITURES					
Fire safety	\$ 200,000	\$ 460,926	\$ 442,939	\$ 17,987	\$ 460,926
Open space	20,078	70,400	60,686	-	60,686
Other capital outlay					
Wastewater treatment facilities	2,254,426	2,579,192	2,579,192	-	2,579,192
North area water and sewer project	-	118,123	-	118,123	118,123
Downtown sewer evaluation project	-	65,115	-	65,115	65,115
Miscellaneous capital outlay projects	-	288,153	153	-	153
Total other capital outlay	2,254,426	3,050,583	2,579,345	183,238	2,762,583
Total 2003 SPLOST Expenditures	\$ 2,474,504	\$ 3,581,909	\$ 3,082,970	\$ 201,225	\$ 3,284,195
2008 SPLOST EXPENDITURES					
Wastewater	\$ 3,000,000	\$ 3,000,000	\$ -	\$ 48,510	\$ 48,510
Total 2008 SPLOST Expenditures	\$ 3,000,000	\$ 3,000,000	\$ -	\$ 48,510	\$ 48,510

City of Port Wentworth, Georgia

Schedule of Required Expenditures Funded by the Hotel/Motel Tax

<i>Year ended June 30,</i>		2013
REVENUES		
Hotel/motel taxes	\$	619,860
EXPENDITURES		
Tourism expenditures	\$	309,909
Percentage of expenditures to revenues		50%



City of Port Wentworth, Georgia

Comments Relative to Statistical Section

This part of the City of Port Wentworth's Comprehensive Annual Financial Report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the government's overall financial health.

Contents

Page

Financial Trends

These schedules contain trend information to help the reader understand how the City's financial position has changed over time.

G - 2

Revenue Capacity

These schedules contain information to help the reader understand and assess the factors affecting the City's ability to generate its most significant local revenue sources, the property tax and the sales tax.

G - 12

Debt Capacity

These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.

G - 16

Demographic and Economic Information

These schedules offer economic and demographic indicators to help the reader understand the environment within which the City's financial activities take place and to provide information that facilitates comparisons of financial information over time and among governments.

G - 20

Operating Information

These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.

G - 22

Sources: Unless otherwise noted, the information in these schedules is derived from the Comprehensive Annual Financial Reports for the relevant year.

Fiscal year ending June 30,

	2005	2006	2007	2008
Governmental activities				
Net investment in capital assets	\$ 1,672,940	\$ 6,283,976	\$ 6,588,310	\$ 7,639,290
Restricted	3,504,174	4,279,736	4,914,622	5,565,904
Unrestricted	2,808,836	3,747,355	5,283,898	5,856,448
Total governmental activities, net position	\$ 7,985,950	\$ 14,311,067	\$ 16,786,830	\$ 19,061,642
Business-type activities				
Net investment in capital assets	\$ 3,178,303	\$ 9,383,905	\$ 10,289,924	\$ 11,434,628
Restricted	-	-	-	-
Unrestricted	1,857,053	4,057,772	5,930,614	7,622,749
Total business-type activities, net position	\$ 5,035,356	\$ 13,441,677	\$ 16,220,538	\$ 19,057,377
Primary government				
Net investment in capital assets	\$ 4,851,243	\$ 15,667,881	\$ 16,878,234	\$ 19,073,918
Restricted	3,504,174	4,279,736	4,914,622	5,565,904
Unrestricted	4,665,889	7,805,127	11,214,512	13,479,197
Total primary government, net position	\$ 13,021,306	\$ 27,752,744	\$ 33,007,368	\$ 38,119,019

The City of Port Wentworth implemented GASB 34 for the fiscal year ended June 30, 2004.
Information prior to the implementation of GASB 34 is not available.

City of Port Wentworth, Georgia

Net Position by Component - Last Nine Fiscal Years (Accrual Basis of Accounting)

2009		2010		2011		2012		2013	
Restated		Restated		Restated					
\$	8,300,329	\$	8,115,438	\$	8,232,721	\$	7,898,751	\$	8,301,163
	4,313,697		3,441,702		3,729,118		2,779,710		2,731,952
	6,074,336		6,520,685		6,654,860		7,438,909		8,516,292
\$	18,688,362	\$	18,077,825	\$	18,616,699	\$	18,117,370	\$	19,549,407
\$	12,051,933	\$	14,055,599	\$	22,132,457	\$	22,781,837	\$	22,331,549
	-		-		-		-		-
	8,471,261		9,134,844		3,955,186		4,552,946		4,993,883
\$	20,523,194	\$	23,190,443	\$	26,087,643	\$	27,334,783	\$	27,325,432
\$	20,352,262	\$	22,171,037	\$	30,365,178	\$	30,680,588	\$	30,632,712
	4,313,697		3,441,702		3,729,118		2,779,710		2,731,952
	14,545,597		15,655,529		10,610,046		11,991,855		13,510,175
\$	39,211,556	\$	41,268,268	\$	44,704,342	\$	45,452,153	\$	46,874,839

Fiscal year ending June 30,

	2005	2006	2007	2008
Expenses				
Governmental activities				
General government	\$ 681,219	\$ 831,095	\$ 464,393	\$ 445,468
Judiciary	-	192,706	230,602	258,861
Public safety	1,511,063	1,927,765	2,465,579	2,624,698
Public works	1,122,288	868,218	1,052,322	1,495,859
Culture and recreation	175,893	180,555	276,871	354,264
Housing and development	280,216	298,304	757,988	948,235
Interest on long-term debt	-	-	-	463
Total governmental activities expenses	3,770,679	4,298,643	5,247,755	6,127,848
Business-type activities				
Water and sewer	986,714	818,420	1,208,012	1,699,013
Total business-type activities expenses	986,714	818,420	1,208,012	1,699,013
Total primary government expenses	\$ 4,757,393	\$ 5,117,063	\$ 6,455,767	\$ 7,826,861
Program revenues				
Governmental activities				
Charges for services				
General government	\$ 40,503	\$ 206,416	\$ -	\$ 11,536
Public safety	1,033,443	1,937,841	1,437,478	1,195,313
Public works	459,078	496,264	581,964	644,002
Culture and recreation	3,094	10,090	7,119	11,088
Housing and development	-	-	547,378	482,574
Operating grants and contributions	76,983	48,408	77,759	87,449
Capital grants and contributions	557,060	5,121,163	982,055	1,676,149
Total governmental activities program revenues	2,170,161	7,820,182	3,633,753	4,108,111
Business-type activities - water and sewer				
Charges for services	967,867	1,011,507	1,522,268	1,675,532
Capital grants and contributions	2,626,792	7,533,864	2,077,467	2,602,707
Total business-type activities program revenues	3,594,659	8,545,371	3,599,735	4,278,239
Total primary government program revenues	\$ 5,764,820	\$ 16,365,553	\$ 7,233,488	\$ 8,386,350
Net (expense)/revenue				
Governmental activities	\$ (1,600,518)	\$ 3,521,539	\$ (1,614,002)	\$ (2,019,737)
Business-type activities	2,607,945	7,726,951	2,391,723	2,579,226
Total primary government net expense	\$ 1,007,427	\$ 11,248,490	\$ 777,721	\$ 559,489

City of Port Wentworth, Georgia

Changes in Net Position - Last Nine Fiscal Years (Accrual Basis of Accounting)

2009		2010		2011 Restated	2012
					2013
\$	376,953	\$	349,632	\$	434,261
	166,409		157,629		169,856
	2,521,272		2,675,030		2,952,985
	1,488,022		1,483,633		1,467,766
	403,290		405,422		401,481
	721,276		696,680		581,398
	8,100		12,619		11,413
	5,685,322		5,780,645		6,019,160
	1,656,483		1,800,387		2,398,358
	1,656,483		1,800,387		2,398,358
\$	7,341,805	\$	7,581,032	\$	8,417,518
\$	22,341	\$	22,772	\$	24,506
	889,814		947,048		1,020,838
	659,912		736,069		842,241
	7,923		4,539		6,984
	331,609		257,587		161,951
	95,509		93,630		96,768
	505,539		143,161		531,363
	2,512,647		2,204,806		2,684,651
	1,871,900		2,037,035		2,251,015
	337,888		1,580,581		2,889,074
	2,209,788		3,617,616		5,140,089
\$	4,722,435	\$	5,822,422	\$	7,824,740
\$	(3,172,675)	\$	(3,575,839)	\$	(3,334,509)
	553,305		1,817,229		2,741,731
\$	(2,619,370)	\$	(1,758,610)	\$	(592,778)

Fiscal year ending June 30,

	2005	2006	2007	2008
General revenues and other changes in net position				
Governmental activities				
Property taxes levied for general purposes	\$ 553,815	\$ 475,054	\$ 1,205,990	\$ 1,457,243
Sales taxes levied for general purposes	872,003	1,031,077	1,254,159	1,146,816
Selective sales and use taxes	560,543	596,790	922,412	899,878
Business taxes	570,556	730,986	244,004	250,270
Contributions not restricted to specific programs	-	-	-	15,904
Unrestricted investment earnings	61,836	305,370	474,811	355,226
Gain on disposition of capital assets	-	-	11,061	38,502
Miscellaneous income	111,463	15,895	38,666	130,710
Special item	-	219,681	-	-
Transfers	(490,089)	(571,275)	(61,338)	-
Total governmental activities	2,240,127	2,803,578	4,089,765	4,294,549
Business-type activities - water and sewer				
Unrestricted investment earnings	21,157	108,095	270,369	196,769
Gain (loss) on disposition of capital assets	-	-	(3,127)	-
Miscellaneous income	-	-	58,558	60,844
Transfers	490,089	571,275	61,338	-
Total business-type activities	511,246	679,370	387,138	257,613
Total primary government	\$ 2,751,373	\$ 3,482,948	\$ 4,476,903	\$ 4,552,162
Change in net position				
Governmental activities	\$ 639,609	\$ 6,325,117	\$ 2,475,763	\$ 2,274,812
Business-type activities	3,119,191	8,406,321	2,778,861	2,836,839
Total primary government	\$ 3,758,800	\$ 14,731,438	\$ 5,254,624	\$ 5,111,651

The City of Port Wentworth implemented GASB 34 for the fiscal year ended June 30, 2004.

City of Port Wentworth, Georgia

Changes in Net Position - Last Nine Fiscal Years (Accrual Basis of Accounting)

2009 Restated		2010 Restated		2011 Restated		2012		2013	
\$	1,297,711	\$	1,743,921	\$	1,887,617	\$	1,892,546	\$	1,985,150
	1,069,983		898,418		974,303		1,047,670		1,195,556
	782,298		698,709		707,088		785,188		832,579
	263,939		257,665		247,391		344,275		357,172
	18,912		-		-		-		-
	109,222		19,780		17,259		13,071		13,196
	31,585		23,345		5,702		15,840		59,633
	34,551		66,153		29,759		29,612		26,008
	-		-		-		-		-
	(808,806)		(742,689)		4,264		(1,509,551)		(285,952)
	2,799,395		2,965,302		3,873,383		2,618,651		4,183,342
	50,895		23,135		27,778		17,903		13,474
	-		2,044		51,502		-		10,463
	84,061		82,152		80,453		83,841		77,601
	808,806		742,689		(4,264)		1,509,551		285,952
	943,762		850,020		155,469		1,611,295		387,490
\$	3,743,157	\$	3,815,322	\$	4,028,852	\$	4,229,946	\$	4,570,832
\$	(373,280)	\$	(610,537)	\$	538,874	\$	(499,329)	\$	1,432,037
	1,497,067		2,667,249		2,897,200		1,247,140		(9,351)
\$	1,123,787	\$	2,056,712	\$	3,436,074	\$	747,811	\$	1,422,686



City of Port Wentworth, Georgia

Fund Balances, Governmental Funds - Last Ten Fiscal Years (Modified Accrual Basis of Accounting)

<i>Fiscal year ending June 30,</i>					
	2004	2005	2006	2007	2008
General fund					
Reserved	\$ 99,059	\$ 117,109	\$ 118,640	\$ 167,161	\$ 90,070
Unreserved	2,573,987	2,705,579	3,665,031	5,006,275	5,470,772
Nonspendable					
Prepaid items	-	-	-	-	-
Assigned					
Capital asset replacement	-	-	-	-	-
Subsequent year's budget	-	-	-	-	-
Unassigned	-	-	-	-	-
Total general fund	\$ 2,673,046	\$ 2,822,688	\$ 3,783,671	\$ 5,173,436	\$ 5,560,842
All other governmental funds					
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved, reported in					
Special revenue fund	21,096	24,529	25,580	22,181	20,056
Capital projects fund	2,932,652	3,504,174	4,279,736	4,914,622	5,565,904
Restricted					
Capital project funds	-	-	-	-	-
Confiscated assets funds	-	-	-	-	-
Total all other governmental funds	\$ 2,953,748	\$ 3,528,703	\$ 4,305,316	\$ 4,936,803	\$ 5,585,960

<i>Fiscal year ending June 30,</i>					
	2009 Restated	2010 Restated	2011 Restated	2012	2013
General fund					
Reserved	\$ 11,664	\$ 10,769	\$ -	\$ -	\$ -
Unreserved	5,873,879	6,310,402	-	-	-
Nonspendable					
Prepaid items	-	-	52,638	159,985	152,342
Assigned					
Capital asset replacement	-	-	771,666	752,001	655,746
Subsequent year's budget	-	-	1,901,374	458,306	88,716
Unassigned	-	-	3,759,290	5,766,602	7,291,745
Total general fund	\$ 5,885,543	\$ 6,321,171	\$ 6,484,968	\$ 7,136,894	\$ 8,188,549
All other governmental funds					
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved, reported in					
Special revenue fund	21,218	12,934	-	-	-
Capital projects fund	4,313,697	3,441,702	-	-	-
Restricted					
Capital project funds	-	-	3,706,857	2,757,174	2,708,001
Confiscated assets funds	-	-	22,261	22,536	23,951
Total all other governmental funds	\$ 4,334,915	\$ 3,454,636	\$ 3,729,118	\$ 2,779,710	\$ 2,731,952

The City of Port Wentworth implemented GASB 54 for the fiscal year ended June 30, 2012.

Fiscal year ending June 30,

	2004	2005	2006	2007
Governmental funds				
Sales tax	\$ 872,003	\$ 932,272	\$ 1,031,077	\$ 1,170,273
Other taxes	1,394,261	1,631,373	1,805,696	2,220,610
Licenses and permits	31,252	212,688	418,776	352,830
Revenue from other governmental units	459,645	634,043	915,002	997,790
Charges for services	427,953	502,675	705,289	857,559
Fines and fees	615,145	820,755	1,499,111	1,380,042
Miscellaneous	113,808	173,299	329,808	559,009
Total revenue	3,914,067	4,907,105	6,704,759	7,538,113
Expenditures				
Current				
General government	528,878	669,742	797,103	446,091
Judiciary	-	-	192,706	225,851
Public safety	1,281,081	1,420,831	1,835,113	2,619,855
Public works	605,247	1,080,727	818,439	869,462
Culture and recreation	141,002	140,910	150,217	244,753
Housing and development	270,056	280,216	298,304	440,436
Intergovernmental assistance	-	-	-	-
Capital outlay	50,152	99,993	523,687	632,518
Debt service				
Principal	17,059	-	-	-
Interest and other charges	303	-	-	-
Total expenditures	2,893,778	3,692,419	4,615,569	5,478,966
Excess (deficiency) of revenues over (under) expenditures	1,020,289	1,214,686	2,089,190	2,059,147
Other financing sources (uses)				
Sale of capital assets	-	-	-	11,061
Capital leases	-	-	-	-
Transfers in	-	280,327	298,486	629,399
Transfers out	-	(770,416)	(869,761)	(678,355)
Insurance recoveries	-	-	-	-
Total other financing (uses) sources	-	(490,089)	(571,275)	(37,895)
Special item - sale of land	-	-	219,681	-
Net change in fund balances	\$ 1,020,289	\$ 724,597	\$ 1,737,596	\$ 2,021,252
Debt service as a percentage of non-capital expenditures	0.61%	0.00%	0.00%	0.00%

City of Port Wentworth, Georgia

Changes in Fund Balances, Governmental Funds – Last Ten Fiscal Years (Modified Accrual Basis of Accounting)

2008		2009 Restated		2010 Restated		2011 Restated		2012		2013	
\$	1,058,720	\$	1,004,980	\$	963,421	\$	974,303	\$	1,047,670	\$	1,195,556
	2,481,922		2,497,212		2,583,963		2,793,006		3,027,413		3,182,122
	361,355		323,016		265,129		173,596		129,921		145,103
	853,224		609,345		220,711		613,335		720,916		813,260
	887,856		791,509		860,491		1,076,544		1,049,629		1,219,463
	1,410,783		803,708		854,477		819,923		812,873		703,265
	402,324		131,696		60,186		45,294		39,139		40,484
	7,456,184		6,161,466		5,808,378		6,496,001		6,827,561		7,299,253
	415,163		344,377		320,565		423,623		490,693		524,294
	257,847		165,733		156,370		162,772		147,739		115,971
	2,634,642		2,270,400		2,361,627		3,046,652		2,885,772		2,748,663
	1,251,336		1,226,159		1,207,540		1,188,896		1,162,708		1,474,231
	320,338		861,526		348,192		517,169		321,510		401,379
	585,655		410,765		424,472		311,153		248,644		201,704
	390,209		338,919		311,450		302,384		332,272		346,489
	1,178,166		1,192,066		1,130,961		102,100		164,332		450,768
	6,163		152,677		32,323		33,528		34,779		237,674
	463		8,100		12,619		11,413		10,163		9,931
	7,039,982		6,970,722		6,306,119		6,099,690		5,798,612		6,511,104
	416,202		(809,256)		(497,741)		396,311		1,028,949		788,149
	40,981		31,585		23,345		38,991		15,840		371,165
	497,143		-		-		-		-		-
	350,837		297,985		258,855		257,829		291,719		310,039
	(350,837)		(455,216)		(258,855)		(257,829)		(1,641,929)		(469,489)
	82,237		8,558		29,745		2,977		7,939		4,033
	620,361		(117,088)		53,090		41,968		(1,326,431)		215,748
	-		-		-		-		-		-
\$	1,036,563	\$	(926,344)	\$	(444,651)	\$	438,279	\$	(297,482)	\$	1,003,897
	0.11%		2.74%		0.76%		0.84%		0.74%		4.57%

City of Port Wentworth, Georgia

Schedule of Tax Revenues and Franchise Fees - Last Ten Fiscal Years (Modified Accrual Basis of Accounting)

Fiscal Year Ending June 30,	Property Tax	Local Option Sales Tax	Business & Insurance Premium Tax	Malt & Alcohol Beverage Tax	Hotel/ Motel Taxes	Utility & Cablevision Franchise Fees	Annual Totals
2003	\$ 240,729	\$ 860,866	\$ 130,568	\$ 131,903	\$ 508,922	\$ 248,741	\$ 2,121,729
2004	238,314	872,003	215,486	164,577	540,149	235,735	2,266,264
2005	442,573	932,272	224,404	165,740	560,543	238,113	2,563,645
2006	517,796	1,031,077	243,712	177,454	596,790	269,944	2,836,773
2007	750,330	1,170,273	244,004	184,834	737,578	282,814	3,369,833
2008	1,006,223	1,058,720	250,270	201,865	698,013	325,551	3,540,642
2009	1,076,199	1,004,980	263,939	186,888	595,410	374,776	3,502,192
2010	1,170,017	963,421	257,665	181,183	517,526	457,572	3,547,384
2011	1,338,751	974,303	247,391	191,625	515,463	499,776	3,767,309
2012	1,299,614	1,047,670	344,275	201,955	583,233	598,336	4,075,083
2013	1,452,767	1,195,077	357,172	212,719	619,860	540,083	4,377,678

Source: City records

Note 1: Table includes general fund and special revenue - hotel/motel tax fund.

City of Port Wentworth, Georgia

Assessed Value and Actual Value of Taxable Property - Last Ten Fiscal Years

Calendar Year	Real Property		Personal Property		Utilities and Other Property		Total		Ratio of Total Assessed to Total Estimated Value	Total Direct Tax Rate
	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value		
2003	\$ 77,423,555	\$ 193,558,888	\$ 26,259,463	\$ 65,648,658	\$ 1,268,786	\$ 3,171,965	\$ 104,951,804	\$ 262,379,511	40.00%	2.525
2004	85,820,934	214,552,335	29,841,003	74,602,508	1,241,776	3,104,440	116,903,713	292,259,283	40.00%	4.500
2005	93,350,834	233,377,085	31,843,456	79,608,640	4,490,065	11,225,163	129,684,355	324,210,888	40.00%	4.498
2006	133,044,372	332,610,930	36,540,507	91,351,268	4,472,530	11,181,325	174,057,409	435,143,523	40.00%	4.498
2007	197,906,630	494,766,575	32,282,717	80,706,793	4,656,698	11,641,745	234,846,045	587,115,113	40.00%	4.498
2008	229,005,497	572,513,742	57,525,310	143,813,275	5,411,552	13,528,880	291,942,359	729,855,897	40.00%	4.397
2009	242,817,524	607,043,810	89,153,169	222,882,923	5,740,786	14,351,965	337,711,479	844,278,698	40.00%	4.397
2010	268,292,674	670,731,685	93,347,261	233,368,152	6,003,823	15,009,558	367,643,758	919,109,395	40.00%	4.397
2011	257,276,653	643,191,633	96,236,643	240,591,608	5,958,029	14,895,073	359,471,325	898,678,314	40.00%	4.397
2012	266,262,822	665,657,055	77,872,191	194,680,478	9,316,066	23,290,165	353,451,079	883,627,698	40.00%	4.397

Source: Chatham County Tax Assessor

Note 1: The ratio of total assessed to total estimated value is set at 40% by state law.

Note 2: Tax rates are per \$1,000 net assessed value.

City of Port Wentworth, Georgia

Direct and Overlapping Property Tax Rates - Last Ten Fiscal Years

<i>(Rate per \$1,000 of Assessed Value)</i>										
Tax Year	Operating		Overlapping Rates			Total				
	City		School District	County	State					
2003	\$	2.525	\$	17.680	\$	10.367	\$	0.250	\$	30.822
2004		4.500		17.600		10.367		0.250		32.717
2005		4.498		17.277		11.037		0.250		33.062
2006		4.498		15.817		10.837		0.250		31.402
2007		4.498		13.795		10.537		0.250		29.080
2008		4.397		13.404		10.537		0.250		28.588
2009		4.397		13.404		10.537		0.250		28.588
2010		4.397		14.131		10.537		0.250		29.315
2011		4.397		14.631		10.250		0.250		29.528
2012		4.397		14.631		10.250		0.200		29.478

Source: Chatham County Commission - Board Minutes and City records.

City of Port Wentworth, Georgia

Principal Property Taxpayers - Current Year and Nine Years Ago

	2012			2003		
	Taxable Assessed Value	Rank	% of Total District Net Assessed Value	Taxable Assessed Value	Rank	% of Total District Net Assessed Value
Duke Realty	\$ 43,771,280	1	13.66%	\$ -	-	-
Weyerhaeuser	8,574,451	2	2.68%	-	-	-
NGK Automotive Ceramics	7,518,318	3	2.35%	-	-	-
Easlan	7,242,394	4	2.26%	-	-	-
Fred Williams	6,272,488	5	1.96%	-	-	-
L-A Savannah	5,737,880	6	1.80%	-	-	-
VRH aka Village at Rice Hope	5,054,204	7	1.58%	-	-	-
SMNF	5,048,145	8	1.58%	-	-	-
Crescent Investment	4,066,120	9	1.27%	-	-	-
Southern LNG	3,749,027	10	1.17%	-	-	-
Noritake China Company, Inc.	-	-	-	4,398,686	1	4.19%
Georgia Pacific	-	-	-	2,851,664	2	2.72%
Anthony Crane	-	-	-	2,808,802	3	2.68%
Savannah Inns, LLC	-	-	-	2,390,063	4	2.28%
American Isuzu, Inc.	-	-	-	2,359,776	5	2.25%
Cargo Group, Limited	-	-	-	1,840,663	6	1.75%
2195 Group, Inc.	-	-	-	1,581,800	7	1.51%
2195 Group, Inc.	-	-	-	1,080,000	8	1.03%
Patel Hemlata N	-	-	-	814,800	9	0.78%
Koch Materials Company	-	-	-	728,082	10	0.69%
Total	\$ 97,034,307		30.31%	\$ 20,854,336		19.88%

Source: Chatham County Tax Assessor

Note: This data is based on calendar year assessed valuations.

City of Port Wentworth, Georgia

Property Tax Levies and Collections - Last Ten Fiscal Years

Calendar Year ⁽¹⁾	Total Tax Levy ⁽²⁾		Adjustments	Total Adjusted Levy	Collected within the Fiscal Year of the Levy		Collections for Subsequent Years	Total Collections to Date						
					Amount	Percentage of Levy		Amount	Percentage of Levy					
2003	\$	185,547	\$	4,954	\$	190,501	\$	170,002	91.62%	\$	20,493	\$	190,495	99.99%
2004		379,435		18,977		398,412		292,107	76.98%		106,294		398,401	99.99%
2005		424,122		12,444		436,566		417,180	98.36%		19,375		436,555	99.99%
2006		554,497		(28,809)		525,688		528,540	95.32%		(2,864)		525,676	99.99%
2007		852,233		(21,065)		831,168		764,444	89.70%		66,644		831,088	99.99%
2008		1,040,381		(81,187)		959,194		1,006,653	96.76%		(47,788)		958,865	99.96%
2009		1,239,956		(176,102)		1,063,854		1,091,671	88.04%		(45,029)		1,046,642	98.38%
2010		1,376,737		(190,292)		1,186,445		1,267,982	92.10%		(109,967)		1,158,015	97.60%
2011		1,376,995		(186,125)		1,190,870		1,145,986	83.22%		23,245		1,169,231	98.18%
2012		1,304,068		(46,236)		1,257,832		1,240,565	95.13%		-		1,240,565	98.62%

Source: Chatham County Tax Commissioner and City records.

- (1) Taxes are assessed for the calendar year on January 1. The fiscal year begins six months later on July 1 and ends on June 30 of the following year.
- (2) The total tax levy includes real property, industrial area, personal property and public utilities. The total tax levy is the original state approved levy after adjustments for cancelations, releases, errors and additions.

City of Port Wentworth, Georgia

Ratios of Outstanding Debt by Type - Last Ten Fiscal Years

Fiscal Year Ended June 30,	Governmental Activities		Business-Type Activities				Total Business-Type Activities	Total Primary Government	Percentage of Personal Income ^(a)	Per Capita ^(a)
	Capital Leases	Water and Sewer Revenue Bonds	Water and Sewer Notes	Capital Leases						
2004	\$ -	\$ -	\$ 2,450,597	\$ -	\$ 2,450,597	\$ 2,450,597	2.32%	\$ 700		
2005	-	-	1,942,965	-	1,942,965	1,942,965	1.71%	555		
2006	-	-	1,865,404	-	1,865,404	1,865,404	1.57%	533		
2007	-	-	1,783,568	-	1,783,568	1,783,568	1.45%	510		
2008	490,980	-	1,697,223	104,566	1,801,789	2,292,769	1.84%	655		
2009	338,305	-	1,606,120	-	1,606,120	1,944,425	1.66%	432		
2010	305,982	-	4,607,730	-	4,607,730	4,913,712	4.27%	1,092		
2011	272,454	-	4,761,789	-	4,761,789	5,034,243	4.72%	916		
2012	237,674	-	4,829,284	-	4,829,284	5,066,958	4.48%	923		
2013	-	-	4,656,110	-	4,656,110	4,656,110	3.72%	766		

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements.

^(a) These ratios are calculated using personal income and population for the prior calendar year.

City of Port Wentworth, Georgia

Ratios of Net General Bonded Debt Outstanding - Last Ten Fiscal Years

Fiscal Year Ended June 30,	General Bonded Debt Outstanding			Percentage of Actual Taxable Value of Property	Per Capita
	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding		
2004	\$ -	\$ -	\$ -	0.00%	\$ -
2005	-	-	-	0.00%	-
2006	-	-	-	0.00%	-
2007	-	-	-	0.00%	-
2008	-	-	-	0.00%	-
2009	-	-	-	0.00%	-
2010	-	-	-	0.00%	-
2011	-	-	-	0.00%	-
2012	-	-	-	0.00%	-
2013	-	-	-	0.00%	-

Note: The City has no general bonded debt outstanding during the last ten fiscal years.

City of Port Wentworth, Georgia

Direct and Overlapping Governmental Activities Debt

June 30, 2013

	Debt Outstanding	Estimated Percentage Applicable ⁽¹⁾	Estimated Share of Overlapping Debt
Overlapping debt repaid with property taxes			
Chatham County, Georgia			
DSA Chatham County Projects Series 2005	\$ 10,885,000	2.69%	\$ 292,807
Chatham County Public Health Facilities Projects	175,000	2.69%	4,708
DSA Chatham County Projects Series 2005A	4,420,000	2.69%	118,898
Mosquito Control	3,804,217	2.69%	102,333
DSA Union Mission Series 2009	2,145,000	2.69%	57,701
DSA Union Mission Series 2011	2,680,000	2.69%	72,092
Chatham-Savannah School Board			
General Obligation Bonded Debt	53,925,000	2.69%	1,450,583
Energy Management Project	6,043,366	2.69%	162,567
Overlapping other debt			
Chatham County, Georgia capital leases	4,561	2.30%	105
Chatham-Savannah School Board capital leases	5,141,595	1.44%	74,039
Subtotal, overlapping debt			2,335,833
City of Port Wentworth direct debt			-
Total direct and overlapping debt			\$ 2,335,833

Sources: Assessed value data used to estimate applicable percentages provided by the Chatham County Board of Taxation. Debt outstanding data is provided by each governmental unit.

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the City. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of Port Wentworth. This process recognizes that, when considering the City's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident and, therefore, responsible for repaying the debt of each overlapping payment.

⁽¹⁾ For debt repaid with property taxes, the percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by determining the portion of another governmental unit's taxable value that is within the City's boundaries and dividing it by each unit's total taxable value. For overlapping other debt (County), the percentage of overlapping debt applicable is estimated using the City's population and dividing it by the county's population. For overlapping other debt (School), the percentage of overlapping debt applicable is estimated using the City's school enrollment and dividing it by the school district's total enrollment.

City of Port Wentworth, Georgia

Legal Debt Margin Information - Last Ten Calendar Years

	Calendar Year				
	2003	2004	2005	2006	2007
Total assessed value of taxable property	\$ 104,951,804	\$ 116,903,713	\$ 129,684,355	\$ 174,057,409	\$ 234,846,045
Less exemption for bond purposes	2,345,399	3,246,167	5,242,676	18,210,198	18,555,495
Net assessed value for bond purposes	\$ 102,606,405	\$ 113,657,546	\$ 124,441,679	\$ 155,847,211	\$ 216,290,550
Debt limit percentage	10%	10%	10%	10%	10%
Debt limit	\$ 10,260,641	\$ 11,365,755	\$ 12,444,168	\$ 15,584,721	\$ 21,629,055
Total net debt applicable to limit general obligation bonds	-	-	-	-	-
Legal debt margin	\$ 10,260,641	\$ 11,365,755	\$ 12,444,168	\$ 15,584,721	\$ 21,629,055
Total net debt applicable to the limit as a percentage of debt limit	0.00%	0.00%	0.00%	0.00%	0.00%

	Calendar Year				
	2008	2009	2010	2011	2012
Total assessed value of taxable property	\$ 291,942,359	\$ 337,711,479	\$ 367,643,758	\$ 359,471,325	\$ 353,451,079
Less exemption for bond purposes	6,611,033	7,923,608	8,376,623	7,075,664	8,166,424
Net assessed value for bond purposes	\$ 285,331,326	\$ 329,787,871	\$ 359,267,135	\$ 352,395,661	\$ 345,284,655
Debt limit percentage	10%	10%	10%	10%	10%
Debt limit	\$ 28,533,133	\$ 32,978,787	\$ 35,926,714	\$ 35,239,566	\$ 34,528,466
Total net debt applicable to limit general obligation bonds	-	-	-	-	-
Legal debt margin	\$ 28,533,133	\$ 32,978,787	\$ 35,926,714	\$ 35,239,566	\$ 34,528,466
Total net debt applicable to the limit as a percentage of debt limit	0.00%	0.00%	0.00%	0.00%	0.00%

The present constitutional limit on direct general obligation bonds for the City of Port Wentworth is the amount equivalent to 10% of the net assessed valuation of taxable property for debt service (bond) purposes.

The constitutional debt limitation applies to all general obligation bonds authorized. Additional general obligation bonds may be authorized to be issued if so approved by a majority of those voting in an election held for that purpose. The City of Port Wentworth has no general obligation bonds authorized but unissued.

Source: Consolidation and Evaluation of Digest.

City of Port Wentworth, Georgia

Demographic and Economic Statistics Last Ten Calendar Years

Year	Population in Thousands ⁽¹⁾	Personal Income ⁽²⁾	Per Capita Personal Income ⁽²⁾	Unemployment Rate ⁽³⁾
2003	3	\$ 105,535,500	\$ 30,153	5.6%
2004	3	113,900,500	32,543	3.9%
2005	3	118,520,500	33,863	4.6%
2006	3	123,172,000	35,192	4.1%
2007	3	124,404,000	35,544	4.1%
2008	4	117,315,000	26,070	5.6%
2009	4	115,141,500	25,587	8.3%
2010	5	106,727,500	19,405	9.1%
2011	5	113,014,500	20,578	9.2%
2012	6	125,089,970	20,580	9.5%

Sources:

- ⁽¹⁾ Chamber of Commerce, Metropolitan Planning Commission and U.S. Census.
- ⁽²⁾ Personal income has been estimated based upon the municipal population and per capita personal income presented.
- ⁽³⁾ State Department of Labor.

City of Port Wentworth, Georgia

Principal Employers Current and Nine Calendar Years Ago

Employer	2012			2003		
	Employees	Rank	Percentage of Total Municipal Employment	Employees	Rank	Percentage of Total Municipal Employment
Gulfstream Aerospace	7,300	1	6.00%	4,300	4	3.91%
Ft. Stewart/Hunter Army Airfield	4,719	2	3.88%	3,485	6	3.17%
Memorial Medical Center	4,643	3	3.81%	4,583	2	4.17%
Savannah/Chatham Co. Bd. of Education	4,600	4	3.78%	4,706	1	4.28%
St. Joseph's/Candler Health System	3,170	5	2.60%	3,800	5	3.46%
Wal-Mart	2,935	6	2.41%	-	-	-
City of Savannah	2,500	7	2.05%	2,000	7	1.82%
Savannah College of Art & Design	1,750	8	1.44%	-	-	-
Chatham County	1,500	9	1.23%	1,600	8	1.46%
Georgia-Pacific Savannah River Mill	1,200	10	0.99%	-	-	-
Savannah International Airport	-	-	-	4,500	3	4.10%
State of Georgia	-	-	-	1,500	9	1.37%
International Paper Company	-	-	-	1,461	10	1.33%
	34,317		28.19%	31,935		29.07%

Sources: Savannah Area Chamber of Commerce, Georgia Department of Labor, and Savannah Economic Development Authority.

Note: This data includes employer and employee information for the Savannah Metropolitan Service Area and is reported on a calendar year.

City of Port Wentworth, Georgia

Full-time Equivalent City Employees by Function/Program Last Ten Fiscal Years

Function/Program	Full-time and Part-time City Employees as of June 30,				
	2004	2005	2006	2007	2008
General government	14	14	14	6	5
Judiciary	-	-	-	3	3
Legislative	-	-	-	7	7
Protective inspections	-	-	-	2	3
Public safety	18	20	21	31	32
Public works	8	10	6	8	18
Culture and recreation	3	3	2	3	2
Water and sewer services	2	2	2	2	5
Total	45	49	45	62	75

Function/Program	Full-time and Part-time City Employees as of June 30,				
	2009	2010	2011	2012	2013
General government	3	2	3	3	4
Judiciary	2	2	2	3	2
Legislative	7	7	7	7	6
Protective inspections	4	3	4	1	1
Public safety	25	32	32	31	34
Public works	8	9	7	4	2
Culture and recreation	3	3	3	3	3
Water and sewer services	6	7	7	7	7
Total	58	65	65	59	59

City of Port Wentworth, Georgia

Operating Indicators by Function Last Ten Fiscal Years

	Fiscal Year				
	2004	2005	2006	2007	2008
Police					
Arrests	759	960	994	1,035	1,108
Fire					
Number of emergency calls	Unavailable	Unavailable	Unavailable	891	954
Inspections	Unavailable	Unavailable	Unavailable	212	314
Public works					
Street resurfacing (miles)	1	1	1	1	1
Parks and recreation					
Number of facility rentals	215	220	232	191	180
Water					
New connections	90	163	201	312	368
Average daily water use (thousands of gallons)	272	281	311	343	308
Sewer					
New connections	90	163	201	312	368
Average daily sewage treatment (thousands of gallons)	N/A	N/A	N/A	N/A	N/A
	Fiscal Year				
	2009	2010	2011	2012	2013
Police					
Arrests	994	1,023	1,093	1,063	1,261
Fire					
Number of emergency calls	235	573	833	812	994
Inspections	247	370	284	245	246
Public works					
Street resurfacing (miles)	1	1	< 1	< 1	1
Parks and recreation					
Number of facility rentals	250	327	223	296	346
Water					
New connections	392	585	612	389	418
Average daily water use (thousands of gallons)	310	322	387	353	444
Sewer					
New connections	392	585	612	389	418
Average daily sewage treatment (thousands of gallons)	N/A	N/A	N/A	458	600

Sources: City Records.

Unavailable - This information is not available. Prior to June 2006, the City did not employ fire personnel.

N/A - not applicable. The City's wastewater is treated by a contractor.

City of Port Wentworth, Georgia

Capital Asset Statistics by Function Last Ten Fiscal Years

	Fiscal Year				
	2004	2005	2006	2007	2008
Police					
Stations	1	1	1	1	1
Fire					
Stations	2	2	2	2	2
Public works					
Streets (miles)	44	44	44	44	44
Streetlights	289	289	349	362	362
Traffic signals	6	9	9	9	9
Parks and recreation					
Parks	3	3	3	3	4
Community centers	1	1	1	1	3
Water					
Water mains (miles)	30	32	34	39	39
Maximum daily capacity (thousands of gallons)	2,600	2,600	2,600	2,600	2,600
Sewer					
Sanitary sewers (miles)	30	32	34	39	39
Maximum daily treatment capacity (thousands of gallons)	N/A	N/A	N/A	N/A	N/A
	Fiscal Year				
	2009	2010	2011	2012	2013
Police					
Stations	1	1	1	1	1
Fire					
Stations	2	2	2	2	2
Public works					
Streets (miles)	46	46	51	51	51
Streetlights	384	384	886	886	886
Traffic signals	8	8	10	10	10
Parks and recreation					
Parks	4	4	5	5	5
Community centers	4	4	4	4	4
Water					
Water mains (miles)	41	41	45	46	46
Maximum daily capacity (thousands of gallons)	2,600	2,600	2,600	2,600	2,600
Sewer					
Sanitary sewers (miles)	41	41	45	46	46
Maximum daily treatment capacity (thousands of gallons)	N/A	N/A	N/A	4	4

Sources: City Records and Georgia Department of Transportation, Office of Transportation.

N/A - not applicable. The City's wastewater is treated by a contractor.





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

Independent Auditor's Report

Honorable Mayor and Members of the City Council
City of Port Wentworth, 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 remaining fund information of City of Port Wentworth, Georgia, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise City's basic financial statements, and have issued our report thereon dated October 9, 2013.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered City of Port Wentworth, Georgia's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of 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 City of Port Wentworth, Georgia's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our

tests disclosed no instances of noncompliance or other matters that are 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 City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

KRT, CPAs P.C.

KRT, CPAs P.C.
Savannah, Georgia
October 9, 2013