



City of Port Wentworth

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FISCAL YEAR 2014-2015



LIVING OUR VISION



RICE CREEK SCHOOL



WATER TANK

Comprehensive Annual Financial Report

CITY OF PORT WENTWORTH, GEORGIA

Fiscal Year Ended June 30, 2015



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

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Port Wentworth, Georgia 31407
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(912) 966-7429 (f)
www.cityofportwentworth.com

MAYOR
G. Glenn Jones

COUNCIL MEMBERS
Judson Bowers
Barbara Powers
Lloyd Stanhope
Debbie Johnson
William Herrin
Tim Holbrook

CITY ADMINISTRATOR
Phillip Claxton

December 2, 2015

To the Honorable Mayor, Members of Council and Citizens of the City of Port Wentworth:

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, 2015.

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 anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

KRT, Certified Public Accountants, have issued an unqualified ("clean") opinion on the City of Port Wentworth's financial statements for the year ended June 30, 2015. The independent auditors' 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 Government

The City of Port Wentworth, incorporated in 1957, is located in the eastern part of the state, which is considered to be one of the top growth areas in both the state and the country. It currently occupies 15.6 square miles with a population of 5,359 according to the 2010 Census. The City of Port Wentworth is empowered to levy a property tax on real property located within its boundaries. It also is empowered by state statute to extend its corporate limits by annexation, which it has done from time to time.

The City of Port Wentworth operates under the mayor-council form of government. Policy-making and legislative authority are vested in the governing council consisting of the mayor and six other members from four districts and two at-large. Council Members serve four-year terms, with three members elected every two years. The Mayor is elected for a four-year term. The Mayor, with the Council approval, appoints the City of Port Wentworth's City Administrator and Clerk of Council. The City Administrator appoints department heads.

The City of Port Wentworth provides a full range of services, including police and fire protection; refuse collection; building inspections; licenses and permits; street maintenance; recreational activities; and water and sewer 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 Mayor and Council are required to adopt an initial budget for the fiscal year no later than June 30 preceding the beginning of the fiscal year on July 1. This annual budget serves as the foundation for the City of Port Wentworth's financial planning and control. The budget is prepared by fund, function (e.g., public safety), and department (e.g., police). Department Heads may transfer resources within a department as they see fit. Transfers between departments, personal services and capital outlays, however, need special approval from the governing council.

Local Economy and Major Initiatives

The local economy shows continued improvement. Sales tax revenue has increased and the tax digest has grown. The city's tourism industry continues to benefit from our proximity to Savannah as hotel/motel tax revenue has increased. There has been steady growth in single family residential permits and increased interest in multifamily development. As the population has increased, the City has seen development in retail and expects this trend to continue.

Median household income has risen to \$67,354 which is almost a 40% increase since 2000. The average household size in Port Wentworth is increasing as young families are choosing Port Wentworth to live and raise families. The new Rice Creek School will accommodate the growth and serve as an attractive amenity.

The Savannah area enjoys a relatively low unemployment rate as of June 30, 2015 at 6.3%. The largest private employment sectors for Port Wentworth residents are manufacturing, construction, and transportation.

Long-term Financial Planning and Major Initiatives

The City has launched initiatives and implemented policies to encourage growth and redevelopment. Maintaining a relatively low property tax rate, 4.711 mills for the fiscal year ended June 30, 2015, and high homestead exemption of \$40,000 positions the City well against other localities. The City has made large infrastructure improvements including major sewerage rehabilitation and construction of a 500,000 gallon water tank to maintain system pressure needed for fire safety and to continue development.

With increased growth has come increased demand on the transportation infrastructure, especially on Georgia Highway 21. The Georgia Department of Transportation (GDOT) will begin construction on a diverging diamond interchange at Highway 21 and Interstate 95. Chatham County will begin construction on the Benton Boulevard extension to Georgia Highway 30. In addition, the GDOT expects to complete the Jimmy Deloach Extension to the Georgia Ports Authority during the next fiscal year which is anticipated to reduce truck traffic on Georgia Highways 21 and 25.

Relevant Financial Policies

The City of Port Wentworth's policy to adopt a balanced budget and conservative financial planning has allowed the City to maintain an unassigned General Fund balance of \$9,389,661 and a total fund balance of \$11,865,953. Unassigned fund balance represents approximately 157% of total General Fund expenditures and total fund balance represents 199% of expenditures.

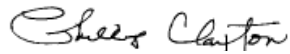
Awards and Acknowledgements

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 (CAFR) for the fiscal year ended June 30, 2014. This was the fourteenth consecutive year that the government achieved this prestigious award. In order to be awarded a Certificate of Achievement, the government had to publish an easily readable and efficiently organized CAFR that satisfied both generally accepted accounting principles and applicable program requirements.

A Certificate of Achievement for Excellence in Financial Reporting is valid for a period of one year only. However, we believe that our current CAFR continues to meet the Certificate of Achievement for Excellence in Financial Reporting Program's requirements, and we are submitting it to GFOA to determine its eligibility for another certificate.

The preparation of this report would not have been possible without the skill, effort and dedication of the entire City of Port Wentworth Administrative staff. We wish to thank all government departments for their assistance in providing the data necessary to prepare this report. Credit also is due to the Mayor and Council Members 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 black ink, reading "Phillip Claxton". The signature is written in a cursive, flowing style.

Phillip Claxton
City Administrator



City of Port Wentworth, Georgia

List of Principal Officials

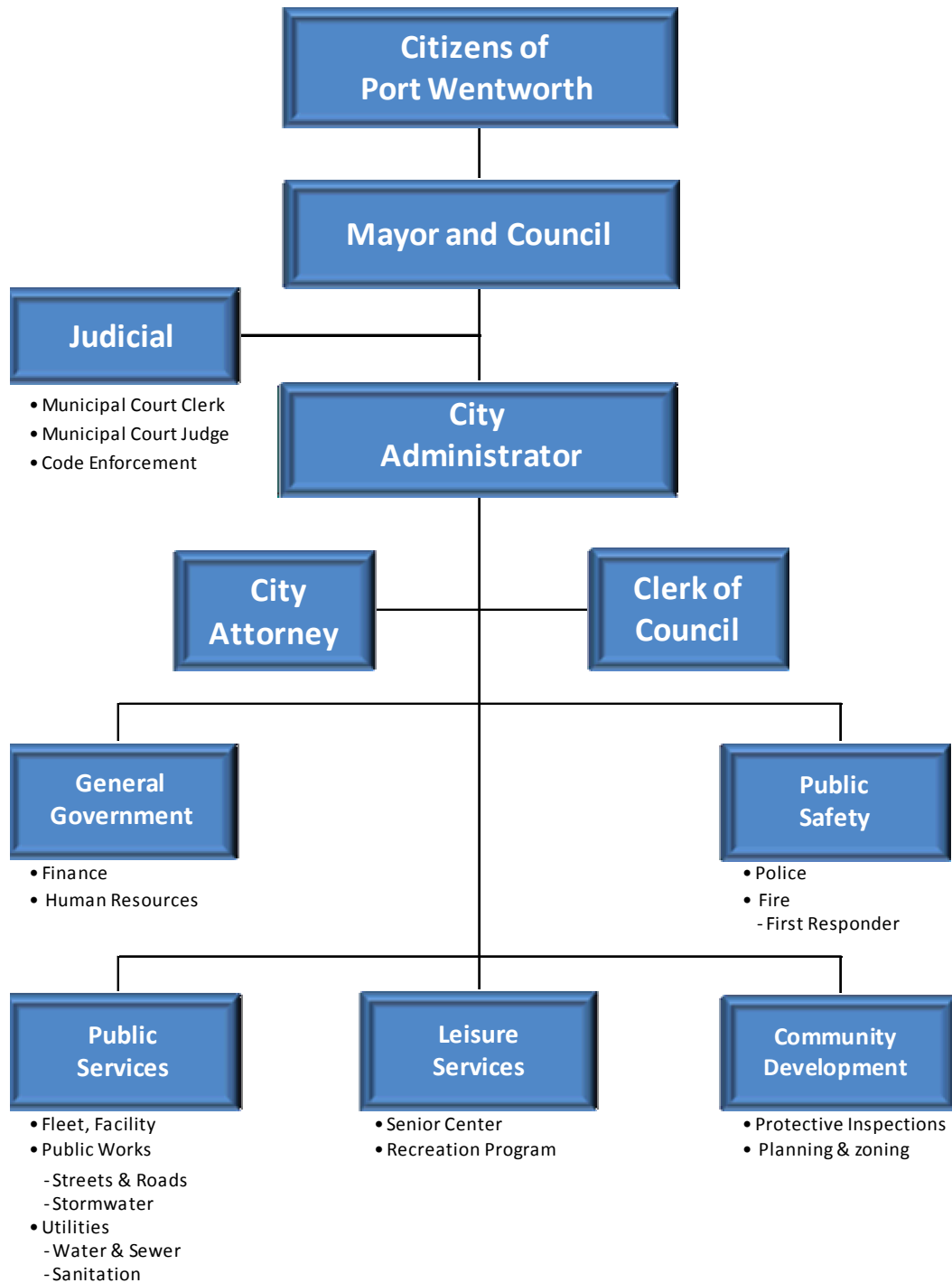
Mayor	G. Glenn Jones
Mayor Pro-Tem At-Large	Judson Bowers
City Administrator	Phillip Claxton
City Attorneys	Eric Gotwalt Elizabeth Pavlis
Clerk of Council	Miriam Jordan
Directory of Public Safety	Matthew Libby
Director of Development Services	Brian Harvey
Director of Leisure Services	Tiffany Lancaster

City Council Committee Chairpersons

Judson Bowers, Mayor Pro-Tem At Large	Water & Sewer
Barbara Powers, District 1	Administration
Lloyd Stanhope, District 2	Leisure Services
Debbie Johnson, District 3	Planning/Zoning
Bill Herrin, District 4	Public Safety
Tim Holbrook, Council Member At Large	Public Services

City of Port Wentworth

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, 2014

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

Executive Director/CEO



FINANCIAL SECTION





Independent Auditor's Report

Honorable Mayor and Members of the City Council
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, 2015, 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, 2015, 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 December 2, 2015 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
December 2, 2015



City of Port Wentworth, Georgia

Management's Discussion and Analysis

As management of the City of Port Wentworth (the City), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2015. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages A-1 – A-3 of this report.

Financial Highlights

- The assets of the City exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$53,374,081 (*net position*). Of this amount, \$19,179,783 represents unrestricted net position, which may be used to meet the City's ongoing obligations to citizens and creditors.
- The City's total net position increased by \$140,676 because of a new requirement to report net pension asset liabilities (assets) and deferred inflows of resources related to pensions. Pension assets exceed pension liabilities by \$225,308, and deferred outflows and inflows related to pensions were \$127,203 and \$211,835, respectively.
- At the close of the current fiscal year, the City's governmental funds reported combined fund balances of \$13,983,160, an increase of \$1,012,866 in comparison with the prior year. Approximately 67% of this amount \$9,389,661 is available for spending at the government's discretion (*unassigned fund balance*).
- At the end of the current fiscal year, unrestricted fund balance (the total of the committed, assigned, and unassigned components of fund balance) for the General Fund was \$11,703,610.
- The City's total outstanding long-term debt increased by \$1,004,215 during the current fiscal year primarily due to advances from Georgia Environmental Finance Authority (GEFA) for construction of a new water tank.

Overview of the Financial Statements

The discussion and analysis provided here are intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements consist of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) the notes to financial statements. This report also includes supplementary information intended to furnish additional detail to support the basic financial statements themselves.

Government-wide Financial Statements. The *government-wide financial statements* are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business.

The *statement of net position* presents financial information on all of the City's assets, liabilities, and deferred inflows/outflows of resources, with the difference 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 for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused personal time off).

Both of the government-wide financial statements 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*). The governmental activities of the City include general government, judiciary, public safety (police and fire), public works (streets and roads, storm water and sanitation), culture and recreation, and housing and development. The business-type activities of the City include water, sewer and waste water treatment.

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

City of Port Wentworth, Georgia

Management's Discussion and Analysis

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. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental Funds. *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *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. Such information may be useful in assessing a government's near-term financing requirements.

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 government'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*.

The City maintains four individual governmental funds. Information is presently separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, the Capital Projects Fund, and Hotel/Motel Tax Fund, which are considered to be major funds. Data from the other governmental fund, Confiscated Assets Fund, is considered a nonmajor governmental fund and is provided in the supplementary data found on page F-1.

The City adopts an annual appropriated budget for its General Fund. A budgetary comparison statement has been provided for the General Fund to demonstrate compliance with this budget. This comparison statement can be found on page E-1.

The basic governmental fund financial statements can be found on pages D-4 – D-7.

Proprietary Fund. The City maintains one type of proprietary fund, an enterprise fund. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The City uses the Water and Sewer Enterprise Fund to account for its water, sewer and waste water treatment operations.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The basic proprietary fund financial statements can be found on pages D-8 – D-12.

Fiduciary Fund. Fiduciary funds are used to account for resources held for the benefit of parties outside of the government. Fiduciary funds are not reported in the government-wide financial statements because the resources of those funds are not available to support the City's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The City maintains one type of fiduciary fund, the Municipal Court Fund which is an agency fund. An *Agency fund* reports resources held by the City in a custodial capacity for individuals, private organizations and other governments. The fiduciary fund financial statement can be found on page D-13 of this report.

Notes to the Financial Statements. The notes provide additional information that is necessary to acquire a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages D-14 – D-36.

City of Port Wentworth, Georgia

Management's Discussion and Analysis

Other Information. In addition to the basic financial statements and accompanying notes, this report also presents required supplementary information concerning the City's progress in funding its obligation to provide pension benefits to its employees. The schedules related to net pension liability can be found on pages E-4 – E-5.

Government-wide Overall Financial Analysis

As noted earlier, net position over time, may serve as a useful indicator of a government's financial position. In the case of the City, assets exceeded liabilities and deferred inflows of resources by \$53,374,081, at the close of the most recent fiscal year.

City of Port Wentworth's Net Position

	Governmental activities		Business-type activities		Total	
	2015	2014 restated	2015	2014 restated	2015	2014 restated
Assets						
Current and other assets	\$ 16,209,739	\$ 14,466,190	\$ 8,039,132	\$ 7,577,764	\$ 24,248,871	\$ 22,043,954
Capital assets, net	8,797,563	8,477,481	28,785,829	26,247,244	37,583,392	34,724,725
Total assets	25,007,302	22,943,671	36,824,961	33,825,008	61,832,263	56,768,679
Deferred outflows of resources						
Pension related	102,742	104,012	24,461	24,764	127,203	128,776
Liabilities						
Current liabilities	1,741,804	1,167,035	1,248,784	1,177,619	2,990,588	2,344,654
Long-term liabilities	53,868	98,002	5,329,094	4,339,513	5,382,962	4,437,515
Total liabilities	1,795,672	1,265,037	6,577,878	5,517,132	8,373,550	6,782,169
Deferred inflows of resources						
Pension related	171,108	-	40,727	-	211,835	-
Net position						
Net investment in capital assets	8,797,563	8,477,481	23,279,528	21,748,916	32,077,091	30,226,397
Restricted	2,117,207	3,201,828	-	-	2,117,207	3,201,828
Unrestricted	12,228,494	10,103,337	6,951,289	6,583,724	19,179,783	16,687,061
Total net position	\$ 23,143,264	\$ 21,782,646	\$ 30,230,817	\$ 28,332,640	\$ 53,374,081	\$ 50,115,286

By far, the largest portion of the City's net position (60.1%) reflects its investment in capital assets (e.g., land, buildings, machinery, equipment, vehicles, and infrastructure), less any related outstanding debt that was used to acquire those assets. The City uses these capital assets to provide a variety of services to its citizens. Accordingly, these assets are not available for future spending. Although the City's investment in capital assets is reported net of related debt, it should be noted that the resources to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City's net position (3.97%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$19,179,783 is unrestricted and may be used to meet the government's ongoing obligations to its citizens and creditors.

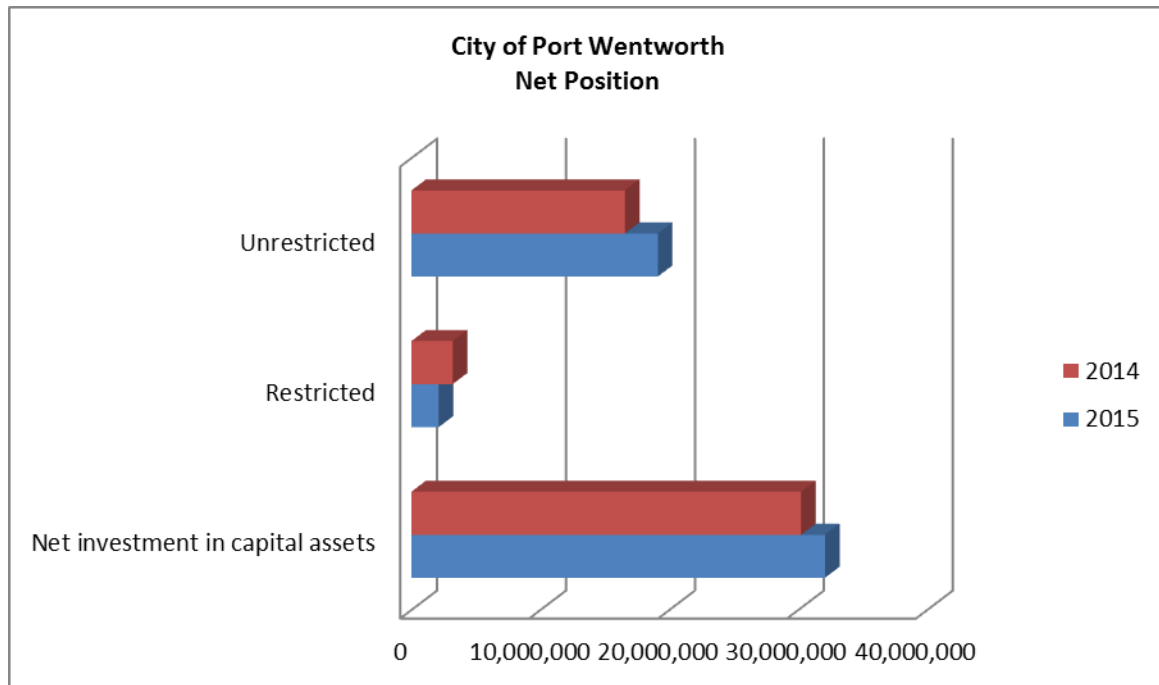
At the end of the current fiscal year, the City was able to report positive balances in all reported categories of net position, both for the government as a whole, as well as for its separate governmental and business-type activities. The

City of Port Wentworth, Georgia

Management's Discussion and Analysis

same situation held true for the prior fiscal year.

The City's overall net position increased from the prior fiscal year. The reasons for this overall change are discussed in the following sections for governmental activities and business-type activities.



Governmental Activities. During the current fiscal year, net position for the governmental activities increased \$1,360,618 from the prior year for an ending balance of \$23,143,264. (Note that prior year net position was restated by \$60,392 for net pension liability and deferred outflows of resources related to pensions due to the implementation of GASB Statement 68, "Accounting and Financial Reporting for Pensions". See notes to the basic financial statements for more information regarding net pension liability and related accounts beginning on page D–29.) Reasons for the overall increase in net position include 12.8% more in tax revenues earned, 20.7% greater program revenues from charges for services, and 70.5% more monies received for the City's share of SPLOST collections. During the fiscal year ended June 30, 2015, the county began collecting and distributing collections from the 2014 SPLOST referendum. The Capital Projects Fund used most of these SPLOST revenues to finance infrastructural improvements primarily to the City's downtown sewer systems. At year end, these capital outlays were transferred to the Water and Sewer Enterprise Fund.

Business-type Activities. For the City's business-type activities, the results for the current fiscal year were positive in that overall net position increased to reach an ending balance of \$30,230,817. The total increase in net position for business-type activities (water, sewer and wastewater treatment) was \$1,898,177. (Note that prior year net position was restated by \$14,382 for net pension liability and deferred outflows of resources related to pensions due to the implementation of GASB Statement 68, "Accounting and Financial Reporting for Pensions". See notes beginning on page D–29.) The primary reason net position increased for business-type activities was the transfers of capital outlays from the Capital Projects Fund as noted above. Prior to the interfund transfer, change in net position for business-type activities was negative. Water and Sewer Enterprise Fund program expenses exceeded revenues by \$145,763 in the current fiscal year while the fund had program revenues greater than expenses in prior year of \$831,124. The major difference between current and prior year revenues was aid-to-construction earnings which were \$561,686 lower in the current year.

City of Port Wentworth, Georgia

Management's Discussion and Analysis

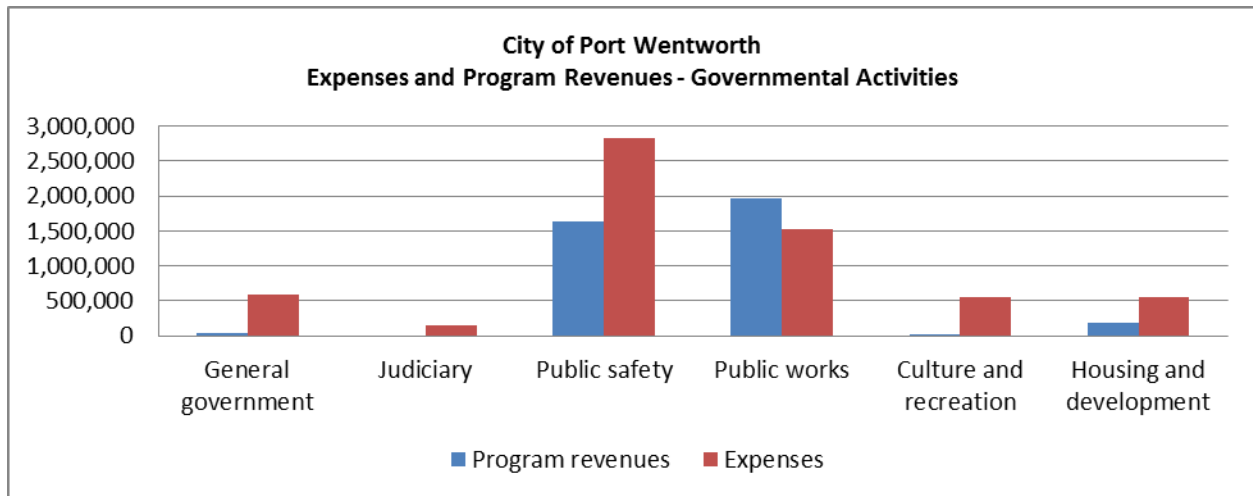
City of Port Wentworth's Change in Net Position

	Governmental activities		Business-type activities		Total	
	2015	2014	2015	2014	2015	2014
Revenues:						
Program revenues						
Charges for services	\$ 2,768,582	\$ 2,294,411	\$ 2,640,802	\$ 2,711,568	\$ 5,409,384	\$ 5,005,979
Operating grants and contributions	52,943	62,588	-	-	52,943	62,588
Capital grants and contributions	1,008,942	646,579	490,881	1,206,031	1,499,823	1,852,610
General revenues						
Property taxes	2,417,026	2,137,730	-	-	2,417,026	2,137,730
Sales taxes	1,666,385	1,544,295	-	-	1,666,385	1,544,295
Selective sales and use taxes	1,029,201	875,057	-	-	1,029,201	875,057
Business taxes	375,991	358,333	-	-	375,991	358,333
Unrestricted investment earnings	15,954	11,766	17,087	14,438	33,041	26,204
Loss on disposition of capital assets	(6,483)	-	(1,650)	-	(8,133)	-
Miscellaneous	66,840	27,153	84,645	76,568	151,485	103,721
Total revenues	9,395,381	7,957,912	3,231,765	4,008,605	12,627,146	11,966,517
Expenses:						
General government	585,200	539,215	-	-	585,200	539,215
Judiciary	144,817	136,874	-	-	144,817	136,874
Public safety	2,760,694	2,787,198	-	-	2,760,694	2,787,198
Public works	1,507,712	1,315,206	-	-	1,507,712	1,315,206
Culture and recreation	540,278	454,501	-	-	540,278	454,501
Housing and development	552,204	481,375	-	-	552,204	481,375
Water and sewer	-	-	3,277,446	3,086,475	3,277,446	3,086,475
Total expenses	6,090,905	5,714,369	3,277,446	3,086,475	9,368,351	8,800,844
Increase (decrease) in net position before transfers	3,304,476	2,243,543	(45,681)	922,130	3,258,795	3,165,673
Transfers	(1,943,858)	(70,696)	1,943,858	70,696	-	-
Increase (decrease) in net position	1,360,618	2,172,847	1,898,177	992,826	3,258,795	3,165,673
Net position, beginning, restated *	21,782,646	19,549,407	28,332,640	27,325,432	50,115,286	46,874,839
Net position, ending	\$ 23,143,264	\$ 21,722,254	\$ 30,230,817	\$ 28,318,258	\$ 53,374,081	\$ 50,040,512

*Note: beginning net position was restated for the fiscal year ended June 30, 2015 related to net pension liability and deferred outflows of resources as related to pensions based on the implementation of GASB Statement 68, "Accounting and Financial Reporting for Pensions"; however, net position *was not* restated for the fiscal year ended June 30, 2014 due to unavailability of information related to prior years' pension activity.

City of Port Wentworth, Georgia

Management's Discussion and Analysis



Financial Analysis of Governmental Funds

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

Governmental Funds. The focus of the City's *governmental funds* is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for discretionary use as they represent the portion of fund balance which has not yet been limited to use for a particular purpose by either an external party, the City itself, or a group or individual that has been delegated authority to assign resources for use for particular purposes by the City's Council.

At June 30, 2015, the City's governmental funds reported combined fund balances of \$13,983,160, an increase of \$1,012,866 in comparison with the prior year. Approximately, 67.2% of this amount (\$9,389,661) constituted *unassigned fund balance*, which is available for spending at the government's discretion. The remainder of the fund balance was either *nonspendable*, *restricted*, *committed*, or *assigned* to indicate that it is 1) not in spendable form (\$162,343), 2) legally required to be maintained intact (none), 3) restricted for particular purposes (\$2,117,207), 4) committed for particular purposes (none), or 5) assigned for particular purposes (\$2,313,949).

The General Fund is the chief operating fund of the City. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$9,389,661, while total fund balance increased to \$11,865,953. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total General Fund expenditures. Unassigned fund balance represented approximately 157 percent of total General Fund expenditures, while total fund balance represented approximately 199 percent of that same amount.

The fund balance of the City's General Fund increased by \$2,097,487 during the current fiscal year. As discussed earlier in connection with governmental activities, the increase was due to greater property, sales, and business tax collections as well as charges for services.

The Capital Projects Fund, a major fund, had a \$1,083,540 decrease in fund balance during the current fiscal year resulting in an ending restricted fund balance of \$2,113,761. The restriction to fund balance was due to the spending constraints placed on uses of SPLOST revenues. The decrease in fund balance resulted from capital outlays in excess of

City of Port Wentworth, Georgia

Management's Discussion and Analysis

tax revenues. The City engaged in significant infrastructure improvements of its sewer systems in the current fiscal year as well.

Proprietary Funds. The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net position of the Water and Sewer Enterprise Fund at the end of the year was \$6,951,289 and net position for net investment in capital assets was \$23,279,528. The total growth in net position was \$1,898,177. As noted earlier in the discussion of business-type activities, the increase for the Water and Sewer Enterprise Fund was primarily due to capital contributions from the Capital Projects Fund. Charges for services were approximately the same as the prior year while operating expenses increased in the current year with the greatest increases in sewer supplies and wastewater treatment purchased and contracted services.

Capital Assets and Debt Administration

Capital assets. The City's investment in capital assets for its governmental and business-type activities as of June 30, 2015, totaled \$37,583,392 (net of accumulated depreciation). This investment in capital assets included land, buildings, machinery, equipment, vehicles, park facilities, streets and roads, infrastructures, and the waste water treatment plant. The total increase in capital assets for the current fiscal year was approximately \$2,859,000.

Major capital asset events during the current fiscal year included the following:

- Police vehicle purchases
- Street and road improvements
- Downtown sewer system improvements
- Water tank construction activities

Additional information on the City's capital assets can be found in Note 2C on pages D-24 – D-26.

Long-term Debt. At the end of the current fiscal year, the City had total debt outstanding of \$5,506,301. The City's total debt increased by \$1,007,973 during the current fiscal year. The reason for the increase was the issuance of \$1,185,637 from GEFA to fund construction of a new water tank. Additional information on the City's long-term debt can be found in Note 2E on pages D-27 – D-29.

General Fund Budgetary Highlights

Original budget compared to final budget. 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 30, 2014, for the fiscal year ended June 30, 2015.

During the year, no significant amendments were made to the budget, although there were supplemental appropriation increases totaling \$91,498 between the original and final amended budget. The supplemental appropriations were mainly obtained to fund additional personal services, employee benefits, professional services, and insurance.

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.

City of Port Wentworth, Georgia

Management's Discussion and Analysis

Final budget compared to actual results. The most significant differences between estimated revenues and actual revenues were as follows:

Revenue source	Estimated revenues	Actual revenues	Difference
Taxes	\$ 4,179,710	\$ 4,713,858	\$ 534,148
Charges for services	1,141,300	1,294,050	152,750
Fines and forfeitures	871,000	1,281,421	410,421

Most revenue sources were greater than expected due to the City's population growth. In addition, the City received a greater percent share of county-wide local option sales tax in a re-negotiated arrangement the county.

A review of actual expenditures compared to the appropriations in the final budget shows departmental expenditures that were \$1,082,250 under budget. Police, Fire and Streets and Highway had the most favorable variance between appropriations and actual expenditures, especially since gas and oil, insurance, and repairs and maintenance costs were lower than expected.

Economic Factors and Next Year's Budgets and Rates

General Fund. The City has adopted a General Fund budget of \$8,735,673 for the fiscal year ending June 30, 2016. The budget was based on the following expectations:

- Local option sales tax will continue to be the single largest source of operating revenue budgeted at \$1,560,000. This will be the second year of receiving an increased share of county-wide sales tax.
- Property taxes are expected to increase as City population continues to grow. In anticipation of property tax digest growth, City Council adopted a rollback millage rate of 4.711.
- \$1,694,853 from unassigned fund balance will be used in fiscal year ending June 30, 2016, to fund major road repairs, other capital projects, and economic development initiatives.

Water and Sewer Enterprise Fund. Although not required to budget enterprise fund activity, the City also adopted a \$5,184,376 Water and Sewer Enterprise Fund budget. Charges for services are the largest sources of revenue for the fund. With new growth and service connections and an annual 2.5% water and sewer rate increase; revenues are anticipated to increase slightly.

The budget included the following expenditure expectations:

- The largest single expenditure in the fiscal year ending June 30, 2016, will be the completion of a new 500,000 gallon water tank to provide improved fire protection to the northern section of the City with a total budgeted amount of \$1,874,086.
- As the City grows and the Georgia Environmental Protection Division continues to cut the City's groundwater withdrawal permit from the Floridian Aquifer, the City must continue to purchase additional water from the City of Savannah which is budgeted at \$475,000 for the fiscal year ending June 30, 2016.
- Debt service from water and sewer main extension and the wastewater treatment plant is budgeted at \$416,794. This excludes future debt service requirements of the water tank construction loan that are not due until the earlier of completion date or March 1, 2017.

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, 2015

	Governmental Activities	Business- Type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 14,687,338	\$ 7,315,630	\$ 22,002,968
Receivables	1,055,819	240,090	1,295,909
Internal balances	80,485	(80,485)	-
Prepaid items	162,343	99,156	261,499
Restricted assets			
Cash and cash equivalents	41,764	421,423	463,187
Capital assets			
Land, improvements, and construction in progress	986,157	2,796,877	3,783,034
Other capital assets, net of depreciation	7,811,406	25,988,952	33,800,358
Long-term asset			
Net pension assets (liabilities)	181,990	43,318	225,308
Total assets	25,007,302	36,824,961	61,832,263
DEFERRED OUTFLOWS OF RESOURCES			
Pension related	102,742	24,461	127,203
LIABILITIES			
Accounts payable	974,025	437,094	1,411,119
Other accrued liabilities	123,045	192,838	315,883
Unearned revenue	540,499	-	540,499
Customer deposits	38,318	421,423	459,741
Long-term liabilities			
Due within one year			
Notes and loans payable	-	185,958	185,958
Compensated absences	65,917	11,471	77,388
Due in more than one year			
Notes and loans payable	-	5,320,343	5,320,343
Compensated absences	53,868	8,751	62,619
Total liabilities	1,795,672	6,577,878	8,373,550
DEFERRED INFLOWS OF RESOURCES			
Pension related	171,108	40,727	211,835
NET POSITION			
Net investment in capital assets	8,797,563	23,279,528	32,077,091
Restricted for:			
Capital projects	2,113,761	-	2,113,761
Confiscated assets	3,446	-	3,446
Unrestricted	12,228,494	6,951,289	19,179,783
Total net position	\$ 23,143,264	\$ 30,230,817	\$ 53,374,081

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

D-1

		Program Revenues		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
FUNCTIONS/PROGRAMS				
Governmental activities				
General government	\$ 585,200	\$ 33,749	\$ -	\$ -
Judiciary	144,817	-	-	-
Public safety	2,760,694	1,577,991	52,943	-
Public works	1,507,712	956,050	-	1,008,942
Culture and recreation	540,278	16,357	-	-
Housing and development	552,204	184,435	-	-
Total governmental activities	6,090,905	2,768,582	52,943	1,008,942
Business-type activity				
Water and sewer	3,277,446	2,640,802	-	490,881
Total	\$ 9,368,351	\$ 5,409,384	\$ 52,943	\$ 1,499,823

GENERAL REVENUES

Taxes

Property taxes, levied for general purposes

Sales taxes for general purposes

Selective sales and use taxes

Business taxes

Unrestricted investment earnings

Gain (loss) on disposition of capital assets

Miscellaneous

TRANSFERS

Total general revenues and transfers

Change in net position

Net position, beginning (restated)

Net position, ending

City of Port Wentworth, Georgia

Statement of Activities Year ended June 30, 2015

Net (Expense) Revenue and Changes in Net Position		
<u>Governmental Activities</u>	<u>Business- Type Activities</u>	<u>Total</u>
\$ (551,451)	\$ -	\$ (551,451)
(144,817)	-	(144,817)
(1,129,760)	-	(1,129,760)
457,280	-	457,280
(523,921)	-	(523,921)
(367,769)	-	(367,769)
<u>(2,260,438)</u>	<u>-</u>	<u>(2,260,438)</u>
<u>-</u>	<u>(145,763)</u>	<u>(145,763)</u>
<u>(2,260,438)</u>	<u>(145,763)</u>	<u>(2,406,201)</u>
2,417,026	-	2,417,026
1,666,385	-	1,666,385
1,029,201	-	1,029,201
375,991	-	375,991
15,954	17,087	33,041
(6,483)	(1,650)	(8,133)
66,840	84,645	151,485
(1,943,858)	1,943,858	-
<u>3,621,056</u>	<u>2,043,940</u>	<u>5,664,996</u>
1,360,618	1,898,177	3,258,795
<u>21,782,646</u>	<u>28,332,640</u>	<u>50,115,286</u>
\$ <u>23,143,264</u>	\$ <u>30,230,817</u>	\$ <u>53,374,081</u>



FUND FINANCIAL STATEMENTS



City of Port Wentworth, Georgia

Balance Sheets

June 30, 2015

	General	Capital Projects	Hotel/Motel Tax Fund	Other Governmental Funds	Total Government Funds
ASSETS					
Cash and investments	\$ 12,484,504	\$ 2,202,171	\$ 663	\$ -	\$ 14,687,338
Receivables	887,801	96,036	71,982	-	1,055,819
Due from other funds	116,815	-	-	-	116,815
Prepaid items	162,343	-	-	-	162,343
Restricted cash and investments	38,318	-	-	3,446	41,764
Total assets	\$ 13,689,781	\$ 2,298,207	\$ 72,645	\$ 3,446	\$ 16,064,079
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES					
Liabilities					
Accounts payable	\$ 753,264	\$ 184,446	\$ 36,315	\$ -	\$ 974,025
Other accrued liabilities	123,045	-	-	-	123,045
Due to other funds	-	-	36,330	-	36,330
Customer deposits	38,318	-	-	-	38,318
Unearned revenue	540,499	-	-	-	540,499
Total liabilities	1,455,126	184,446	72,645	-	1,712,217
Deferred inflows of resources					
Unavailable revenue-taxes	368,702	-	-	-	368,702
Total deferred inflows of resources	368,702	-	-	-	368,702
Fund balances					
Nonspendable prepaid items	162,343	-	-	-	162,343
Restricted					
Capital projects funds	-	2,113,761	-	-	2,113,761
Confiscated assets funds	-	-	-	3,446	3,446
Assigned					
Capital asset replacement	619,096	-	-	-	619,096
Subsequent year's budget	1,694,853	-	-	-	1,694,853
Unassigned	9,389,661	-	-	-	9,389,661
Total fund balances	11,865,953	2,113,761	-	3,446	13,983,160
Total liabilities, deferred inflows of resources, and fund balances	\$ 13,689,781	\$ 2,298,207	\$ 72,645	\$ 3,446	\$ 16,064,079

City of Port Wentworth, Georgia
Reconciliation of Total Governmental Fund Balances
To Net Position of Governmental Activities
Year ended June 30, 2015

Amounts reported for governmental activities on the statement of net position differ from the amounts reported on the balance sheets for governmental funds because:

Total fund balances for governmental activities	\$	13,983,160
The net pension asset is not an available resource and, therefore, is not reported in the funds.		181,990
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 \$6,213,113)		8,797,563
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 unavailable for use		368,702
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		(119,785)
Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the funds: Deferred outflows related to pensions		102,742
Deferred inflows related to pensions		(171,108)
Net position of governmental activities	\$	<u>23,143,264</u>

City of Port Wentworth, Georgia

Statement of Revenues, Expenditures, and Changes in Fund Balances

Year ended June 30, 2015

	General	Capital Projects	Hotel/ Motel Tax Fund	Other Governmental Fund	Total Governmental Funds
REVENUES					
Taxes	\$ 4,713,858	\$ -	\$ 803,357	\$ -	\$ 5,517,215
Licenses and permits	193,111	-	-	-	193,111
Intergovernmental	106,505	941,219	-	-	1,047,724
Charges for services	1,294,050	-	-	-	1,294,050
Fines and forfeitures	1,281,421	-	-	6,969	1,288,390
Investment income	15,946	7,192	8	-	23,146
Miscellaneous	50,630	-	-	-	50,630
Total revenues	<u>7,655,521</u>	<u>948,411</u>	<u>803,365</u>	<u>6,969</u>	<u>9,414,266</u>
EXPENDITURES					
Current					
General government	604,937	-	-	-	604,937
Judiciary	147,796	-	-	-	147,796
Public safety	2,667,905	-	-	8,095	2,676,000
Public works	1,920,379	-	-	-	1,920,379
Culture and recreation	484,626	-	-	-	484,626
Housing and development	150,319	-	-	-	150,319
Capital outlay	-	2,031,951	-	-	2,031,951
Intergovernmental assistance	-	-	401,602	-	401,602
Total expenditures	<u>5,975,962</u>	<u>2,031,951</u>	<u>401,602</u>	<u>8,095</u>	<u>8,417,610</u>
Excess of revenues over expenditures	1,679,559	(1,083,540)	401,763	(1,126)	996,656
OTHER FINANCING SOURCES (USES)					
Transfers in	401,763	-	-	45	401,808
Transfers out	(45)	-	(401,763)	-	(401,808)
Insurance recoveries	16,210	-	-	-	16,210
Total other financing sources (uses)	<u>417,928</u>	<u>-</u>	<u>(401,763)</u>	<u>45</u>	<u>16,210</u>
Net change in fund balances	2,097,487	(1,083,540)	-	(1,081)	1,012,866
Fund balances, beginning of year	<u>9,768,466</u>	<u>3,197,301</u>	<u>-</u>	<u>4,527</u>	<u>12,970,294</u>
Fund balances, end of year	<u>\$ 11,865,953</u>	<u>\$ 2,113,761</u>	<u>\$ -</u>	<u>\$ 3,446</u>	<u>\$ 13,983,160</u>

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, 2015

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

Net change in fund balance – total government funds	\$	1,012,866
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. This is the amount by which capital outlays exceeded depreciation in the current period.		
Capital assets reported as capital outlay in governmental funds	\$	985,850
Depreciation expense reported in the statement of activities	<u>(655,286)</u>	330,564
The effect of miscellaneous transactions involving capital assets:		
Loss on disposal of capital assets		(6,482)
Transfer-out of a parcel of land to Water and Sewer Enterprise Fund		(4,000)
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		(28,612)
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 compensated absences		3,050
Governmental funds report pension contributions as expenditures. However, in the statement of activities, the cost of pension benefits earned net of employee contributions is reported as pension expense.		
Pension expense		<u>53,232</u>
Change in net position – statement of activities	\$	<u><u>1,360,618</u></u>

City of Port Wentworth, Georgia

Water and Sewer Enterprise Fund

Statement of Net Position

June 30, 2015

ASSETS

Current assets

Cash and investments	\$	7,315,630
Accounts receivable, net		240,090
Prepaid items		99,156
Restricted cash and investments		<u>421,423</u>

Total current assets		<u>8,076,299</u>
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Capital assets

Land, improvements, and construction in progress		2,796,877
Other capital assets, net of depreciation		<u>25,988,952</u>

Total capital assets		<u>28,785,829</u>
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Non-current assets

Net pension liability		<u>43,318</u>
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Total assets		<u>36,905,446</u>
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DEFERRED OUTFLOWS OF RESOURCES

Pension related		<u>24,461</u>
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LIABILITIES

Current liabilities

Accounts payable		437,094
Accrued expenses		192,838
Due to other funds		80,485
Customer deposits		421,423
Compensated absences		11,471
Notes and loans payable		<u>185,958</u>

Total current liabilities		<u>1,329,269</u>
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Non-current liabilities

Compensated absences		8,751
Notes and loans payable		<u>5,320,343</u>

Total non-current liabilities		<u>5,329,094</u>
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Total liabilities		<u>6,658,363</u>
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DEFERRED INFLOWS OF RESOURCES

Pension related		<u>40,727</u>
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NET POSITION

Net investment in capital assets		23,279,528
Unrestricted		<u>6,951,289</u>

Total net position	\$	<u>30,230,817</u>
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City of Port Wentworth, Georgia

Water and Sewer Enterprise Fund

Statement of Revenues, Expenses, and Changes in Fund Net Position

Year ended June 30, 2015

OPERATING REVENUES	
Charges for services	\$ 2,592,765
Connection fees	48,037
Miscellaneous	84,645
	<hr/>
Total operating revenues	2,725,447
OPERATING EXPENSES	
Sewer Department	
Personal services and employee benefits	122,067
Purchased and contracted services	196,083
Supplies	308,700
Depreciation	412,100
	<hr/>
Total operating expenses, Sewer	1,038,950
Water Department	
Personal services and employee benefits	194,027
Purchased and contracted services	112,388
Supplies	456,554
Depreciation	241,965
	<hr/>
Total operating expenses, Water	1,004,934
Wastewater Treatment Department	
Personal services and employee benefits	178,434
Purchased and contracted services	257,806
Supplies	311,574
Depreciation	338,574
	<hr/>
Total operating expenses, Wastewater Treatment	1,086,388
Total operating expenses	3,130,272
	<hr/>
Operating loss	(404,825)
NON-OPERATING REVENUES (EXPENSES)	
Loss on disposition of capital assets	(1,650)
Interest income	17,087
Interest expense	(147,174)
	<hr/>
Total non-operating expenses, net	(131,737)

City of Port Wentworth, Georgia
Water and Sewer Enterprise Fund
Statement of Revenues, Expenses, and Changes in Fund Net Position (cont.)
Year ended June 30, 2015

Loss before capital contributions and transfers	(536,562)
Capital contributions	<u>2,434,739</u>
Change in net position	1,898,177
Net position, beginning of year, restated	<u>28,332,640</u>
Net position, end of year	\$ <u><u>30,230,817</u></u>

City of Port Wentworth, Georgia

Water and Sewer Enterprise Fund

Statement of Cash Flows

Year ended June 30, 2015

CASH FLOWS FROM OPERATING ACTIVITIES

Cash received from customers	\$ 2,835,521
Cash payments to suppliers for goods and services	(1,640,355)
Cash payments to employees for services	(686,077)
	<hr/>
Net cash provided by operating activities	509,089

CASH FLOW FROM NON-CAPITAL FINANCING ACTIVITIES

Decrease in interfund advances	(32,884)
	<hr/>
Net cash used for non-capital financing activities	(32,884)

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES

Proceeds from long-term debt	1,185,637
Principal paid on long-term debt	(177,664)
Interest paid on long-term debt	(146,731)
Aid to construction	444,345
Capital grants	46,536
Acquisition and construction of capital assets	(1,404,471)
	<hr/>
Net cash used for capital and related financing activities	(52,348)

CASH FLOWS FROM INVESTING ACTIVITIES

Interest on investments	17,087
	<hr/>
Net cash provided by investing activities	17,087
	<hr/>
Net increase in cash and cash equivalents	440,944
	<hr/>
Cash and cash equivalents, beginning of year	7,296,109
	<hr/>
Cash and cash equivalents, end of year	\$ 7,737,053

RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES

Operating loss	\$ (404,825)
Adjustments to reconcile operating loss to net cash provided by operating activities	
Depreciation	992,639
Pension expense	(12,670)
Changes in assets and liabilities	
(Increase) decrease in accounts receivable	60,645
(Increase) decrease in prepaid items	(4,895)
Increase (decrease) in accounts payable	(173,276)
Increase (decrease) in customer deposits	52,179
Increase (decrease) in compensated absences	(708)
	<hr/>
Total adjustments	913,914
	<hr/>
Net cash provided by operating activities	\$ 509,089

City of Port Wentworth, Georgia

Water and Sewer Enterprise Fund

Statement of Cash Flows (cont.)

Year ended June 30, 2015

NON-CASH CAPITAL AND RELATED FINANCING ACTIVITIES

Capital assets constructed or acquired with SPLOST resources	\$	1,939,858
Capital assets transferred from General Fund		4,000
Pension expense adjustment related to GASB Statement 68 adoption		<u>12,670</u>
Total non-cash capital and related financing activities	\$	<u><u>1,956,528</u></u>

City of Port Wentworth, Georgia

Fiduciary Fund – Agency Fund

Statement of Fiduciary Assets and Liabilities

June 30, 2015

		Municipal Court Fund
ASSET		
Cash	\$	75,296
Total asset		75,296
LIABILITY		
Due to others		75,296
Total liability	\$	75,296

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 accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting for establishing governmental accounting and financial reporting principles. The significant accounting policies are described below:

A. 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 accounting principles generally accepted in the United States of America, 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.

B. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government 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.

City of Port Wentworth, Georgia

Notes to the Basic Financial Statements

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 recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the City.

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 Enterprise Fund** - The 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

1. Summary of Significant Accounting Policies (cont.)

C. Measurement Focus and Basis of Accounting (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.

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 Enterprise 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 investment

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).

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

City of Port Wentworth, Georgia

Notes to the Basic Financial Statements

1. Summary of Significant Accounting Policies (cont.)

D. Assets, Liabilities, and Equities (cont.)

2. Receivables and payables (cont.)

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 \$46,100 and the water and sewer enterprise fund allowance for uncollectibles is \$138,300 at June 30, 2015.

Property taxes are levied as of January 1 on property values assessed on the same day. A millage rate of 4.711 mills was adopted on June 26, 2014. 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. A sinking fund account is also set up for the USDA loan to hold the required reserve as established by USDA.

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.

City of Port Wentworth, Georgia

Notes to the Basic Financial Statements

1. Summary of Significant Accounting Policies (cont.)

D. Assets, Liabilities, and Equities (cont.)

5. Capital assets (cont.)

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.

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) is 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 are deferred and amortized over the life of bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as expense in the period incurred.

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.

Net pension liability as required with the adoption of GASB Statement 68 is included with long-term obligations in the government-wide financial statements and proprietary fund type in the fund financial statements. Negative net pension liability is shown as a long-term asset.

City of Port Wentworth, Georgia

Notes to the Basic Financial Statements

Summary of Significant Accounting Policies (cont.)

D. Assets, Liabilities, and Equities (cont.)

8. Pensions

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

9. Fund equity

Equity is classified as net position and displayed in three components in the ***government-wide financial statements***.

Net investment in capital assets consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvements of those assets.

Restricted net position consists of net position with constraints placed on the use either 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.

Unrestricted net position consists of all other net position that do not meet the definition of "restricted" or "net investment in capital assets".

In the ***fund financial statements***, governmental funds report aggregate amounts for five classifications of fund balances based on the constraints imposed on the use of these resources. The nonspendable fund balance classification includes amounts that cannot be spent because they are either (a) not in spendable form – prepaid items; or (b) legally or contractually required to be maintained intact.

The spendable portion of the fund balance comprises the remaining four classifications: restricted, committed, assigned, and unassigned.

Restricted fund balance reflects constraints imposed on resources either (a) externally by creditors, grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation. For example, the Capital Projects fund balance is restricted due to legislation on uses of SPLOST revenues and the Confiscated Assets fund balance is restricted by federal and state mandates of uses of federal and state seized property.

Committed fund balance can only be used for specific purposes pursuant to constraints imposed by formal resolutions of the City Council, the government's highest level of decision making authority. Those committed amounts cannot be used for any other purpose unless the City Council removes the specified use by taking the same type of action imposing the commitment. This classification also includes contractual obligations

City of Port Wentworth, Georgia

Notes to the Basic Financial Statements

1. Summary of Significant Accounting Policies (cont.)

D. Assets, Liabilities, and Equities (cont.)

9. Fund equity (cont.)

to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

Assigned fund balance reflects the amounts constrained by the City's "intent" to be used for specific purposes, but are neither restricted nor committed. The City's fund balance policy authorized the City Administrator or authorized designee to assign amounts to be used for specific purposes. The City Council may also assign fund balance when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Assigned fund balances include all remaining amounts (except negative balances) that are reported in governmental funds, other than the General Fund, that are not classified as nonspendable and are neither restricted nor committed.

Unassigned fund balance is the residual classification for the General Fund. It is also used to report negative fund balances in other governmental funds.

When both restricted and unrestricted resources are available for use, it is the City's policy to use externally restricted resources first, then unrestricted resources – committed, assigned, and unassigned – in order as needed.

10. Use of estimates

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

11. Deferred outflows/inflows of resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The government has one type of this item, which arises only under a modified accrual basis of accounting. Accordingly, the item, unavailable revenue, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from property and franchise taxes. These amounts are deferred and recognized as inflows of resources in the period that the amounts become available. The government-wide statements and proprietary fund type in the fund financial statements have an additional deferred inflow not reported on the modified accrual basis. This item, deferred inflows of resources related to pensions, results from

City of Port Wentworth, Georgia

Notes to the Basic Financial Statements

1. Summary of Significant Accounting Policies (cont.)

D. Assets, Liabilities, and Equities (cont.)

11. Deferred outflows/inflows of resources (cont.)

changes in net pension liability not included in pension expense due to effects in actuarial differences, changes in assumptions, and differences between actual and projected earnings on plan investments.

2. Detailed Notes on all Funds

A. Cash and Investments

As of June 30, 2015, the City had the following investments:

Investment	Maturities	Fair Value
Georgia Fund I (Local Government Investment Pool)	Less than 1 Year	\$ 6,068,183

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, 2015, 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 \$22,541,451 on June 30, 2015 as summarized below (by type and by balance sheet classification):

Accounts by Type	June 30, 2015
Deposits	\$ 16,472,468
Investments	6,068,183
Petty cash funds	800
Total carrying value of cash and cash equivalents	<u>\$ 22,541,451</u>
Accounts by Balance Sheet Classification	
Cash and cash equivalents	\$ 22,002,968
Restricted cash and cash equivalents	463,187
Agency fund cash	75,296
Total carrying value of cash and cash equivalents	<u>\$ 22,541,451</u>

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

City of Port Wentworth, Georgia

Notes to the Basic Financial Statements

2. Detailed Notes on all Funds (cont.)

A. Cash and Investments (cont.)

requirements. At June 30, 2015, 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.

B. Receivables

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

June 20, 2015	General	Capital Projects	Hotel/ Motel Tax Fund	Water and Sewer	Total
Receivables					
Taxes	\$ 451,058	\$ -	\$ 71,982	\$ -	\$ 523,040
Accounts	119,327	-	-	378,390	497,717
Intergovernmental	363,516	96,036	-	-	459,552
Gross receivable	933,901	96,036	71,982	378,390	1,480,309
Allowance for uncollectibles	(46,100)	-	-	(138,300)	(184,400)
Total net receivables	\$ 887,801	\$ 96,036	\$ 71,982	\$ 240,090	\$ 1,295,909

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

Governmental funds report unearned and unavailable 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 unearned and unavailable revenue reported in the General Fund were as follows:

June 30, 2015	Unavailable	Unearned	Total Unearned and Unavailable
2015 Property tax collection	\$ -	\$ 540,499	\$ 540,499
Delinquent property taxes receivable	13,412	-	13,412
Franchise taxes receivable	355,290	-	355,290
	\$ 368,702	\$ 540,499	\$ 909,201

City of Port Wentworth, Georgia

Notes to the Basic Financial Statements

**2. Detailed
Notes on all
Funds (cont.)**

C. Capital Assets

Capital asset activity for the year ended June 30, 2015 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Transfers</u>	<u>Ending Balance</u>
Governmental activities					
<u>Non-depreciable assets</u>					
Land	\$ 538,858	\$ -	\$ -	\$ (4,000)	\$ 534,858
Construction in progress	1,100	745,848	-	(295,649)	451,299
Total capital assets not being depreciated	<u>539,958</u>	<u>745,848</u>	<u>-</u>	<u>(299,649)</u>	<u>986,157</u>
<u>Depreciable assets</u>					
Building and improvements	2,776,936	74,604	-	-	2,851,540
Machinery, equipment and vehicles, restated	3,841,642	165,398	(136,013)	-	3,871,027
Infrastructure, restated	<u>7,006,303</u>	<u>-</u>	<u>-</u>	<u>295,649</u>	<u>7,301,952</u>
Subtotals depreciable assets	<u>13,624,881</u>	<u>240,002</u>	<u>(136,013)</u>	<u>295,649</u>	<u>14,024,519</u>
<u>Accumulated depreciation</u>					
Building and improvements	(1,329,985)	(90,878)	-	-	(1,420,863)
Machinery, equipment and vehicles	(2,843,566)	(309,259)	129,531	-	(3,023,294)
Infrastructure	<u>(1,513,807)</u>	<u>(255,149)</u>	<u>-</u>	<u>-</u>	<u>(1,768,956)</u>
Subtotals accumulated depreciation	<u>(5,687,358)</u>	<u>(655,286)</u>	<u>129,531</u>	<u>-</u>	<u>(6,213,113)</u>
Total capital assets being depreciation, net	<u>7,937,523</u>	<u>(415,284)</u>	<u>(6,482)</u>	<u>295,649</u>	<u>7,811,406</u>
Governmental activities capital assets, net	\$ <u>8,477,481</u>	\$ <u>330,564</u>	\$ <u>(6,482)</u>	\$ <u>(4,000)</u>	\$ <u>8,797,563</u>

Beginning balances of machinery, equipment and vehicles and infrastructure are restated to correct an error on prior year notes to the basic financial statement. Increases for the year ended June 30, 2014 in these asset categories were reversed.

City of Port Wentworth, Georgia

Notes to the Basic Financial Statements

**2. Detailed
Notes on all
Funds (cont.)**

C. Capital Assets (cont.)

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Business-type activities					
<u>Non-depreciable assets</u>					
Land	\$ 236,232	\$ -	\$ -	\$ 4,000	\$ 240,232
Construction in progress	174,256	3,485,983	-	(1,103,594)	2,556,645
Total capital assets not being depreciated	410,488	3,485,983	-	(1,099,594)	2,796,877
<u>Depreciable assets</u>					
Building and improvements	37,808	-	-	-	37,808
Machinery, equipment and vehicles	365,269	28,823	(19,289)	-	374,803
Infrastructure	32,435,640	14,068	(34,750)	1,103,594	33,518,552
Subtotals depreciable assets	32,838,717	42,891	(54,039)	1,103,594	33,931,163
<u>Accumulated depreciation</u>					
Building and improvements	(19,123)	(981)	-	-	(20,104)
Machinery, equipment and vehicles	(225,470)	(27,427)	17,639	-	(235,258)
Infrastructure	(6,757,368)	(964,231)	34,750	-	(7,686,849)
Subtotals accumulated depreciation	(7,001,961)	(992,639)	52,389	-	(7,942,211)
Total capital assets being depreciation, net	25,836,756	(949,748)	(1,650)	1,103,594	25,988,952
Business-type activities capital assets, net	\$ 26,247,244	\$ 2,536,235	\$ (1,650)	\$ 4,000	28,785,829
Less related long-term debt outstanding					(5,506,301)
Net investment in capital assets					\$ 23,279,528

City of Port Wentworth, Georgia

Notes to the Basic Financial Statements

**2. Detailed
Notes on all
Funds (cont.)**

C. Capital Assets (cont.)

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

	<u>June 30, 2015</u>
<i>Governmental activities</i>	
General government	\$ 39,125
Public safety	248,798
Public works	284,911
Culture and recreation	81,666
Housing and development	786
Total governmental activities depreciation expense	\$ 655,286
<i>Business-type activities</i>	
Sewer	\$ 412,100
Water	338,574
Wastewater treatment	241,965
Total business-type activities depreciation expense	\$ 992,639

D. Interfund Receivables, Payables, and Transfers

Interfund receivable and payable balances as of June 30, 2015 are as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Water and Sewer Enterprise Fund	\$ 80,485
General Fund	Hotel/Motel Fund	36,330
Total interfund receivables and payables		\$ 116,815

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:

<u>Transfers in</u>	<u>Transfers Out</u>	<u>Purpose</u>	<u>Amount</u>
General Fund	Hotel/Motel Tax Fund	Tax revenue distribution	\$ 401,763
Confiscated Assets Fund	General Fund	Purchase supplies	45

City of Port Wentworth, Georgia

Notes to the Basic Financial Statements

2. Detailed Notes on all Funds (cont.)

D. Interfund Receivables, Payables, and Transfers (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. 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.

On February 9, 2015, GEFA agreed to loan the City an additional \$2,022,000 at 3.03% to finance construction of a 500,000 gallon elevated water tank. Interest only is payable monthly until the earlier of completion of construction, March 1, 2017, or the date upon which all loan proceeds are fully disbursed. The month following this event, principal and interest will be payable monthly for twenty years. Loan closing fees associated with this loan are \$20,220 and are payable in twelve monthly installments of \$1,685 beginning April 1, 2015. As of June 30, 2015, loan advances were \$1,185,637, interest expense was \$4,946 and loan fees paid were \$5,055, all capitalized as part of water tank construction.

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

Year ending June 30,	Business-Type Activities		
	Principal	Interest	Total
2016	\$ 132,491	\$ 84,363	\$ 216,854
2017	147,148	76,905	224,053
2018	191,603	68,446	260,049
2019	201,087	58,962	260,049
2020	211,035	49,014	260,049
2021-2025	461,121	147,295	608,416
2026-2030	298,167	97,433	395,600
2031-2035	346,874	48,726	395,600
2036-2040	140,925	4,127	145,052
	<u>\$ 2,130,451</u>	<u>\$ 635,271</u>	<u>\$ 2,765,722</u>

City of Port Wentworth, Georgia

Notes to the Basic Financial Statements

2. Detailed Notes on all Funds (cont.)

E. Long-term Debt (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. A sinking fund account is set up for the loan to hold the required reserved as established by USDA. As of June 30, 2015, the account had a balance of \$764,204. This amount is accounted for in the Water and Sewer Enterprise Fund cash and investments balance.

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

Year ending June 30,	Business-Type Activities		
	Principal	Interest	Total
2016	\$ 53,467	\$ 92,165	\$ 145,632
2017	54,956	90,676	145,632
2018	56,486	89,146	145,632
2019	58,059	87,573	145,632
2020	59,676	85,956	145,632
2021-2025	324,255	403,905	728,160
2026-2030	371,992	356,168	728,160
2031-2035	426,757	301,403	728,160
2036-2040	489,585	238,575	728,160
2041-2045	561,662	166,498	728,160
2046-2050	644,351	83,809	728,160
2051-2052	274,604	7,701	282,305
	<u>\$ 3,375,850</u>	<u>\$ 2,003,575</u>	<u>\$ 5,379,425</u>

Changes in long-term liabilities:

	Outstanding 07/01/2014	Increase	Decrease	Outstanding 06/30/2015	Due within One Year
Governmental activities					
Compensated absences	\$ 122,835	\$ 132,719	\$ 135,769	\$ 119,785	\$ 65,917
Total governmental activities	<u>\$ 122,835</u>	<u>\$ 132,719</u>	<u>\$ 135,769</u>	<u>\$ 119,785</u>	<u>\$ 65,917</u>
Business-type activities					
Loans payable	\$ 4,498,328	\$ 1,185,637	\$ 177,664	\$ 5,506,301	\$ 185,958
Compensated absences	20,930	22,171	22,879	20,222	11,471
Total business-type activities	<u>\$ 4,519,258</u>	<u>\$ 1,207,808</u>	<u>\$ 200,543</u>	<u>\$ 5,526,523</u>	<u>\$ 197,429</u>

City of Port Wentworth, Georgia

Notes to the Basic Financial Statements

2. Detailed Notes on all Funds (cont.)

E. Long-term Debt (cont.)

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.

3. Other information

A. Defined Benefit Pension Plan and Net Pension Liability

Plan description – The City's defined benefit pension plan, City of Port Wentworth Retirement Plan (the Plan), provides pensions for all full-time employees of the City eligible for participation in the Plan. The Plan is an agent multiple-employer pension plan administered by the Georgia Municipal Employees Benefit System (GMEBS). The Plan benefit provisions and other requirements are established and may be amended by local ordinance. Employees are not required to contribute to the Plan. 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.

Benefits provided – The Plan provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to vested employees. Employees become vested after five years of service to the City. Officials are vested immediately and will receive a retirement benefit of \$10 per month per year. Effective January 1, 2015, the Plan was amended to provide for immediate participation for the City's employees. Prior to this date, any eligible employee was one who had completed one year of service. This change has no impact on service credited under the Plan and has no impact on benefits.

Employees covered by benefit terms – At June 30, 2015, the following employees were covered by the benefit terms:

Inactive employees (or their beneficiaries) currently receiving benefits	35
Inactive employees entitled to, but not yet receiving benefits	28
Active employees	47
Total	110

Contributions – The GMEBS board of Trustees has adopted an actuarial funding policy for determination of annual contributions and the systematic funding of liabilities arising under the Plan. The annual minimum contribution is the sum of 1) the normal cost (including administrative expenses), 2) the closed level dollar amortization of the unfunded actuarial accrued liability over a period that ranges from 10 to 30 years based on the funding policy adopted by the GMEBS Board of Trustees, and 3) interest on these amounts from the valuation date to the date contributions are paid (assumed monthly). The GMEBS board of Trustees has adopted an actuarial funding policy that requires a different funding level than the state estimated minimum annual contribution in an effort to minimize fluctuations in annual contribution amounts and to accumulate sufficient funds to secure benefits under the plan. If the City contributes the recommended contribution under the GMEBS funding policy, the Plan will meet applicable state funding standards.

City of Port Wentworth, Georgia

Notes to the Basic Financial Statements

3. Other Information (cont.)

A. Defined Benefit Pension Plan and Net Pension Liability (cont.)

Net pension liability – The City's net pension liability was measured as of September 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2015.

Actuarial assumptions – The total pension liability in the January 1, 2015 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Investment rate of return	7.75%
Projected salary increases	3.25%, plus service based merit increases
Cost of living adjustment	3.25%

Source of mortality assumptions are as follows:

Healthy	RP-2000 Combined Healthy Mortality Table
Disabled	RP-2000 Disabled Retiree Mortality Table
Plan termination basis (all lives)	1994 Group Annuity Reserving Unisex Table

The mortality and economic actuarial assumptions used in the January 1, 2015 valuation were based on the results of an actuarial experience study for the period January 1, 2010 through June 30, 2014.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of September 30, 2014 are summarized in the following table:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return	Long-term Nominal Real Rate of Return
Domestic equity	50.00%	5.95%	9.20%
International equity	15.00%	6.45%	9.70%
Fixed income	25.00%	1.55%	4.80%
Real estate	10.00%	3.75%	7.00%
Cash	0.00%		
	100.00%		

Discount rate – The discount rate used to measure the total pension liability was 7.75%. The projection of cash flows used to determine the discount rate assumed that City contributions will be made at the current contribution rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

City of Port Wentworth, Georgia

Notes to the Basic Financial Statements

3. Other Information (cont.)

A. Defined Benefit Pension Plan and Net Pension Liability (cont.)

Changes in net pension liability are as follows:

	Total Pension Liability (TPL)	Fiduciary Net Position (FNP)	Net Pension Liability (NPL)
Balances at September 30, 2013	\$ 5,563,685	\$ 5,509,683	\$ 54,002
Changes for the year:			
Service cost	108,484	-	108,484
Interest	422,162	-	422,162
Difference between expected and actual experience	(48,796)	-	(48,796)
Contributions, employer	-	128,776	(128,776)
Net investment income	-	626,007	(626,007)
Benefit payments	(232,873)	(232,873)	-
Administrative expense	-	(10,269)	10,269
Other	(16,646)	-	(16,646)
Net changes	<u>232,331</u>	<u>511,641</u>	<u>(279,310)</u>
Balances at September 30, 2014	\$ <u>5,796,016</u>	\$ <u>6,021,324</u>	\$ <u>(225,308)</u>

The balances at September 30, 2013 and 2014 include entry age normal liabilities calculated using ages and service amounts as of January 1, 2014 and 2015, respectively, and constitute measurements of the net pension liability for the fiscal years ending June 30, 2014 and 2015, respectively.

Sensitivity of the net pension liability to changes in the discount rate – The following represents the net pension liability of the City calculated using the discount rate of 7.75%, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1.00% point lower (6.75%) or 1.00% higher (8.75%) than the current rate:

	1.00% Decrease (6.75%)	Current Discount Rate (7.75%)	1.00% Increase (8.75%)
City's net pension liability (asset)	<u>701,797</u>	<u>(225,308)</u>	<u>(971,483)</u>

Pension plan fiduciary net position – Detailed information about the pension plan's fiduciary net position is available in the separately issued GMEBS financial report.

City of Port Wentworth, Georgia

Notes to the Basic Financial Statements

3. Other Information (cont.)

A. Defined Benefit Pension Plan and Net Pension Liability (cont.)

Pension expense for the year ended June 30, 2015:

Service cost	\$	108,484
Interest on Total Pension Liability (TPL)		422,162
Administrative expenses		10,269
Expected return on assets		(422,569)
Expensed portion of current year period differences between expected and actual experience in TPL		(12,199)
Expensed portion of current year period assumptions changes		(4,160)
Expensed portion of current year period differences between projected and actual investment earnings		(40,686)
Total pension expense	\$	61,301

At June 30, 2015, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflow of Resources	Deferred Inflow of Resources
Differences between expected and actual experience	\$ -	\$ 36,597
Changes in assumptions	-	12,486
Net difference between projected and actual earnings on pension plan investments	-	162,752
The City's contribution to the pension plan subsequent to the measurement date	127,203	-
Total deferred outflows/(inflows)	\$ 127,203	\$ 211,835

The amount of deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date, \$127,203, will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources related to pensions will be recognized as pension expense for the next five years are as follows:

	Inflows				
	Outflows	Demographic	Investment	Assumption Change	Total
June 30, 2015:					
Beginning	\$ -	\$ (48,796)	\$ (203,438)	\$ (16,646)	\$ (268,880)
Amount recognized	-	(12,199)	(40,686)	(4,160)	(57,045)
Ending	\$ -	\$ (36,597)	\$ (162,752)	\$ (12,486)	\$ (211,835)
Recognized in Future Years:					
2016	\$ -	\$ (12,199)	\$ (40,688)	\$ (4,162)	\$ (57,049)
2017	-	(12,199)	(40,688)	(4,162)	(57,049)
2018	-	(12,199)	(40,688)	(4,162)	(57,049)
2019	-	-	(40,688)	-	(40,688)
2020	-	-	-	-	-
	\$ -	\$ (36,597)	\$ (162,752)	\$ (12,486)	\$ (211,835)

City of Port Wentworth, Georgia

Notes to the Basic Financial Statements

3. Other Information (cont.)

A. Defined Benefit Pension Plan and Net Pension Liability (cont.)

The required Schedule of Changes in the City's Net Pension Liability and Related Ratios and the Schedule of City Contributions immediately follow the notes to the financial statements.

Peace Officers' Annuity and Benefit Fund. The Peace Officers' Annuity and Benefit Fund of Georgia ("Fund") was created in 1950 by the General Assembly of Georgia to provide retirement benefits to peace officers. The Fund administers a cost-sharing, multiple-employer defined benefit plan. Members of the Fund are employed by units of government throughout the State of Georgia. The City makes no contribution to the Fund. The State of Georgia provides nonemployer contributions to the Fund through the collection of court fines and forfeitures. A separate publicly available report can be obtained by contacting the Peace Officers' Annuity and Benefit Fund of Georgia, 1208 Greenbelt Drive, Griffin, Georgia 30224, (770) 228-8461.

Actuarial valuation date - The collective total pension liability is based upon the June 30, 2014 actuarial valuation.

Components of collective net pension liability – the State's proportionate share of the components of the collective net pension liability at June 30, 2014 was as follows:

	Collective	State's Proportionate Share
Total pension liability	\$ 673,658,393	\$ 260,926
Plan fiduciary net position	(698,888,740)	(270,698)
Net pension liability	\$ (25,230,247)	\$ (9,772)

The amounts attributable to the City, as the employer, are based on the number of Fund members employed as of June 30, 2014. Since the City does not contribute directly to the fund, there is no net pension liability to be recognized by the City.

Difference between projected and actual investment earnings on pension plan investments – the difference between the actual earnings on plan investments compared to the plan's expected rate of return of 7.00% is amortized over a closed period of five years. The City's proportionate share of the collective difference between projected and actual earnings for the fiscal year ended June 30, 2014 is \$(23,892). The first year amortization, \$(4,778), is recognized as pension expense with the remaining, \$(19,114), shown as deferred inflows of resources.

Pension expense – the calculation of the pension expense for the fiscal year ending June 30, 2014 is shown in the following table:

Service cost	\$ 5,068
Interest of the total pension liability and net cash flow	17,427
Projected earnings on plan investments	(16,269)
Expensed portion of current year period differences between projected and actual investment earnings	(4,778)
Member contributions	(1,368)
Administrative expenses	283
Total pension expense	\$ 362

City of Port Wentworth, Georgia

Notes to the Basic Financial Statements

3. Other Information (cont.)

A. Defined Benefit Pension Plan and Net Pension Liability (cont.)

Peace Officers' Annuity and Benefit Fund (cont.)

The City has recognized as revenue an amount equal to the City's proportionate share of the collective pension expense.

Georgia Firefighters' Pension Fund. The Georgia Firefighters' Pension Fund ("Fund") was created in 1955 by an act of the General Assembly of Georgia to provide retirement benefits for qualified firefighters. The Fund administers a cost-sharing, multiple-employer defined benefit pension plan. Any person employed as a firefighter or enrolled as a volunteer firefighter within the State of Georgia or any regular employee of the Fund is eligible for membership in the Fund. The City makes no contribution to the Fund. The State of Georgia provides nonemployer contributions to the Fund through the collection of insurance premiums tax. A separate publicly available report can be obtained by contacting the Georgia Fire Fighters' Pension Fund, 2171 East View Parkway, Conyers, Georgia 30013-5756, (770) 388-5757.

Actuarial valuation date - The collective total pension liability is based upon the June 30, 2013 actuarial valuation. An expected total pension liability is determined as of June 30, 2014 using standard roll-forward techniques. The roll-forward calculation adds the annual normal cost (also call service cost), subtracts the actual benefit payments and refunds for the year, and then applies the expected single equivalent interest rate for the period.

Components of collective net pension liability – the State's proportionate share of the components of the collective net pension liability at June 30, 2014 was as follows:

	Collective	State's Proportionate Share
Total pension liability	\$ 848,313,817	\$ 643,098
Plan fiduciary net position	(761,114,847)	(576,994)
Net pension liability	\$ 87,198,970	\$ 66,105

The amounts attributable to the City, as the employer, are based on the number of active plan members employed by or volunteering for the City's fire department. Since the City does not contribute directly to the fund, there is no net pension liability to be recognized by the City.

Difference between projected and actual investment earnings on pension plan investments – the difference between the actual earnings on plan investments compared to the plan's expected rate of return of 6.50% is amortized over a closed period of five years. The City's proportionate share of the collective difference between projected and actual earnings for the fiscal year ended June 30, 2014 is \$52,396. The first year amortization, \$10,479, is recognized as pension expense with the remaining, \$41,917, shown as deferred inflows of resources.

City of Port Wentworth, Georgia

Notes to the Basic Financial Statements

3. Other Information (cont.)

A. Defined Benefit Pension Plan and Net Pension Liability (cont.)

Georgia Firefighters' Pension Fund (cont.)

Pension expense – the calculation of the pension expense for the fiscal year ending June 30, 2014 is shown in the following table:

Service cost	\$	13,562
Interest of the total pension liability and net cash flow		39,307
Projected earnings on plan investments		(32,134)
Expensed portion of current year period differences between projected and actual investment earnings		(10,479)
Member contributions		(2,908)
Administrative expenses		917
Other		(413)
Total pension expense	\$	<u>7,852</u>

The City has recognized as revenue an amount equal to the City's proportionate share of the collective pension expense.

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. Contributions are 100% vested from the time credited to the participant's account and therefore, upon a participant's separation from service, there are no forfeitures of employer contributions. 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, 2015, the City paid \$5,918 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

City of Port Wentworth, Georgia

Notes to the Basic Financial Statements

3. Other Information (cont.)

C. Risk Management (cont.)

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.

E. Membership in a Regional Commission

Under Georgia law, the City is a member of the Coastal Regional Commission of Georgia (CRC) and is required to pay annual dues thereto. During its year ended June 30, 2015, the City paid \$5,760 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. Membership in the commission currently consists of 39 members from Bryan, Bulloch, Camden, Chatham, Effingham, Glynn, Liberty, Long, McIntosh and Screven counties. Membership includes prominent elected officials from each of these counties, plus state appointed and ex-officio members. 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, 1181 Coastal Drive SW, Darien, GA 31305.

F. Restatement

Due to implementation of GASB Statement 68, "Accounting and Financial Reporting for Pensions", beginning net positions for both governmental and business-type activities were restated as of July 1, 2014 as follows:

	Governmental Activities	Business-type Activities	Total
	\$	\$	\$
Net position, unrestricted, beginning	21,722,254	28,318,258	50,040,512
Net pension liability	(43,620)	(10,382)	(54,002)
Deferred outflows of resources related to pensions	104,012	24,764	128,776
Net position, unrestricted, beginning, restated	\$ 21,782,646	\$ 28,332,640	\$ 50,115,286

REQUIRED SUPPLEMENTARY INFORMATION
OTHER THAN MANAGEMENT'S DISCUSSION & ANALYSIS

City of Port Wentworth, Georgia

General Fund

Budgetary Comparison Schedule

Year ended June 30, 2015

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
REVENUES				
Taxes	\$ 4,179,710	\$ 4,179,710	\$ 4,713,858	\$ 534,148
Licenses and permits	176,000	176,000	193,111	17,111
Intergovernmental revenues	115,908	115,908	106,505	(9,403)
Charges for services	1,141,300	1,141,300	1,294,050	152,750
Fines and forfeitures	871,000	871,000	1,281,421	410,421
Investment income	10,000	10,000	15,946	5,946
Miscellaneous	17,500	46,008	50,630	4,622
Total revenues	6,511,418	6,539,926	7,655,521	1,115,595
EXPENDITURES				
Current				
General government				
City Council	113,420	118,420	87,505	30,915
Mayor	26,505	26,505	15,199	11,306
General administration	535,800	548,790	502,233	46,557
Judicial				
Municipal court	171,930	171,930	147,796	24,134
Public safety				
Police	2,358,311	2,399,319	2,011,909	387,410
Fire	797,357	797,357	655,996	141,361
Public works				
Highways and streets	1,245,428	1,260,428	1,046,101	214,327
Storm drainage	232,232	232,232	180,113	52,119
Sanitation	775,291	775,291	694,165	81,126
Culture and recreation				
Recreation	510,488	520,488	484,626	35,862
Housing and development				
Inspections	199,952	207,452	150,319	57,133
Total expenditures	6,966,714	7,058,212	5,975,962	1,082,250
(Deficiency) excess of revenues (under) over expenditures	(455,296)	(518,286)	1,679,559	2,197,845
OTHER FINANCING SOURCES (USES)				
Transfers in	305,296	305,296	401,763	96,467
Transfers out	(277,901)	(611,682)	(45)	611,637
Insurance recoveries	-	-	16,210	16,210
Total other financing sources (uses)	27,395	(306,386)	417,928	724,314
Net change in fund balance	(427,901)	(824,672)	2,097,487	2,922,159
Fund balance, beginning of year	9,768,466	9,768,466	9,768,466	-
Fund balance, end of year	\$ 9,340,565	\$ 8,943,794	\$ 11,865,953	\$ 2,922,159

City of Port Wentworth, Georgia

Special Revenue – Hotel/Motel Fund

Budgetary Comparison Schedule

Year ended June 30, 2015

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Taxes	\$ 610,422	\$ 803,316	\$ 803,357	\$ 41
Investment income	50	50	8	(42)
Total revenue	610,472	803,366	803,365	(1)
EXPENDITURES				
Intergovernmental assistance	305,176	401,603	401,602	1
Total expenditures	305,176	401,603	401,602	1
Excess (deficiency) of revenues over (under) expenditures	305,296	401,763	401,763	-
OTHER FINANCING USES				
Transfers out	(305,296)	401,763	(401,763)	-
Total other financing uses	(305,296)	401,763	(401,763)	-
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 accounting principles generally accepted in the United States of America 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, 2015, the following supplemental increase and decrease in appropriations were approved:

<u>Fund Type</u>	<u>Original Appropriation</u>	<u>Supplemental Appropriations</u>	<u>Supplemental Decreases</u>	<u>Final Appropriations</u>
General	\$ 7,244,615	\$ 425,279	\$ -	\$ 7,669,894
Hotel/motel tax	610,472	192,894	-	803,366
Confiscated assets	-	8,095	-	8,095

City of Port Wentworth, Georgia

Required Supplementary Information

Schedule of Changes in the Net Pension Liability and Related Ratios

Last Ten Fiscal Years

<i>Fiscal year ended June 30,</i>	2006	2007	2008	2009	2010
TOTAL PENSION LIABILITY					
Service cost	\$ -	\$ -	\$ -	\$ -	\$ -
Interest	-	-	-	-	-
Differences between expected & actual experience	-	-	-	-	-
Changes of assumptions	-	-	-	-	-
Changes of benefit terms	-	-	-	-	-
Benefit payments, including refunds of employee contributions	-	-	-	-	-
Net change in total pension liability	-	-	-	-	-
Total pension liability, beginning	-	-	-	-	-
Total pension liability, ending (a)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
PLAN FIDUCIARY NET POSITION					
Contributions, employer	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions, employee	-	-	-	-	-
Net investment income	-	-	-	-	-
Benefit payments, including refunds of employee contributions	-	-	-	-	-
Administrative expense	-	-	-	-	-
Net change in fiduciary net position	-	-	-	-	-
Plan fiduciary net position, beginning	-	-	-	-	-
Plan fiduciary net position, ending (b)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
NET PENSION LIABILITY, ending (a) – (b)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Plan's fiduciary net position as a percentage of the total pension liability	-	-	-	-	-
Covered-employee payroll	-	-	-	-	-
Net pension liability as a percent of covered-employee payroll	-	-	-	-	-
 <i>Fiscal year ended June 30,</i>	 2011	 2012	 2013	 2014	 2015
TOTAL PENSION LIABILITY					
Service cost	\$ -	\$ -	\$ -	\$ -	\$ 108,484
Interest	-	-	-	-	422,162
Differences between expected & actual experience	-	-	-	-	(48,796)
Changes of assumptions	-	-	-	-	(16,646)
Changes of benefit terms	-	-	-	-	-
Benefit payments, including refunds of employee contributions	-	-	-	-	(232,873)
Net change in total pension liability	-	-	-	-	232,331
Total pension liability, beginning	-	-	-	-	5,563,685
Total pension liability, ending (a)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,796,016</u>
PLAN FIDUCIARY NET POSITION					
Contributions, employer	\$ -	\$ -	\$ -	\$ -	\$ 128,776
Contributions, employee	-	-	-	-	-
Net investment income	-	-	-	-	626,007
Benefit payments, including refunds of employee contributions	-	-	-	-	(232,873)
Administrative expense	-	-	-	-	(10,269)
Net change in fiduciary net position	-	-	-	-	511,641
Plan fiduciary net position, beginning	-	-	-	-	5,509,683
Plan fiduciary net position, ending (b)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,021,324</u>
NET PENSION LIABILITY, ending (a) – (b)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (225,308)</u>
Plan's fiduciary net position as a percentage of the total pension liability	-	-	-	-	103.89%
Covered-employee payroll	-	-	-	-	1,602,832
Net pension liability as a percent of covered-employee payroll	-	-	-	-	(14.06%)

NOTE: Historical information prior to implementation of GASB 68 is not required.

City of Port Wentworth, Georgia

Required Supplementary Information

Schedule of Contributions

Last Ten Fiscal Years

<i>Fiscal year ended June 30,</i>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
Actuarially determined contribution	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions in relation to the actuarially determined contribution	-	-	-	-	-
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
Covered-employee payroll	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions as a percentage of covered-employee payroll	-	-	-	-	-
<i>Fiscal year ended June 30,</i>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Actuarially determined contribution	\$ -	\$ -	\$ -	\$ -	\$ -*
Contributions in relation to the actuarially determined contribution	-	-	-	-	-*
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -*
Covered-employee payroll	\$ -	\$ -	\$ -	\$ -	\$ -*
Contributions as a percentage of covered-employee payroll	-	-	-	-	-*

Historical information prior to implementation of GASB 68 is not required.

*2015 information will be determined after fiscal year and will be included in the 2016 report.

NOTE: The actuarially determined contribution rate was determined as of January 1, 2015, with an interest adjustment to the fiscal year. Contributions in relation to this actuarially determined contribution rate will be reported for the fiscal year ending June 30, 2016. The following methods and assumptions are used to determine contribution rates:

Actuarial cost method	Projected Unit Credit
Amortization method	Closed level dollar for remaining unfunded liability
Remaining amortization period	N/A
Asset valuation method	Sum of actuarial value at the beginning of the year and the cash flow during the year plus the assumed investment return, adjusted by 10% of the amount that the value exceeds or is less than the market value at the end of the year. The actuarial value is adjusted, if necessary, to be within 20% of market value.
Actuarial Assumptions:	
Net Investment rate of return	7.75%
Projected salary increases	3.25% plus service based merit increases
Cost of living adjustments	3.25%
Retirement age and mortality	See notes to the basic financial statements, page D-32

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



City of Port Wentworth, Georgia

Special Revenue – Confiscated Assets

Budgetary Comparison Schedule

Year ended June 30, 2015

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Fines and forfeitures	\$ -	\$ 8,095	\$ 6,969	\$ (1,126)
Investment income	-	-	-	-
Total revenue	-	8,095	6,969	(1,126)
EXPENDITURES				
Current				
Public safety	-	8,095	8,095	-
Total expenditures	-	8,095	8,095	-
Excess (deficiency) of revenues over (under) expenditures	-	-	(1,126)	(1,126)
OTHER FINANCING SOURCES				
Transfers in	-	-	45	45
Total other financing sources	-	-	45	45
Net change in fund balance	-	-	(1,081)	(1,081)
Fund balance, beginning of year	4,527	4,527	4,527	-
Fund balance, end of year	\$ 4,527	\$ 4,527	\$ 3,446	\$ (1,081)

City of Port Wentworth, Georgia

Fiduciary (Agency) Fund

Statement of Changes in Assets and Liabilities

Year ended June 30, 2015

	Balance July 1, 2014	Additions	Deletions	Balance June 30, 2015
ASSETS				
Cash and investments	\$ 219,530	\$ 1,525,541	\$ 1,669,775	\$ 75,296
Total assets	\$ 219,530	\$ 1,525,541	\$ 1,669,775	\$ 75,296
LIABILITIES				
Due to others	\$ 219,530	\$ 1,525,541	\$ 1,669,775	\$ 75,296
Total liabilities	\$ 219,530	\$ 1,525,541	\$ 1,669,775	\$ 75,296

City of Port Wentworth, Georgia

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

Year ended June 30, 2015

	<u>Original Estimated Cost</u>	<u>Revised Estimated Cost</u>	<u>Prior Years</u>	<u>Current Year</u>	<u>Total Cost</u>
1998 SPLOST EXPENDITURES					
Drainage projects					
City drainage project	\$ 1,950,000	\$ -	\$ -	\$ -	\$ -
South Coastal Highway	-	125,000	-	3,250	3,250
Black Creek Road	-	102,260	60,000	2,658	62,658
Clifton Drive	-	130,000	-	3,381	3,381
Osteen Street	-	132,395	14,138	3,443	17,581
Grange Road	-	250,000	-	6,502	6,502
800 Block, Armadale Road	-	227,145	4,018	5,907	9,925
300 Block, Birkenhead Street	-	115,000	-	2,991	2,991
200 Block, Phillips Avenue	-	115,000	21,865	2,991	24,856
Falkirk Street	-	113,570	-	2,954	2,954
O'Leary Road at Black Creek	-	151,615	-	3,943	3,943
Gordon Street	-	113,570	-	2,954	2,954
Cantyre Street	-	113,570	-	2,954	2,954
Mobley Park	-	90,000	161,878	2,341	164,219
Gordon and Crossgate	-	7,000	6,732	182	6,914
Pine Forest	-	5,500	6,945	143	7,088
Saussy Road	-	5,500	5,210	143	5,353
Berrien Road	-	5,000	2,013	130	2,143
North area water and sewer project	-	147,875	167,592	-	167,592
Drainage equipment	50,000	50,000	50,000	-	50,000
Total drainage project	2,000,000	2,000,000	500,391	46,867	547,258
Other capital outlay	458,703	28,174	-	-	-
Black Creek flood study	-	79,448	79,448	-	79,448
Other equipment	-	284,888	330,425	39,873	370,298
Debt Service	-	66,193	66,193	-	66,193
Total 1998 SPLOST expenditures	\$ 2,458,703	\$ 2,458,703	\$ 976,457	\$ 86,740	\$ 1,063,197
2003 SPLOST EXPENDITURES					
Fire safety	\$ 200,000	\$ 460,926	\$ 460,926	\$ -	\$ 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 rehab project	-	352,899	135,811	217,088	352,899
Miscellaneous capital outlay projects	-	369	153	-	153
Total other capital outlay	2,254,426	3,050,583	2,833,279	217,088	3,050,367
Total 2003 SPLOST expenditures	\$ 2,474,504	\$ 3,581,909	\$ 3,354,891	\$ 217,088	\$ 3,571,979

City of Port Wentworth, Georgia
Schedule of Projects Constructed with
Special Purpose Local Option Sales Tax Proceeds (cont.)
Year ended June 30, 2015

	Original Estimated Cost	Revised Estimated Cost	Prior Years	Current Year	Total Cost
2008 SPLOST EXPENDITURES					
Wastewater and sewer rehab projects	\$ 3,000,000	\$ 3,000,000	\$ 48,510	\$ 1,722,770	\$ 1,771,280
Total 2008 SPLOST expenditures	\$ 3,000,000	\$ 3,000,000	\$ 48,510	\$ 1,722,770	\$ 1,771,280
2014 SPLOST EXPENDITURES					
	\$ 6,200,000	\$ 6,200,000	\$ -	\$ 5,353	\$ 5,353
Total 2014 SPLOST expenditures	\$ 6,200,000	\$ 6,200,000	\$ -	\$ 5,353	\$ 5,353

City of Port Wentworth, Georgia
Schedule of Required Expenditures Funded by the Hotel/Motel Tax
Year ended June 30, 2015

REVENUES

Hotel/motel taxes	\$	803,357
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EXPENDITURES

Tourism expenditures	\$	401,602
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Percentage of expenditures to revenues		50.0%
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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, 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.

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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 debt in the future.

G-17

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-21

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.

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

<i>Fiscal year ended June 30,</i>	2006	2007	2008	2009 Restated
Governmental activities				
Net investment in capital assets	\$ 6,283,976	\$ 6,588,310	\$ 7,639,290	\$ 8,300,329
Restricted	4,279,736	4,914,622	5,565,904	4,313,697
Unrestricted	<u>3,747,355</u>	<u>5,283,898</u>	<u>5,856,448</u>	<u>6,074,336</u>
Total governmental activities, net position	\$ <u>14,311,067</u>	\$ <u>16,786,830</u>	\$ <u>19,061,642</u>	\$ <u>18,688,362</u>
Business-type activities				
Net investment in capital assets	\$ 9,383,905	\$ 10,289,924	\$ 11,434,628	\$ 12,051,933
Restricted	-	-	-	-
Unrestricted	<u>4,057,772</u>	<u>5,930,614</u>	<u>7,622,749</u>	<u>8,471,261</u>
Total business-type activities, net position	\$ <u>13,441,677</u>	\$ <u>16,220,538</u>	\$ <u>19,057,377</u>	\$ <u>20,523,194</u>
Primary government				
Net investment in capital assets	\$ 15,667,881	\$ 16,878,234	\$ 19,073,918	\$ 20,352,262
Restricted	4,279,736	4,914,622	5,565,904	4,313,697
Unrestricted	<u>7,805,127</u>	<u>11,214,512</u>	<u>13,479,197</u>	<u>14,545,597</u>
Total primary government, net position	\$ <u>27,752,744</u>	\$ <u>33,007,368</u>	\$ <u>38,119,019</u>	\$ <u>39,211,556</u>

NOTE: Beginning net position was restated for the fiscal year ended June 30, 2015 due to implementation of GASB 68 for net pension liability and deferred outflows of resources related to pensions. However, due to the unavailability of information on prior years' pension activity, changes in net position for prior years are not restated.

City of Port Wentworth, Georgia
Net Position by Component – Last Ten Fiscal Years
(Accrual Basis of Accounting)

2010 Restated	2011 Restated	2012	2013	2014 Restated	2015
\$ 8,115,438	\$ 8,232,721	\$ 7,898,751	\$ 8,301,163	\$ 8,477,481	\$ 8,797,563
3,441,702	3,729,118	2,779,710	2,731,952	3,201,828	2,117,207
<u>6,520,685</u>	<u>6,654,860</u>	<u>7,438,909</u>	<u>8,516,292</u>	<u>10,103,337</u>	<u>12,228,494</u>
 \$ <u>18,077,825</u>	 \$ <u>18,616,699</u>	 \$ <u>18,117,370</u>	 \$ <u>19,549,407</u>	 \$ <u>21,782,646</u>	 \$ <u>23,143,264</u>
 \$ 14,055,599	 \$ 22,132,457	 \$ 22,781,837	 \$ 22,331,549	 \$ 21,748,916	 \$ 23,279,528
-	-	-	-	-	-
<u>9,134,844</u>	<u>3,955,186</u>	<u>4,552,946</u>	<u>4,993,883</u>	<u>6,583,724</u>	<u>6,951,289</u>
 \$ <u>23,190,443</u>	 \$ <u>26,087,643</u>	 \$ <u>27,334,783</u>	 \$ <u>27,325,432</u>	 \$ <u>28,332,640</u>	 \$ <u>30,230,817</u>
 \$ 22,171,037	 \$ 30,365,178	 \$ 30,680,588	 \$ 30,632,712	 \$ 30,226,397	 \$ 32,077,091
3,441,702	3,729,118	2,779,710	2,731,952	3,201,828	2,117,207
<u>15,655,529</u>	<u>10,610,046</u>	<u>11,991,855</u>	<u>13,510,175</u>	<u>16,687,061</u>	<u>19,179,783</u>
 \$ <u>41,268,268</u>	 \$ <u>44,704,342</u>	 \$ <u>45,452,153</u>	 \$ <u>46,874,839</u>	 \$ <u>50,115,286</u>	 \$ <u>53,374,081</u>

<i>Fiscal year ended June 30,</i>	2006	2007	2008	2009
EXPENSES				
Governmental activities				
General government	\$ 831,095	\$ 464,393	\$ 445,468	\$ 376,953
Judiciary	192,706	230,602	258,861	166,409
Public safety	1,927,765	2,465,579	2,624,698	2,521,272
Public works	868,218	1,052,322	1,495,859	1,488,022
Culture and recreation	180,555	276,871	354,264	403,290
Housing and development	298,304	757,988	948,235	721,276
Interest on long-term debt	-	-	463	8,100
Total governmental activities, expenses	<u>4,298,643</u>	<u>5,247,755</u>	<u>6,127,848</u>	<u>5,685,322</u>
Business-type activities				
Water and sewer	<u>818,420</u>	<u>1,208,012</u>	<u>1,699,013</u>	<u>1,656,483</u>
Total business-type activities, expenses	<u>818,420</u>	<u>1,208,012</u>	<u>1,699,013</u>	<u>1,656,483</u>
Total primary government, expenses	\$ <u>5,117,063</u>	\$ <u>6,455,767</u>	\$ <u>7,826,861</u>	\$ <u>7,341,805</u>
PROGRAM REVENUES				
Governmental activities				
Charges for services				
General government	\$ 206,416	\$ -	\$ 11,536	\$ 22,341
Public safety	1,937,841	1,437,478	1,195,313	889,814
Public works	496,264	581,964	644,002	659,912
Culture and recreation	10,090	7,119	11,088	7,923
Housing and development	-	547,378	482,574	331,609
Operating grants and contributions	48,408	77,759	87,449	95,509
Capital grants and contributions	<u>5,121,163</u>	<u>982,055</u>	<u>1,676,149</u>	<u>505,539</u>
Total governmental activities program revenues	<u>7,820,182</u>	<u>3,633,753</u>	<u>4,108,111</u>	<u>2,512,647</u>
Business-type activities				
Charges for services	1,011,507	1,522,268	1,675,532	1,871,900
Capital grants and contributions	<u>7,533,864</u>	<u>2,077,467</u>	<u>2,602,707</u>	<u>337,888</u>
Total business-type activities program revenues	<u>8,545,371</u>	<u>3,599,735</u>	<u>4,278,239</u>	<u>2,209,788</u>
Total primary government program revenues	\$ <u>16,365,553</u>	\$ <u>7,233,488</u>	\$ <u>8,386,350</u>	\$ <u>4,722,435</u>
NET (EXPENSE)/REVENUE				
Governmental activities	\$ 3,521,539	\$ (1,614,002)	\$ (2,019,737)	\$ (3,172,675)
Business-type activities	<u>7,726,951</u>	<u>2,391,723</u>	<u>2,579,226</u>	<u>553,305</u>
Total primary government net (expense)/revenue	\$ <u>11,248,490</u>	\$ <u>777,721</u>	\$ <u>559,489</u>	\$ <u>(2,619,370)</u>

See note on page G-3.

City of Port Wentworth, Georgia

Changes in Net Position – Last Ten Fiscal Years

(Accrual Basis of Accounting)

Year ended June 30, 2015

<u>2010</u>	<u>2011 Restated</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
\$ 349,632	\$ 434,261	\$ 475,923	\$ 490,656	\$ 539,215	\$ 585,200
157,629	169,856	131,614	124,347	136,874	144,817
2,675,030	2,952,985	2,896,829	2,775,757	2,787,198	2,760,694
1,483,633	1,467,766	1,396,285	1,304,589	1,315,206	1,507,712
405,422	401,481	377,690	427,733	454,501	540,278
696,680	581,398	547,210	504,696	481,375	552,204
12,619	11,413	10,163	9,931	-	-
<u>5,780,645</u>	<u>6,019,160</u>	<u>5,835,714</u>	<u>5,637,709</u>	<u>5,714,369</u>	<u>6,090,905</u>
<u>1,800,387</u>	<u>2,398,358</u>	<u>3,127,749</u>	<u>3,139,537</u>	<u>3,086,475</u>	<u>3,277,446</u>
<u>1,800,387</u>	<u>2,398,358</u>	<u>3,127,749</u>	<u>3,139,537</u>	<u>3,086,475</u>	<u>3,277,446</u>
\$ <u>7,581,032</u>	\$ <u>8,417,518</u>	\$ <u>8,963,463</u>	\$ <u>8,777,246</u>	\$ <u>8,800,844</u>	\$ <u>9,368,351</u>
22,772	24,506	3,225	24,140	29,803	33,749
947,048	1,020,838	961,061	1,007,248	1,104,821	1,577,991
736,069	842,241	867,239	871,759	937,730	956,050
4,539	6,984	7,582	10,198	13,876	16,357
257,587	161,951	140,306	148,685	208,181	184,435
93,630	96,768	87,539	51,864	62,588	52,943
143,161	531,363	650,782	772,510	646,579	1,008,942
<u>2,204,806</u>	<u>2,684,651</u>	<u>2,717,734</u>	<u>2,886,404</u>	<u>3,003,578</u>	<u>3,830,467</u>
2,037,035	2,251,015	2,417,521	2,510,901	2,711,568	2,640,802
1,580,581	2,889,074	346,073	231,795	1,206,031	490,881
<u>3,617,616</u>	<u>5,140,089</u>	<u>2,763,594</u>	<u>2,742,696</u>	<u>3,917,599</u>	<u>3,131,683</u>
\$ <u>5,822,422</u>	\$ <u>7,824,740</u>	\$ <u>5,481,328</u>	\$ <u>5,629,100</u>	\$ <u>6,921,177</u>	\$ <u>6,962,150</u>
(3,575,839)	(3,334,509)	(3,117,980)	(2,751,305)	(2,710,791)	(2,260,438)
<u>1,817,229</u>	<u>2,741,731</u>	<u>(364,155)</u>	<u>(396,841)</u>	<u>831,124</u>	<u>(145,763)</u>
\$ <u>(1,758,610)</u>	\$ <u>(592,778)</u>	\$ <u>(3,482,135)</u>	\$ <u>(3,148,146)</u>	\$ <u>(1,879,667)</u>	\$ <u>(2,406,201)</u>

<i>Fiscal year ended June 30,</i>	2006	2007	2008	2009 Restated
GENERAL REVENUES AND OTHER				
CHANGES IN NET POSITION				
Governmental activities				
Property taxes levied for general purposes	\$ 475,054	\$ 1,205,990	\$ 1,457,243	\$ 1,297,711
Sales taxes levied for general purposes	1,031,077	1,254,159	,146,816	1,069,983
Selective sales and use taxes	596,790	922,412	899,878	782,298
Business taxes	730,986	244,004	250,270	263,939
Contributions not restricted to specific programs	-	-	15,904	18,912
Unrestricted investment earnings	305,370	474,811	355,226	109,222
Gain (loss) on disposition of capital assets	-	11,061	38,502	31,585
Miscellaneous income	15,895	38,666	130,710	34,551
Special item	219,681	-	-	-
Transfers	(571,275)	(61,338)	-	(808,806)
Total governmental activities	<u>2,803,578</u>	<u>4,089,765</u>	<u>4,294,549</u>	<u>2,799,395</u>
Business-type activities – water and sewer				
Unrestricted investment earnings	108,095	270,369	196,769	50,895
Gain (loss) on disposition of capital assets	-	(3,127)	-	-
Miscellaneous income	-	58,558	60,844	84,061
Transfers	<u>571,275</u>	<u>61,338</u>	<u>-</u>	<u>808,806</u>
Total business-type activities	<u>679,370</u>	<u>387,138</u>	<u>257,613</u>	<u>943,762</u>
Total primary government	\$ <u>3,482,948</u>	\$ <u>4,476,903</u>	\$ <u>4,552,162</u>	\$ <u>3,743,157</u>
CHANGE IN NET POSITION				
Governmental activities	\$ 6,325,117	\$ 2,475,763	\$ 2,274,812	\$ (373,280)
Business-type activities	<u>8,406,321</u>	<u>2,778,861</u>	<u>2,836,839</u>	<u>1,497,067</u>
Total primary government	\$ <u>14,731,438</u>	\$ <u>5,254,624</u>	\$ <u>5,111,651</u>	\$ <u>1,123,787</u>

See note on page G-3.

City of Port Wentworth, Georgia

Changes in Net Position – Last Ten Fiscal Years (Accrual Basis of Accounting)

<u>2010</u> <u>Restated</u>	<u>2011</u> <u>Restated</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
\$ 1,743,921	\$ 1,887,617	\$ 1,892,546	\$ 1,985,150	\$ 2,137,730	\$ 2,417,026
898,418	974,303	1,047,670	1,195,556	1,544,295	1,666,385
698,709	707,088	785,188	832,579	875,057	1,029,201
257,665	247,391	344,275	357,172	358,333	375,991
-	-	-	-	-	-
19,780	17,259	13,071	13,196	11,766	15,954
23,345	5,702	15,840	59,633	-	(6,483)
66,153	29,759	29,612	26,008	27,153	66,840
-	-	-	-	-	-
(742,689)	4,264	(1,509,551)	(285,952)	(70,696)	(1,943,858)
<u>2,965,302</u>	<u>3,873,383</u>	<u>2,618,651</u>	<u>4,183,342</u>	<u>4,883,638</u>	<u>3,621,056</u>
23,135	27,778	17,903	13,474	14,438	17,087
2,044	51,502	-	10,463	-	(1,650)
82,152	80,453	83,841	77,601	76,568	84,645
742,689	(4,264)	1,509,551	285,952	70,696	1,943,858
<u>850,020</u>	<u>155,469</u>	<u>1,611,295</u>	<u>387,490</u>	<u>161,702</u>	<u>2,043,940</u>
<u>\$ 3,815,322</u>	<u>\$ 4,028,852</u>	<u>\$ 4,229,946</u>	<u>\$ 4,570,832</u>	<u>\$ 5,045,340</u>	<u>\$ 5,664,996</u>
(610,537)	538,874	(499,329)	1,432,037	2,172,847	1,360,618
2,667,249	2,897,200	1,247,140	(9,351)	992,826	1,898,177
<u>\$ 2,056,712</u>	<u>\$ 3,436,074</u>	<u>\$ 747,811</u>	<u>\$ 1,422,686</u>	<u>\$ 3,165,673</u>	<u>\$ 3,258,795</u>



City of Port Wentworth, Georgia

Fund Balances, Governmental Funds – Last Ten Fiscal Years

(Modified Accrual Basis of Accounting)

<i>Fiscal year ended June 30,</i>	2006	2007	2008	2009 Restated	2010 Restated
GENERAL FUND					
Reserved	\$ 118,640	\$ 167,161	\$ 90,070	\$ 11,664	\$ 10,769
Unreserved	3,665,031	5,006,275	5,470,772	5,873,879	6,310,402
Nonspendable					
Prepaid items	-	-	-	-	-
Assigned					
Capital asset replacement	-	-	-	-	-
Subsequent year's budget	-	-	-	-	-
Unassigned	-	-	-	-	-
Total General Fund	<u>\$ 3,783,671</u>	<u>\$ 5,173,436</u>	<u>\$ 5,560,842</u>	<u>\$ 5,885,543</u>	<u>\$ 6,321,171</u>
ALL OTHER GOVERNMENTAL FUNDS					
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved, reported in					
Special revenue fund	25,580	22,181	20,056	21,218	12,934
Capital projects fund	4,279,736	4,914,622	5,565,904	4,313,697	3,441,702
Restricted					
Capital projects funds	-	-	-	-	-
Confiscated assets funds	-	-	-	-	-
Total all other governmental funds	<u>\$ 4,305,316</u>	<u>\$ 4,936,803</u>	<u>\$ 5,585,960</u>	<u>\$ 4,334,915</u>	<u>\$ 3,454,636</u>
<i>Fiscal year ended June 30,</i>	2011 Restated	2012	2013	2014	2015
GENERAL FUND					
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved	-	-	-	-	-
Nonspendable					
Prepaid items	52,638	159,985	152,342	164,344	162,343
Assigned					
Capital asset replacement	771,666	752,001	655,746	617,092	619,096
Subsequent year's budget	1,901,374	458,306	88,716	277,901	1,694,853
Unassigned	3,759,290	5,766,602	7,291,745	8,709,129	9,389,661
Total General Fund	<u>\$ 6,484,968</u>	<u>\$ 7,136,894</u>	<u>\$ 8,188,549</u>	<u>\$ 9,768,466</u>	<u>\$ 11,865,953</u>
ALL OTHER GOVERNMENTAL FUNDS					
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved, reported in					
Special revenue fund	-	-	-	-	-
Capital projects fund	-	-	-	-	-
Restricted					
Capital projects funds	3,706,857	2,757,174	2,708,001	3,197,301	2,113,761
Confiscated assets funds	22,261	22,536	23,951	4,527	3,446
Total all other governmental funds	<u>\$ 3,729,118</u>	<u>\$ 2,779,710</u>	<u>\$ 2,731,952</u>	<u>\$ 3,201,828</u>	<u>\$ 2,117,207</u>

NOTE: The City of Port Wentworth implemented GASB 54 for the fiscal year ended June 30, 2011.

<i>Fiscal year ended June 30,</i>	2006	2007	2008	2009 Restated
REVENUES				
Sales tax	\$ 1,031,077	\$ 1,170,273	\$ 1,058,720	\$ 1,004,980
Other taxes	1,805,696	2,220,610	2,481,922	2,497,212
Licenses and permits	418,776	352,830	361,355	323,016
Revenue from other governmental units	915,002	997,790	853,224	609,345
Charges for services	705,289	857,559	887,856	791,509
Fines and forfeitures	1,499,111	1,380,042	1,410,783	803,708
Miscellaneous	329,808	559,009	402,324	131,696
Total revenue	<u>6,704,759</u>	<u>7,538,113</u>	<u>7,456,184</u>	<u>6,161,466</u>
EXPENDITURES				
Current				
General government	797,103	446,091	415,163	344,377
Judiciary	192,706	225,851	257,847	165,733
Public safety	1,835,113	2,619,855	2,634,642	2,270,400
Public works	818,439	869,462	1,251,336	1,226,159
Culture and recreation	150,217	244,753	320,338	861,526
Housing and development	298,304	440,436	585,655	410,765
Intergovernmental assistance	-	-	390,209	338,919
Capital outlay	523,687	632,518	1,178,166	1,192,066
Debt service				
Principal	-	-	6,163	152,677
Interest	-	-	463	8,100
Total expenditures	<u>4,615,569</u>	<u>5,478,966</u>	<u>7,039,982</u>	<u>6,970,722</u>
Excess (deficiency) of revenues over (under) expenditures	<u>2,089,190</u>	<u>2,059,147</u>	<u>416,202</u>	<u>(809,256)</u>
OTHER FINANCING SOURCES (USES)				
Sale of capital assets	-	11,061	40,981	31,585
Capital leases	-	-	497,143	-
Transfers in	298,486	629,399	350,837	297,985
Transfers out	(869,761)	(678,355)	(350,837)	(455,216)
Insurance recoveries	-	-	82,237	8,558
Total other financing (uses) sources	<u>(571,275)</u>	<u>(37,895)</u>	<u>620,361</u>	<u>(117,088)</u>
Special item – sale of land	<u>219,681</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	<u>\$ 1,737,596</u>	<u>\$ 2,021,252</u>	<u>\$ 1,036,563</u>	<u>\$ (926,344)</u>
Debt service as a percentage of non-capital expenditures	0.00%	0.00%	0.11%	2.74%

City of Port Wentworth, Georgia

Changes in Fund Balances, Governmental Funds – Last Ten Fiscal Years

(Modified Accrual Basis of Accounting)

2010 Restated	2011 Restated	2012	2013	2014	2015
\$ 963,421	\$ 974,303	\$ 1,047,670	\$ 1,195,556	\$ 1,544,295	\$ 1,666,385
2,583,963	2,793,006	3,027,413	3,182,122	3,429,041	3,850,830
265,129	173,596	129,921	145,103	225,523	193,111
220,711	613,335	720,916	813,260	701,206	1,047,724
860,491	1,076,544	1,049,629	1,219,463	1,255,770	1,294,050
854,477	819,923	812,873	703,265	813,268	1,288,390
60,186	45,294	39,139	40,484	46,730	73,776
5,808,378	6,496,001	6,827,561	7,299,253	8,015,833	9,414,266
320,565	423,623	490,693	524,294	524,475	604,937
156,370	162,772	147,739	115,971	137,515	147,796
2,361,627	3,046,652	2,885,772	2,748,663	2,809,182	2,676,000
1,207,540	1,188,896	1,162,708	1,474,231	1,438,783	1,920,379
348,192	517,169	321,510	401,379	507,690	484,626
424,472	311,153	248,644	201,704	144,477	150,319
311,450	302,384	332,272	346,489	333,222	401,602
1,130,961	102,100	164,332	450,768	70,696	2,031,951
32,323	33,528	34,779	237,674	-	-
12,619	11,413	10,163	9,931	-	-
6,306,119	6,099,690	5,798,612	6,511,104	5,966,040	8,417,610
(497,741)	396,311	1,028,949	788,149	2,049,793	996,656
23,345	38,991	15,840	371,165	-	-
-	-	-	-	-	-
258,855	257,829	291,719	310,039	333,384	401,808
(258,855)	(257,829)	(1,641,929)	(469,489)	(333,384)	(401,808)
29,745	2,977	7,939	4,033	-	16,210
53,090	41,968	(1,326,431)	215,748	-	16,210
-	-	-	-	-	-
\$ (444,651)	\$ 438,279	\$ (297,482)	\$ 1,003,897	\$ 2,049,793	\$ 1,012,866
0.76%	0.84%	0.74%	4.57%	0.00%	0.00%

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 Tax	Utility & Cablevision Franchise Fees	Annual Totals
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
2014	1,558,786	1,536,698	358,333	208,500	666,557	644,462	4,973,336
2015	1,728,076	1,650,713	375,991	225,844	803,357	733,234	5,517,215

SOURCE: City records

NOTE: Tables includes General Fund and special revenue –hotel/motel tax funds



Year	Real Property		Personal Property		Utilities and Other Property	
	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value
2005	\$ 93,350,834	\$ 233,377,085	\$ 31,843,456	\$ 79,608,640	\$ 129,684,355	\$ 324,210,888
2006	133,044,372	332,610,930	36,540,507	91,351,268	4,472,530	11,181,325
2007	197,906,630	494,766,575	32,282,717	80,706,793	4,656,698	11,641,745
2008	229,005,497	572,513,742	57,525,310	143,813,275	5,411,552	13,528,880
2009	242,817,524	607,043,810	89,153,169	222,882,923	5,740,786	14,351,965
2010	268,292,674	670,731,685	93,347,261	233,368,152	6,003,823	15,009,558
2011	257,276,653	643,191,633	96,236,643	240,591,608	5,958,029	14,895,073
2012	266,262,822	665,657,055	77,872,191	194,680,478	9,316,066	23,290,165
2013	283,724,072	709,310,180	75,341,990	188,354,975	9,246,282	23,115,705
2014	261,920,824	654,802,060	82,829,831	207,074,578	10,119,389	25,298,472

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

Assessed Value and Actual Value of Taxable Property

Last Ten Calendar Years

Total		Ratio of Total Assessed to Total Estimated Value	Total Direct Tax Rate
Assessed Value	Estimated Actual Value		
\$ 129,684,355	\$ 324,210,888	40.00%	4.498
174,057,409	435,143,523	40.00%	4.498
234,846,045	587,115,113	40.00%	4.498
291,942,359	729,855,897	40.00%	4.397
337,711,479	844,278,698	40.00%	4.397
367,643,758	919,109,395	40.00%	4.397
359,471,325	898,678,314	40.00%	4.397
353,451,079	883,627,698	40.00%	4.397
368,312,344	920,780,860	40.00%	4.397
354,870,044	887,175,110	40.00%	4.711

City of Port Wentworth, Georgia

Direct and Overlapping Property Tax Rates

Last Ten Calendar Years

(Rate per \$1,000 of assessed value)

Tax Year	Direct	Overlapping Rates			Total
	City	School District	County	State	
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	15.817	10.537	0.250	31.102
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	11.109	0.250	30.387
2012	4.397	14.631	11.109	0.200	30.337
2013	4.397	15.881	11.908	0.150	32.336
2014	4.711	15.881	11.543	0.100	32.235

SOURCE: Chatham County Commission – Board minutes and City records

City of Port Wentworth, Georgia

Principal Property Taxpayers Current Year and Nine Years Ago

		2014				2005		
		Taxable Assessed Value	Rank	% of Total District Net Assessed Value		Taxable Assessed Value	Rank	% of Total District Net Assessed Value
Duke Realty Ltd. Partnership	\$	32,047,724	1	9.03%				
RC Residential LLC		9,010,937	2	2.54%				
NGK Automotive Ceramics USA		8,044,164	3	2.27%				
Village at Rice Hope Land III LLC		7,348,360	4	2.07%				
Bayer Cropscience LP		7,038,897	5	1.98%				
Floor & Décor Outlets of America		5,346,974	6	1.51%				
Ascend Performance Materials		5,130,115	7	1.44%				
L-A Savannah – Crossgate LLC		4,896,720	8	1.38%				
SNF Chemtall		4,436,616	9	1.25%				
DSI Realty Company Inc.		4,251,440	10	1.20%				
American Warehousing VIII LLC					\$	3,197,800	1	2.74%
Noritake China Company, Inc.						2,965,605	2	2.54%
Boardman Stephanie Page Trust						2,542,000	3	2.17%
Savannah Inns, LLC						2,470,600	4	2.11%
Georgia Pacific						2,366,707	5	2.02%
Cargo Group, Limited						1,800,000	6	1.53%
National Warehousing II LLC						1,497,600	7	1.28%
SSA Delaware LLC						1,458,000	8	1.25%
American Port Services						1,254,335	9	1.07%
Coldbrook Station LLC						1,198,400	10	1.03%
Total	\$	87,551,947		24.67%	\$	20,751,047		17.74%

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 Calendar Years

Year	Total Tax Levy		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
2005	\$	424,122	\$	12,444	\$	436,566	\$	417,180	98.36%
2006		554,497		(28,809)		525,688		528,540	95.32%
2007		852,233		(21,079)		831,154		764,444	89.70%
2008		1,040,381		(81,175)		959,206		1,006,653	96.76%
2009		1,239,956		(176,098)		1,063,858		1,091,671	88.04%
2010		1,376,737		(190,292)		1,186,445		1,267,982	92.10%
2011		1,376,995		(186,283)		1,190,712		1,145,986	83.22%
2012		1,304,068		(30,648)		1,273,420		1,240,565	95.13%
2013		1,387,660		(76,766)		1,310,894		1,287,127	92.76%
2014		1,465,355		(17,211)		1,448,144		1,438,983	98.20%
								-	
								1,438,983	99.37%

SOURCE: Chatham County Tax Commissioner and City records.

NOTE 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.

NOTE 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 Primary Government	Percentage of Personal Income	Per Capita
	Capital Leases	Water & Sewer Revenue Bonds	Water & Sewer Notes	Capital Leases	Total				
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	4.45%	915	
2012	237,674	-	4,829,284	-	4,829,284	5,066,958	4.49%	921	
2013	-	-	4,656,110	-	4,656,110	4,656,110	2.83%	716	
2014	-	-	4,498,328	-	4,498,328	4,498,328	2.58%	692	
2015	-	-	5,506,301	-	5,506,301	5,506,301	2.76%	787	

NOTE 1: Details regarding the City's outstanding debt can be found in the notes to the financial statements.

NOTE 2: Percentage of Personal Income and Per Capita 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		
2006	\$ -	\$ -	\$ -	0.00%	-
2007	-	-	-	0.00%	-
2008	-	-	-	0.00%	-
2009	-	-	-	0.00%	-
2010	-	-	-	0.00%	-
2011	-	-	-	0.00%	-
2012	-	-	-	0.00%	-
2013	-	-	-	0.00%	-
2014	-	-	-	0.00%	-
2015	-	-	-	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, 2015

	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable ⁽¹⁾</u>	<u>Estimated Share of Overlapping Debt</u>
Overlapping debt repaid with property taxes			
Chatham County, Georgia			
DSA Chatham County Projects Series 2005A	\$ 3,357,989	2.53%	\$ 84,957
DSA Union Mission Series 2009	1,970,000	2.53%	49,841
DSA Union Mission Series 2011	2,680,000	2.53%	67,804
DSA Chatham County Projects Series 2014	9,840,000	2.53%	248,952
Mosquito Control Facility	3,587,423	2.53%	90,762
Chatham-Savannah School Board			
General Obligation Bonded Debt	40,240,000	2.53%	1,018,072
Energy Management Project	4,467,430	2.53%	113,026
Overlapping other debt			
Chatham County capital leases	4,301,351	2.50%	107,534
Chatham-Savannah School Board capital leases	8,574,798	1.95%	167,209
Subtotal, overlapping debt			1,948,157
City of Port Wentworth direct debt			-
Total direct and overlapping debt			\$ 1,948,157

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 as of the past calendar year. 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				
	2005	2006	2007	2008	2009
Total assessed value of taxable property	\$ 129,684,355	\$ 174,057,409	\$ 234,846,045	\$ 291,942,359	\$ 337,711,479
Less exemption for bond purposes	5,242,676	18,210,198	18,555,495	6,611,033	7,923,608
Net assessed value for bond purposes	\$ 124,441,679	\$ 155,847,211	\$ 216,290,550	\$ 285,331,326	\$ 329,787,871
Debt limit percentage	10%	10%	10%	10%	10%
Debt limit	\$ 12,444,168	\$ 15,584,721	\$ 21,629,055	\$ 28,533,133	\$ 32,978,787
Total net debt applicable to limit general obligation bonds	-	-	-	-	-
Legal debt margin	\$ 12,444,168	\$ 15,584,721	\$ 21,629,055	\$ 28,533,133	\$ 32,978,787
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				
	2010	2011	2012	2013	2014
Total assessed value of taxable property	\$ 367,643,758	\$ 359,471,325	\$ 353,451,079	\$ 368,312,344	\$ 354,870,044
Less exemption for bond purposes	8,376,623	7,075,664	8,166,424	7,658,146	27,251,685
Net assessed value for bond purposes	\$ 359,267,135	\$ 352,395,661	\$ 345,284,655	\$ 360,654,198	\$ 327,618,359
Debt limit percentage	10%	10%	10%	10%	10%
Debt limit	\$ 35,926,714	\$ 35,239,566	\$ 34,528,466	\$ 36,065,420	\$ 32,761,836
Total net debt applicable to limit general obligation bonds	-	-	-	-	-
Legal debt margin	\$ 35,926,714	\$ 35,239,566	\$ 34,528,466	\$ 36,065,420	\$ 32,761,836
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 Digest.

City of Port Wentworth, Georgia

Demographic and Economic Statistics

Last Ten Calendar Years

Year	Population in Thousands ⁽¹⁾	Personal Income ⁽¹⁾	Per Capita Personal Income ⁽²⁾	Unemployment Rate ⁽³⁾
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	113,179,000	20,578	9.1%
2011	5	112,860,000	20,520	9.2%
2012	6	164,417,500	25,295	9.5%
2013	6	174,466,500	26,841	8.7%
2014	7	199,150,000	28,450	7.3%

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.

NOTE: 2014 information is estimated based on information from the U.S. Census.

City of Port Wentworth, Georgia

Principal Employers Current and Nine Calendar Years Ago

	2014			2005		
	Employees	Rank	Percentage of Total Metro Area Employment	Employees	Rank	Percentage of Total Metro Area Employment
Gulfstream Aerospace Corp.	10,126	1	7.85%	4,505	3	3.74%
Memorial Health	5,000	2	3.88%	5,473	1	4.55%
Savannah-Chatham Board of Ed.	4,808	3	3.73%	4,781	2	3.97%
Ft. Stewart/Hunter Army Airfield	4,637	4	3.59%	3,212	5	2.67%
St. Joseph's/Candler	3,304	5	2.56%	3,400	4	2.82%
City of Savannah	2,795	6	2.17%	1,900	7	1.58%
Savannah College of Art and Design	1,590	7	1.23%	1,200	10	1.00%
Chatham County	1,578	8	1.22%	1,405	9	1.17%
Georgia Ports Authority	988	9	0.77%	-	-	-
Armstrong Atlantic University	602	10	0.47%	-	-	-
Wal-Mart	-	-	-	2,421	6	2.01%
Georgia-Pacific	-	-	-	1,420	8	1.18%
	<u>35,428</u>		<u>27.47%</u>	<u>29,717</u>		<u>24.69%</u>

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 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,				
	2006	2007	2008	2009	2010
General government	14	6	5	3	2
Judiciary	-	3	3	2	2
Legislative	-	7	7	7	7
Protective inspections	-	2	3	4	3
Public safety	21	31	32	25	32
Public works	6	8	18	8	9
Culture and recreation	2	3	2	3	3
Water and sewer services	2	2	5	6	7
Total	45	62	75	58	65

Function/Program	Full-time and Part-time City Employees as of June 30,				
	2011	2012	2013	2014	2015
General government	3	3	4	4	5
Judiciary	2	3	2	2	2
Legislative	7	7	6	6	6
Protective inspections	4	1	1	1	1
Public safety	32	31	34	30	35
Public works	7	4	2	3	2
Culture and recreation	3	3	3	3	7
Water and sewer services	7	7	7	11	7
Total	65	59	59	60	65

City of Port Wentworth, Georgia

Operating Indicators by Function

Last Ten Fiscal Years

	Fiscal Year				
	2006	2007	2008	2009	2010
Police					
Arrests	994	1,035	1,108	994	1,023
Fire					
Number of emergency calls	Unavailable	891	954	235	573
Inspections	Unavailable	212	314	247	370
Public works					
Street resurfacing (miles)	1	1	1	1	1
Parks and recreation					
Number of facility rentals	232	191	180	250	327
Water					
New connections	201	312	368	392	585
Average daily water use (thousands of gallons)	311	343	308	310	322
Sewer					
New connections	201	312	368	392	585
Average daily sewage treatment (thousands of gallons)	N/A	N/A	N/A	N/A	N/A
	Fiscal Year				
	2011	2012	2013	2014	2015
Police					
Arrests	1,093	1,063	1,261	1,282	1,344
Fire					
Number of emergency calls	833	812	994	1,084	1,209
Inspections	284	245	246	248	254
Public works					
Street resurfacing (miles)	< 1	< 1	1	2	2.25
Parks and recreation					
Number of facility rentals	223	296	346	335	377
Water					
New connections	612	389	418	178	138
Average daily water use (thousands of gallons)	387	353	444	388	441
Sewer					
New connections	612	389	418	178	138
Average daily sewage treatment (thousands of gallons)	N/A	458	600	757	822

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 was treated by a contractor until 2012.

City of Port Wentworth, Georgia

Capital Asset Statistics by Function

Last Ten Fiscal Years

	Fiscal Year				
	2006	2007	2008	2009	2010
Police					
Stations	1	1	1	1	1
Fire					
Stations	2	2	2	2	2
Public works					
Streets (miles)	44	44	44	46	46
Streetlights	349	362	362	384	384
Traffic signals	9	9	9	8	8
Parks and recreation					
Parks	3	3	4	4	4
Community centers	1	1	3	4	4
Water					
Water mains (miles)	34	39	39	41	41
Maximum daily capacity (thousands of gallons)	2,600	2,600	2,600	2,600	2,600
Sewer					
Sanitary sewers (miles)	34	39	39	41	41
Maximum daily treatment capacity (thousands of gallons)	N/A	N/A	N/A	N/A	N/A
	Fiscal Year				
	2011	2012	2013	2014	2015
Police					
Stations	1	1	1	1	1
Fire					
Stations	2	2	2	2	2
Public works					
Streets (miles)	51	51	51	52	54
Streetlights	886	886	886	886	886
Traffic signals	10	10	10	10	11
Parks and recreation					
Parks	5	5	5	5	5
Community centers	4	4	4	4	4
Water					
Water mains (miles)	45	46	46	51	51
Maximum daily capacity (thousands of gallons)	2,600	2,600	2,600	3,100	3,100
Sewer					
Sanitary sewers (miles)	45	46	46	51	51
Maximum daily treatment capacity (thousands of gallons)	N/A	4	4	4	4

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

N/A - not applicable. The City's wastewater was treated by a contractor until 2012.





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
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, 2015, and the related notes to the financial statements, which collectively comprise City's basic financial statements, and have issued our report thereon dated December 2, 2015.

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
December 2, 2015