



CITY OF PORT WENTWORTH
Georgia

COMPREHENSIVE ANNUAL FINANCIAL REPORT

Fiscal Year Ended June 30, 2017

Prepared by: City Finance Department



City of Port Wentworth, Georgia

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Introductory Section







CITY OF PORT WENTWORTH

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www.cityofportwentworth.com

MAYOR
G. Glenn Jones

COUNCIL MEMBERS
Jud Bowers
Bill Herrin
Paul Fox
Debbie Johnson
Barbara Powers
Thomas Barbee

CITY ADMINISTRATOR
Phillip Claxton

October 11, 2017

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, 2017.

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, 2017. 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 development of multifamily units in the City. As the population has increased, the City has seen development in retail and expects this trend to continue. The median household income has risen to \$61,643 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 Savannah area enjoys a relatively low unemployment rate as of June 30, 2017 at 5.0%.

Over time there continues to be a decline in employment in manufacturing, transportation, and the general trade industries for residents of the City, despite the growth of the GPA. The educational, health, and social services industries have experienced the most dramatic increase according to the last decennial census with another notable increase in the finance, insurance and real estate sector.

The largest private employment sectors for Port Wentworth residents are educational, health and social services (27%), professional, scientific, management, administrative and waste management services (16%), and finance, insurance, and real estate (16%).

Approximately 44% of employed residents are in management and professional related occupations; 12% are in service occupations; 17% are in sales and office occupations; 16% are in natural resources, construction, and maintenance occupations; and 11% are in production, transportation and material moving occupations.

The City's long term goals to encourage development or expansion of businesses and industries that are suitable for the community include promoting economic development in north Port Wentworth, attracting infill development and redevelopment in old Port Wentworth, and supporting increased residential densities in old Port Wentworth.

Economic development in Port Wentworth is supported by the City and through a number of quasi-governmental organizations including the Port Wentworth Chamber of Commerce, Savannah Economic Development Authority, and the Georgia Ports Authority.

Long-term Financial Planning and Major Initiatives

The City continues to maintain a relatively low property tax rate, 4.571 mills for the fiscal year ended June 30, 2017, and high homestead exemption of \$40,000. This positions the City well against other localities.

The City anticipates the design and construction of a tide gate on the Phillip's Avenue canal as well as a regional detention facility on five acres of land adjacent to Mobley Park. Georgia Power has agreed to donate the land. Both of these facilities were identified as a need in the City-wide Stormwater Master Plan and together should alleviate much of the recurring flooding in downtown Port Wentworth.

The City completed two major repaving projects on Sandy Point Way and Falkirk Street and plans for the rehabilitation of Phillip's Avenue with an estimated cost of \$1.6 million.

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 \$11,774,380 and a total fund balance of \$14,089,797. Unassigned fund balance represents approximately 136% of total General Fund expenditures and total fund balance represents 162% of expenditures.

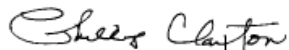
Awards and Acknowledgements

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, 2016. This was the fifteenth 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, appearing to read "Phillip Claxton". The signature is written in a cursive, flowing style.

Phillip Claxton
City Administrator



City of Port Wentworth, Georgia

List of Principal Officials

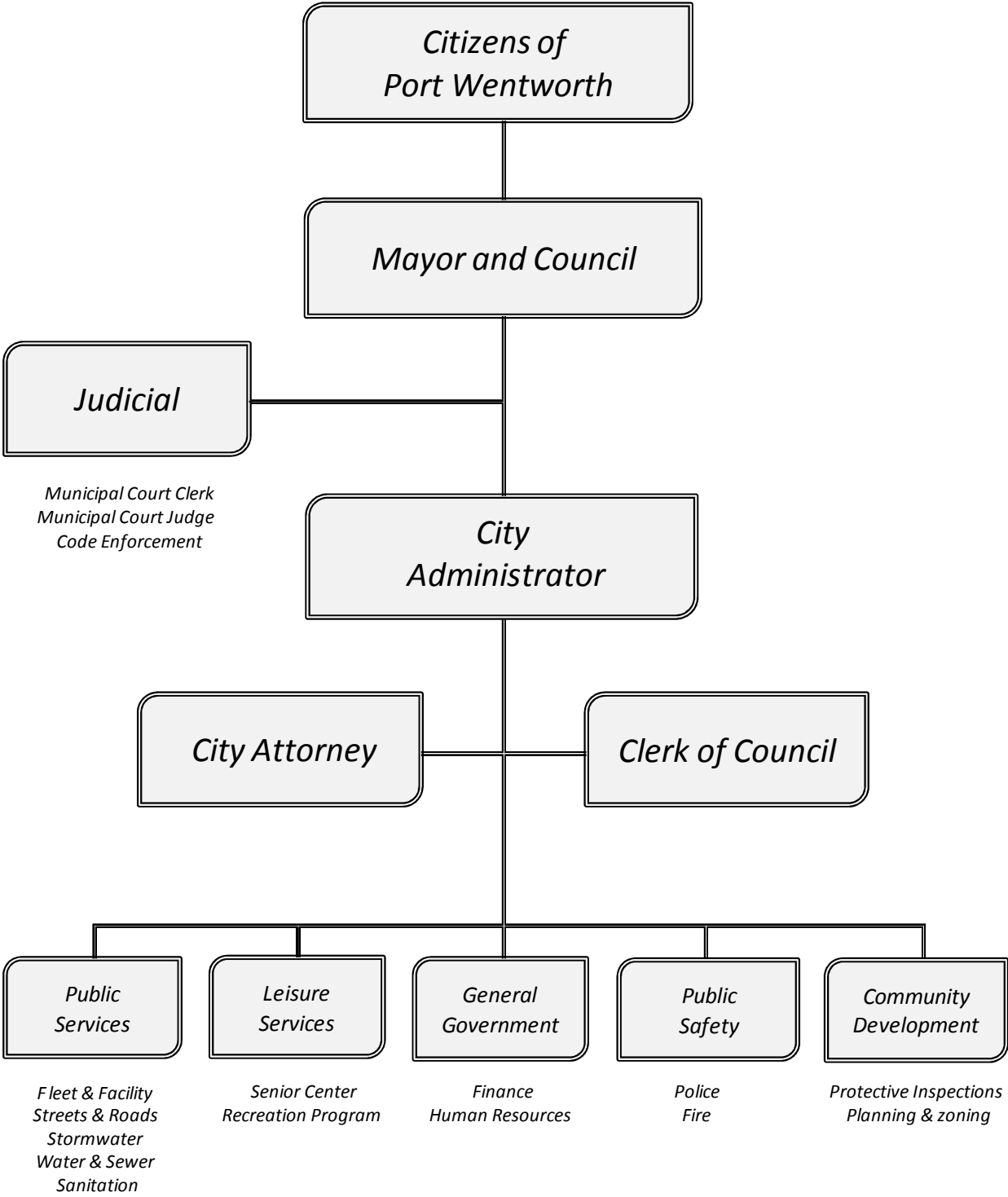
Mayor	G. Glenn Jones
Mayor Pro-Tem At-Large	Judson Bowers
City Administrator	Phillip Claxton
City Attorneys	Eric Gotwalt Elizabeth Pavlis
Clerk of Council	Shanta Scarboro
Director of Administrative Services	Rebekah Reddish
Director of Public Safety	Matthew Libby
Director of Development Services	Brian Harvey
Director of Leisure Services	Tiffany Lancaster
Director of Wastewater Treatment	James Stewart

City Council Committee Chairpersons

Judson Bowers, Mayor Pro-Tem At Large	Administration
Barbara Powers, District 1	Public Safety
Paul Fox, District 2	Water & Sewer
Debbie Johnson, District 3	Planning/Zoning
Bill Herrin, District 4	Leisure Services
Thomas Barbee, Council Member At Large	Public Works

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**

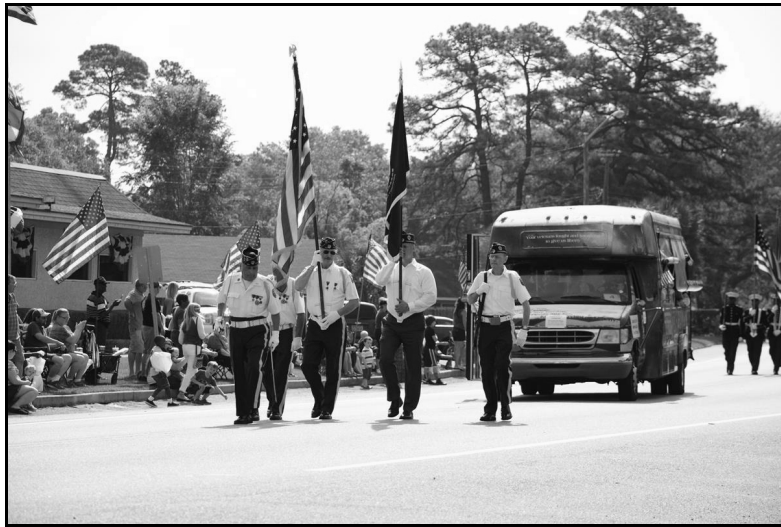
**For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended**

June 30, 2016

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, 2017, 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, 2017, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

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

The budgetary comparison schedule for the nonmajor governmental fund, the fiduciary fund statement of changes in assets and liabilities, the schedule of projects constructed with special purpose local option sales tax proceeds, and the schedule of required expenditures funded by the hotel/motel tax is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the budgetary comparison schedule for the nonmajor governmental fund, the fiduciary fund statement of changes in assets and liabilities, the schedule of projects constructed with special purpose local option sales tax proceeds, and the schedule of required expenditures funded by the hotel/motel tax is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 11, 2017 on our consideration of the City of Port Wentworth, Georgia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City of Port Wentworth, Georgia's internal control over financial reporting and compliance.

KRT, CPAs P.C.

KRT, CPAs P.C.

Savannah, Georgia
October 11, 2017



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, 2017. 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 \$59,400,451 (*net position*). Of this amount, \$23,311,582 represents unrestricted net position, which may be used to meet the City's ongoing obligations to citizens and creditors.
- At the close of the current fiscal year, the City's governmental funds reported combined fund balances of \$17,147,505, an increase of \$942,189 in comparison with the prior year. Approximately 69% of this amount \$11,774,380 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 \$13,879,016.
- The City's total outstanding long-term debt increased by \$441,868 during the current fiscal year primarily due to lease proceeds received to purchase police and fire vehicles.

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 wastewater 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-11.

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-12 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-13 – D-33.

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-5 – E-6.

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 and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$59,400,451, at the close of the most recent fiscal year.

City of Port Wentworth's Net Position

	Governmental activities		Business-type activities		Total	
	2017	2016	2017	2016	2017	2016
Assets						
Current and other assets	\$ 19,013,872	\$ 17,712,734	\$ 9,673,838	\$ 9,250,988	\$ 28,687,710	\$ 26,963,722
Capital assets, net	11,211,185	9,135,801	27,949,919	28,696,224	39,161,104	37,832,025
Total assets	30,225,057	26,848,535	37,623,757	37,947,212	67,848,814	64,795,747
Deferred outflows of resources						
Pension related	196,082	262,551	35,639	53,776	231,721	316,327
Liabilities						
Current liabilities	1,702,834	1,214,597	1,667,096	1,104,069	3,369,930	2,318,666
Long-term liabilities	199,160	88,237	5,039,277	5,846,675	5,238,437	5,934,912
Total liabilities	1,901,994	1,302,834	6,706,373	6,950,744	8,608,367	8,253,578
Deferred inflows of resources						
Pension related	60,687	82,721	11,030	16,943	71,717	99,664
Net position						
Net investment in capital assets	10,914,871	9,135,801	22,116,290	22,607,526	33,031,161	31,743,327
Restricted	3,057,708	2,975,435	-	-	3,057,708	2,975,435
Unrestricted	14,485,879	13,614,295	8,825,703	8,425,775	23,311,582	22,040,070
Total net position	\$ 28,458,458	\$ 25,725,531	\$ 30,941,993	\$ 31,033,301	\$ 59,400,451	\$ 56,758,832

By far, the largest portion of the City's net position (55.6%) 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.

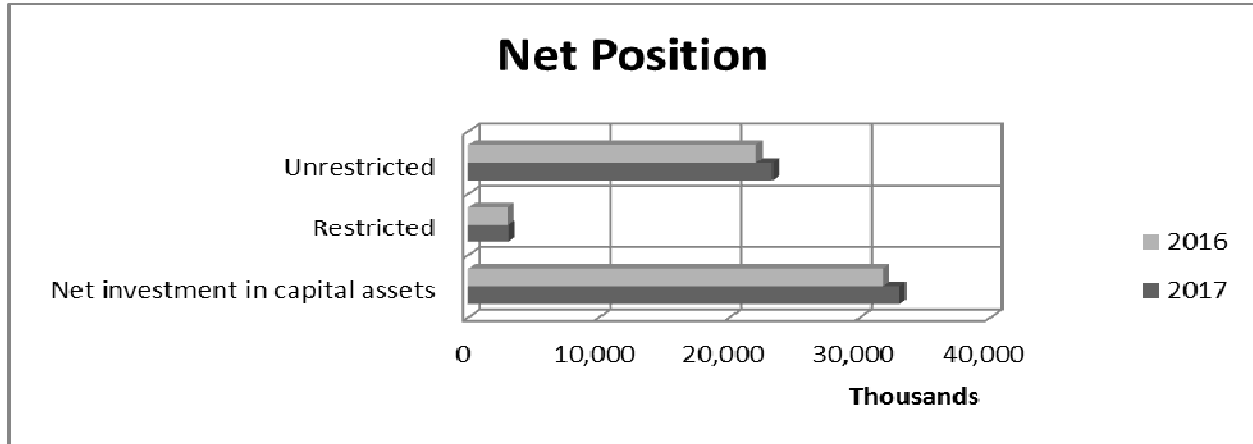
An additional portion of the City's net position (5.15%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$23,311,582 is unrestricted and may be used to meet the government's ongoing obligations to its citizens and creditors.

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.

City of Port Wentworth, Georgia

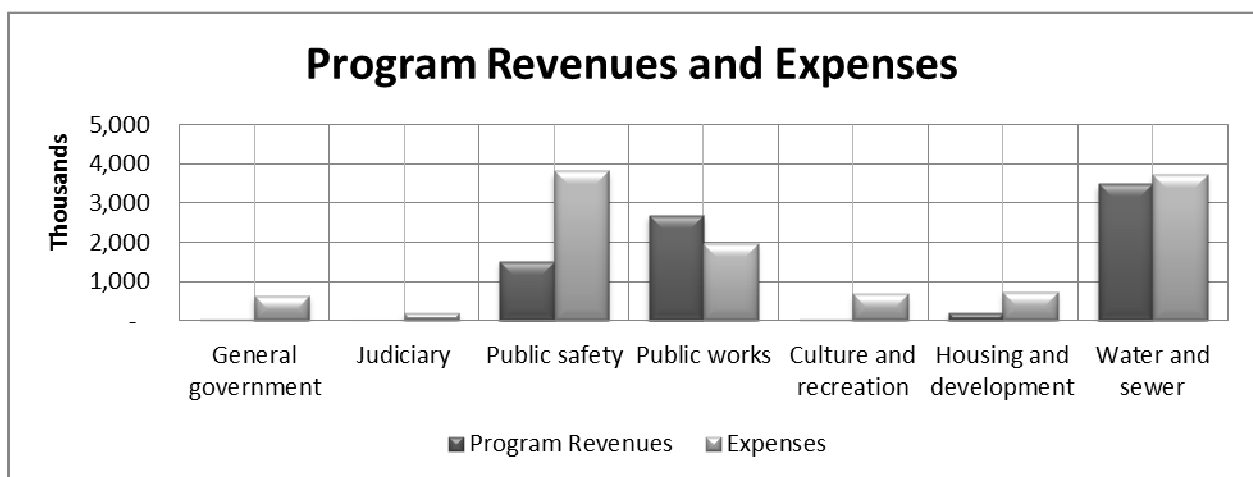
Management's Discussion and Analysis

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 \$2,732,927 from the prior year for an ending balance of \$28,458,458. The positive change in net position was primarily due to growth in tax and SPLOST collections, receipt of grant funds such as the Safer Fire Grant, and increased interest earnings. During the year ended June 30, 2017, due to the effects of Hurricane Matthew, the City incurred expenses in debris removal and protective measure costs. FEMA and GEMA awarded the City approximately \$255,000 to help defray some of the hurricane related costs.

Business-type Activities. For the City's business-type activities, the change in net position of \$91,308 was an overall decrease with expenses outpacing revenues. The main reason for the decrease was due to aid-to-construction. Revenues from aid-to-construction were about \$231,000 in fiscal year 2017 compared to \$899,000 in 2016. In addition, there were no transfers-in from other funds as had been the case in the prior 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	
	2017	2016	2017	2016	2017	2016
Revenues:						
Program revenues						
Charges for services	\$ 2,710,383	\$ 2,759,623	\$ 3,229,680	\$ 2,863,568	\$ 5,940,063	\$ 5,623,191
Operating grants and contributions	291,784	112,032	-	-	291,784	112,032
Capital grants and contributions	1,498,119	1,168,316	270,902	945,908	1,769,021	2,114,224
General revenues						
Property taxes	2,656,996	2,498,357	-	-	2,656,996	2,498,357
Sales taxes	1,708,494	1,623,704	-	-	1,708,494	1,623,704
Selective sales and use taxes	1,194,761	1,101,673	-	-	1,194,761	1,101,673
Business taxes	452,408	404,683	-	-	452,408	404,683
Unrestricted investment earnings	51,568	24,434	28,753	15,969	80,321	40,403
Gain on disposition of capital assets	1,750	-	-	-	1,750	-
Miscellaneous	171,806	108,563	110,552	81,061	282,358	189,624
Total revenues	10,738,069	9,801,385	3,639,887	3,906,506	14,377,956	13,707,891
Expenses:						
General government	632,190	625,503	-	-	632,190	625,503
Judiciary	185,659	180,179	-	-	185,659	180,179
Public safety	3,815,367	3,123,784	-	-	3,815,367	3,123,784
Public works	1,969,308	1,693,976	-	-	1,969,308	1,693,976
Culture and recreation	677,741	605,843	-	-	677,741	605,843
Housing and development	724,877	772,566	-	-	724,877	772,566
Water and sewer	-	-	3,731,195	3,321,289	3,731,195	3,321,289
Total expenses	8,005,142	7,001,851	3,731,195	3,321,289	11,736,337	10,323,140
Increase (decrease) in net position before transfers	2,732,927	2,799,534	(91,308)	585,217	2,641,619	3,384,751
Transfers	-	(217,267)	-	217,267	-	-
Increase (decrease) in net position	2,732,927	2,582,267	(91,308)	802,484	2,641,619	3,384,751
Net position, beginning	25,725,531	23,143,264	31,033,301	30,230,817	56,758,832	53,374,081
Net position, ending	\$ 28,458,458	\$ 25,725,531	\$ 30,941,993	\$ 31,033,301	\$ 59,400,451	\$ 56,758,832

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.

City of Port Wentworth, Georgia

Management's Discussion and Analysis

At June 30, 2017, the City's governmental funds reported combined fund balances of \$17,147,505, an increase of \$942,189 in comparison with the prior year. Approximately, 68.7% of this amount \$11,774,380 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 \$210,781, 2) legally required to be maintained intact (none), 3) restricted for particular purposes \$3,057,708, 4) committed for particular purposes (none), or 5) assigned for particular purposes \$2,104,636.

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 \$11,774,380, while total fund balance increased to \$14,089,797. 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 136% of total General Fund expenditures, while total fund balance represented approximately 162% of that same amount.

The fund balance of the City's General Fund increased by \$859,916 during the current fiscal year. Transfers-in from Hotel Motel Tax Fund and proceeds from capital leases used to purchase police and fire vehicles accounted for most of the net increase in fund balance.

The Capital Projects Fund, a major fund, had a \$128,784 increase in fund balance during the current fiscal year resulting in an ending restricted fund balance of \$3,055,408. The restriction to fund balance was due to the spending constraints placed on uses of SPLOST revenues. The increase in fund balance resulted from SPLOST revenues exceeding capital outlays. Major projects incurred in the Capital Projects Fund included drainage and road improvements and purchase of land for a future recreational facility.

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 \$8,825,703 and net position for net investment in capital assets was \$22,116,290. As of June 30, 2017, the Water and Sewer Enterprise Fund's net position had decreased by \$91,308. As noted earlier, a decline in aid-to-construction revenues contributed to the decrease in net position. On a positive note, charges for services and investment income increased from amounts earned in the prior year.

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, 2017, totaled \$39,161,104 (net of accumulated depreciation). This investment in capital assets included land, buildings, machinery, equipment, vehicles, park facilities, streets and roads, infrastructures, and the wastewater treatment plant. The total increase in capital assets for the current fiscal year was approximately \$1,329,000 (net of accumulated depreciation).

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

- Police and fire vehicle purchases
- Street and road improvements
- Drainage improvements
- Land purchase for future recreational facility

Additional information on the City's capital assets can be found in Note IIC on pages D-22 – D-24.

City of Port Wentworth, Georgia

Management's Discussion and Analysis

Long-term Debt. At the end of the current fiscal year, the City had total debt outstanding of \$6,129,943. The changes in long-term debt were due to \$441,868 lease proceeds received and used to purchase police and fire vehicles and \$400,623 debt retirement on existing debt. Additional information on the City's long-term debt can be found in Note IIG on pages D-29 – D-31.

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 23, 2016, for the fiscal year ended June 30, 2017.

During the year, there were supplemental appropriation increases totaling \$827,148 between the original and final amended budget. The supplemental appropriations were mainly obtained to fund additional personal services and employee benefits, professional services, capital outlay, 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.

Final budget compared to actual results. Total revenues exceeded final budgeted amounts by approximately \$832,000. The largest variance was due to taxes which exceeded expectations by about \$398,000. Taxes were budgeted based on actual revenues earned in the prior year; but, due to population growth in the City, actual collections exceeded the budgeted amounts.

Actual departmental expenditures compared to the appropriations in the final budget were \$1,440,822 under budget. Fire and Streets and Highway had the most favorable variance between appropriations and actual expenditures, especially since personal services and benefits, capital outlay, and repair and maintenance costs were lower than expected.

The City budgeted \$335,000 for economic development in fiscal year ended June 30, 2017. The City setup this new department to facilitate economic development within the City by offering incentives for future development. No expenditures were incurred for economic development in the fiscal year.

Economic Factors and Next Year's Budgets and Rates

General Fund. The City has adopted a General Fund budget of \$11,038,191 for the fiscal year ending June 30, 2018. The budget was based on the following expectations:

- Property taxes and local option sales tax are expected to be the largest sources of operating revenue budgeted at \$1,700,000 and \$1,600,000, respectively.
- Property taxes are expected to increase as City population continues to grow. Projected tax revenue is based on growth and not on changes in the millage rate which will remain the same at 4.571.
- \$1,600,950 from unassigned fund balance will be used in fiscal year ending June 30, 2018, to fund major road repairs, other capital projects, and economic development initiatives.
- The City anticipates receiving additional lease proceeds of approximately \$1,745,000 to finance new vehicles and a fire truck.

City of Port Wentworth, Georgia

Management's Discussion and Analysis

Water and Sewer Enterprise Fund. Although not required to budget enterprise fund activity, the City also adopted a \$4,293,190 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.

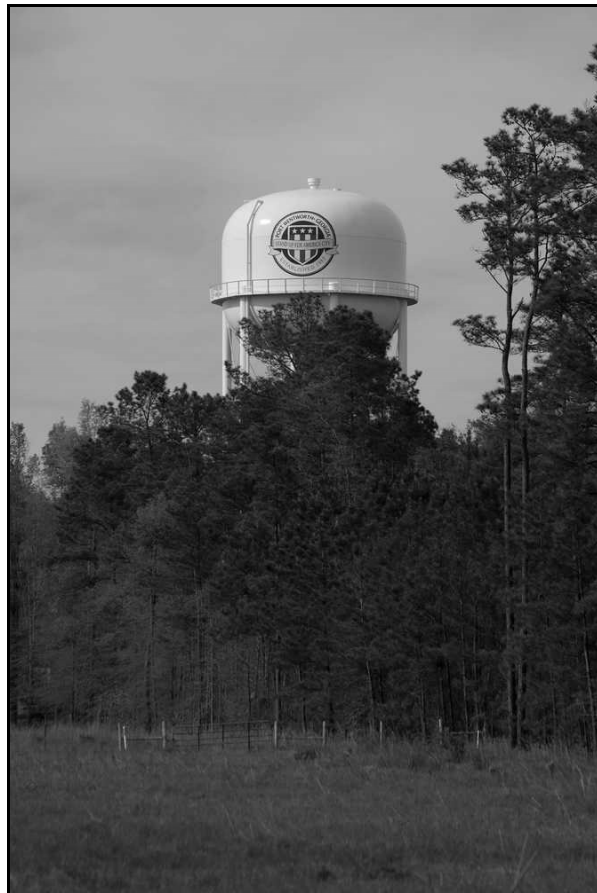
The budget included the following expenditure expectations:

- Debt service for GEFA and USDA loans is expected to be about \$951,520. Included in this amount is the early pay-off of one of the GEFA loans of approximately \$675,000, including accrued interest.
- Construction of an improved solids handling facility at the wastewater treatment facility with an estimated cost of \$200,000. This project will reduce the need for labor, allowing for a more automated process.
- The completion of remote read water meter installation that will eliminate the need for staff to physically read meters. The annual cost for this service, including the lease of meters, is expected to be \$120,000.

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, 2017

	Governmental Activities	Business- Type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 17,632,249	\$ 8,826,272	\$ 26,458,521
Receivables	1,007,925	349,326	1,357,251
Internal balances	84,856	(84,856)	-
Prepaid items	210,781	68,012	278,793
Restricted assets			
Cash and cash equivalents	47,885	509,599	557,484
Capital assets			
Land, improvements, and construction in progress	1,642,407	454,958	2,097,365
Other capital assets, net of depreciation	9,568,778	27,494,961	37,063,739
Net pension assets	30,176	5,485	35,661
Total assets	30,225,057	37,623,757	67,848,814
DEFERRED OUTFLOWS OF RESOURCES			
Pension related	196,082	35,639	231,721
LIABILITIES			
Accounts payable	725,269	332,760	1,058,029
Other accrued liabilities	111,962	8,888	120,850
Unearned revenue	591,208	-	591,208
Customer deposits	42,287	509,599	551,886
Long-term liabilities			
Due within one year	232,108	815,849	1,047,957
Due in more than one year	199,160	5,039,277	5,238,437
Total liabilities	1,901,994	6,706,373	8,608,367
DEFERRED INFLOWS OF RESOURCES			
Pension related	60,687	11,030	71,717
NET POSITION			
Net investment in capital assets	10,914,871	22,116,290	33,031,161
Restricted for:			
Capital projects	3,055,408	-	3,055,408
Confiscated assets	2,300	-	2,300
Unrestricted	14,485,879	8,825,703	23,311,582
Total net position	\$ 28,458,458	\$ 30,941,993	\$ 59,400,451

		Program Revenues		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
FUNCTIONS/PROGRAMS				
Governmental activities				
General government	\$ 632,190	\$ 37,331	\$ 8,151	\$ -
Judiciary	185,659	-	-	-
Public safety	3,815,367	1,312,118	120,107	174,599
Public works	1,969,308	1,117,330	163,526	1,323,520
Culture and recreation	677,741	36,741	-	-
Housing and development	724,877	206,863	-	-
Total governmental activities	8,005,142	2,710,383	291,784	1,498,119
Business-type activity				
Water and sewer	3,731,195	3,229,680	-	270,902
Total	\$ 11,736,337	\$ 5,940,063	\$ 291,784	\$ 1,769,021

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 on disposition of capital assets

Miscellaneous

Total general revenues

Change in net position

Net position, beginning

Net position, ending

City of Port Wentworth, Georgia

Statement of Activities Year ended June 30, 2017

Net (Expense) Revenue and Changes in Net Position		
<u>Governmental Activities</u>	<u>Business- Type Activities</u>	<u>Total</u>
\$ (586,708)	\$ -	\$ (586,708)
(185,659)	-	(185,659)
(2,208,543)	-	(2,208,543)
635,068	-	635,068
(641,000)	-	(641,000)
(518,014)	-	(518,014)
<u>(3,504,856)</u>	<u>-</u>	<u>(3,504,856)</u>
<u>-</u>	<u>(230,613)</u>	<u>(230,613)</u>
<u>(3,504,856)</u>	<u>(230,613)</u>	<u>(3,735,469)</u>
2,656,996	-	2,656,996
1,708,494	-	1,708,494
1,194,761	-	1,194,761
452,408	-	452,408
51,568	28,753	80,321
1,750	-	1,750
<u>171,806</u>	<u>110,552</u>	<u>282,358</u>
<u>6,237,783</u>	<u>139,305</u>	<u>6,377,088</u>
2,732,927	(91,308)	2,641,619
<u>25,725,531</u>	<u>31,033,301</u>	<u>56,758,832</u>
\$ <u>28,458,458</u>	\$ <u>30,941,993</u>	\$ <u>59,400,451</u>



Fund Financial Statements





City of Port Wentworth, Georgia

Balance Sheets Governmental Funds June 30, 2017

	General	Capital Projects	Hotel/Motel Tax Fund	Other Governmental Funds	Total Government Funds
ASSETS					
Cash and investments	\$ 14,544,256	\$ 3,007,968	\$ 80,025	\$ -	\$ 17,632,249
Receivables	818,669	100,764	88,492	-	1,007,925
Due from other funds	208,204	-	-	-	208,204
Prepaid items	210,781	-	-	-	210,781
Restricted cash and investments	42,287	-	-	5,598	47,885
Total assets	\$ 15,824,197	\$ 3,108,732	\$ 168,517	\$ 5,598	\$ 19,107,044
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES					
Liabilities					
Accounts payable	\$ 623,478	\$ 14,251	\$ 84,242	\$ 3,298	\$ 725,269
Other accrued liabilities	111,962	-	-	-	111,962
Due to other funds	-	39,073	84,275	-	123,348
Customer deposits	42,287	-	-	-	42,287
Unearned revenue	591,208	-	-	-	591,208
Total liabilities	1,368,935	53,324	168,517	3,298	1,594,074
Deferred inflows of resources					
Unavailable revenue-taxes	365,465	-	-	-	365,465
Total deferred inflows of resources	365,465	-	-	-	365,465
Fund balances					
Nonspendable prepaid items	210,781	-	-	-	210,781
Restricted					
Capital projects funds	-	3,055,408	-	-	3,055,408
Confiscated assets funds	-	-	-	2,300	2,300
Assigned					
Capital asset replacement	503,686	-	-	-	503,686
Subsequent year's budget	1,600,950	-	-	-	1,600,950
Unassigned	11,774,380	-	-	-	11,774,380
Total fund balances	14,089,797	3,055,408	-	2,300	17,147,505
Total liabilities, deferred inflows of resources, and fund balances	\$ 15,824,197	\$ 3,108,732	\$ 168,517	\$ 5,598	\$ 19,107,044

City of Port Wentworth, Georgia

Reconciliation of Total Governmental Fund Balances To Net Position of Governmental Activities Year ended June 30, 2017

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 funds	\$	17,147,505
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 \$7,397,789)		11,211,185
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		365,465
The net pension asset is not an available resource and, therefore, is not reported in the funds.		30,176
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 Capital lease		(134,954) (296,314)
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 Deferred inflows related to pensions		196,082 (60,687)
Net position of governmental activities	\$	<u>28,458,458</u>

City of Port Wentworth, Georgia
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
Year ended June 30, 2017

	General	Capital Projects	Hotel/ Motel Tax Fund	Other Governmental Fund	Total Governmental Funds
REVENUES					
Taxes	\$ 5,077,884	\$ -	\$ 937,517	\$ -	\$ 6,015,401
Licenses and permits	183,783	-	-	-	183,783
Intergovernmental	621,499	1,154,976	-	-	1,776,475
Charges for services	1,528,625	-	-	-	1,528,625
Fines and forfeitures	997,975	-	-	3,298	1,001,273
Investment income	51,489	10,130	10	69	61,698
Miscellaneous	114,933	-	-	-	114,933
Total revenues	<u>8,576,188</u>	<u>1,165,106</u>	<u>937,527</u>	<u>3,367</u>	<u>10,682,188</u>
EXPENDITURES					
Current					
General government	630,250	-	-	-	630,250
Judiciary	197,842	-	-	-	197,842
Public safety	4,541,469	-	-	49,878	4,591,347
Public works	2,294,638	-	-	-	2,294,638
Culture and recreation	616,920	-	-	-	616,920
Housing and development	253,370	-	-	-	253,370
Intergovernmental assistance	-	-	468,670	-	468,670
Capital outlay	-	1,036,322	-	-	1,036,322
Debt service					
Principal	145,554	-	-	-	145,554
Interest	5,577	-	-	-	5,577
Total expenditures	<u>8,685,620</u>	<u>1,036,322</u>	<u>468,670</u>	<u>49,878</u>	<u>10,240,490</u>
Excess of revenues over expenditures	(109,432)	128,784	468,857	(46,511)	441,698
OTHER FINANCING SOURCES (USES)					
Transfers in	468,857	-	-	-	468,857
Transfers out	-	-	(468,857)	-	(468,857)
Sale of capital assets	1,750	-	-	-	1,750
Capital leases	441,868	-	-	-	441,868
Insurance recoveries	56,873	-	-	-	56,873
Total other financing sources (uses)	<u>969,348</u>	<u>-</u>	<u>(468,857)</u>	<u>-</u>	<u>500,491</u>
Net change in fund balances	859,916	128,784	-	(46,511)	942,189
Fund balances, beginning of year	<u>13,229,881</u>	<u>2,926,624</u>	<u>-</u>	<u>48,811</u>	<u>16,205,316</u>
Fund balances, end of year	\$ <u>14,089,797</u>	\$ <u>3,055,408</u>	\$ <u>-</u>	\$ <u>2,300</u>	\$ <u>17,147,505</u>

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

City of Port Wentworth, Georgia

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

Year ended June 30, 2017

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

Net change in fund balance – total governmental funds	\$	942,189
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	\$	2,947,663
Depreciation expense reported in the statement of activities		<u>(872,279)</u>
		2,075,384
The effect of miscellaneous transactions involving capital assets:		
Capital lease proceeds		(441,868)
Capital lease payments		145,554
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		(2,742)
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		(252)
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>14,662</u>
Change in net position – statement of activities	\$	<u><u>2,732,927</u></u>

City of Port Wentworth, Georgia

Water and Sewer Enterprise Fund

Statement of Net Position

June 30, 2017

ASSETS		
Current assets		
Cash and investments	\$	8,826,272
Accounts receivable, net		349,326
Prepaid items		68,012
Restricted cash and investments		509,599
Total current assets		9,753,209
Capital assets		
Land, improvements, and construction in progress		454,958
Other capital assets, net of depreciation		27,494,961
Total capital assets		27,949,919
Non-current assets		
Net pension asset		5,485
Total non-current assets		5,485
Total assets		37,708,613
DEFERRED OUTFLOWS OF RESOURCES		
Pension related		35,639
LIABILITIES		
Current liabilities		
Accounts payable		332,760
Accrued expenses		8,888
Due to other funds		84,856
Customer deposits		509,599
Compensated absences		13,123
Notes and loans payable		802,726
Total current liabilities		1,751,952
Non-current liabilities		
Compensated absences		8,374
Notes and loans payable		5,030,903
Total non-current liabilities		5,039,277
Total liabilities		6,791,229
DEFERRED INFLOWS OF RESOURCES		
Pension related		11,030
NET POSITION		
Net investment in capital assets		22,116,290
Unrestricted		8,825,703
Total net position	\$	30,941,993

City of Port Wentworth, Georgia

Water and Sewer Enterprise Fund

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

Year ended June 30, 2017

OPERATING REVENUES	
Charges for services	\$ 3,220,205
Connection fees	9,475
Miscellaneous	110,552
	<hr/>
Total operating revenues	3,340,232
OPERATING EXPENSES	
Sewer Department	
Personal services and employee benefits	183,129
Purchased and contracted services	254,767
Supplies	305,860
Depreciation	493,653
	<hr/>
Total operating expenses, Sewer	1,237,409
Water Department	
Personal services and employee benefits	143,934
Purchased and contracted services	114,838
Supplies	668,858
Depreciation	279,502
	<hr/>
Total operating expenses, Water	1,207,132
Wastewater Treatment Department	
Personal services and employee benefits	192,426
Purchased and contracted services	260,662
Supplies	298,221
Depreciation	345,191
	<hr/>
Total operating expenses, Wastewater Treatment	1,096,500
Total operating expenses	3,541,041
	<hr/>
Operating loss	(200,809)
NON-OPERATING REVENUES (EXPENSES)	
Interest income	28,753
Interest expense	(190,154)
	<hr/>
Total non-operating expenses, net	(161,401)
	<hr/>

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, 2017

Loss before capital contributions and transfers	(362,210)
Capital contributions	<u>270,902</u>
Change in net position	(91,308)
Net position, beginning of year	<u>31,033,301</u>
Net position, end of year	\$ <u>30,941,993</u>

City of Port Wentworth, Georgia

Water and Sewer Enterprise Fund

Statement of Cash Flows

Year ended June 30, 2017

CASH FLOWS FROM OPERATING ACTIVITIES

Cash received from customers	\$	3,219,324
Cash payments to suppliers for goods and services		(1,881,899)
Cash payments to employees for services		(514,857)
		<hr/>
Net cash provided by operating activities		822,568

CASH FLOW FROM NON-CAPITAL FINANCING ACTIVITIES

Increase in interfund advances		<hr/> 127
Net cash provided by non-capital financing activities		<hr/> 127

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES

Principal paid on long-term debt		(255,069)
Interest paid on long-term debt		(189,834)
Aid to construction		236,680
Capital grants		34,222
Acquisition and construction of capital assets		(372,041)
		<hr/>
Net cash used for capital and related financing activities		(546,042)

CASH FLOWS FROM INVESTING ACTIVITIES

Interest on investments		<hr/> 28,753
Net cash provided by investing activities		<hr/> 28,753
Net increase in cash and cash equivalents		305,406
Cash and cash equivalents, beginning of year		<hr/> 9,030,465
Cash and cash equivalents, end of year	\$	<hr/> 9,335,871

**RECONCILIATION OF OPERATING INCOME TO NET CASH
PROVIDED BY OPERATING ACTIVITIES**

Operating loss	\$	(200,809)
Adjustments to reconcile operating loss to net cash provided by operating activities		
Depreciation		1,118,346
Pension expense		815
Changes in assets and liabilities		
(Increase) decrease in accounts receivable		(112,512)
(Increase) decrease in prepaid items		426
Increase (decrease) in accounts payable		(5,043)
Increase (decrease) in customer deposits		17,954
Increase (decrease) in compensated absences		3,391
		<hr/>
Total adjustments		1,023,377
Net cash provided by operating activities	\$	<hr/> 822,568

City of Port Wentworth, Georgia

Fiduciary Fund – Agency Fund

Statement of Fiduciary Assets and Liabilities

June 30, 2017

		Municipal Court Fund
ASSET		
Cash	\$	51,288
Total asset	\$	51,288
LIABILITY		
Due to others	\$	51,288
Total liability	\$	51,288



City of Port Wentworth, Georgia

Notes to the Basic Financial Statements

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of Government-wide Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all the nonfiduciary activities of the primary government and its components units. All fiduciary activities are reported only in the fund financial statements. *Governmental activities*, which normally are supported by taxes, intergovernmental revenues, and other nonexchange transactions, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges to external customers for support. Likewise, the *primary government* is reported separately from certain legally separate *component units* for which the primary government is financially accountable.

B. 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.

C. Basis of Presentation – Government-wide Financial Statements

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental funds, while business-type activities incorporate data from the government's enterprise funds. 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.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments in lieu of taxes where the amounts are reasonably equivalent in value to the interfund services provided and other charges between the government's water and sewer functions and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

City of Port Wentworth, Georgia

Notes to the Basic Financial Statements

D. Basis of presentation – Fund Financial Statements

The fund financial statements provide information about the government's funds, including its fiduciary fund. Separate statements for each fund category – governmental, proprietary, and fiduciary – are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds. Major individual governmental and enterprise funds are reported as separate columns in the fund financial statements.

The government reports the following major governmental funds:

The *general fund* is the government's primary operating fund. It accounts for all financial resources of the general government, except those accounted for in another fund.

The *special purpose local option sales tax (SPLOST) capital projects fund* accounts for the receipt and use of local government shared revenues (SPLOST proceeds) to be used for the acquisition, construction, or improvement of capital facilities approved in the government's intergovernmental agreement with Chatham County, Georgia.

The *hotel/motel tax fund* is a special revenue fund used to account for the City's lodging tax revenue that is restricted to the promotion of tourism.

The government reports the following major enterprise fund:

The *water and sewer enterprise fund* accounts for the financial resources from operation of the distribution of water, sewage pumping stations and collection systems, and the operation of the wastewater treatment plant.

Additionally, the government reports the following fund types:

Special revenue funds account for revenue sources that are legally restricted to expenditures for specific purposes.

The *agency fund* accounts for municipal court fines and fees collected by the government on behalf of other governmental agencies.

During the course of operations the government has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds and advances to/from other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities are eliminated so that only the net amount is included as internal balances in the governmental activities column. Similarly, balances between funds included in business-type activities are eliminated so that only the net amount is included as internal balances in the business-type activities column.

Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column. Similarly, balances between the funds included in

City of Port Wentworth, Georgia

Notes to the Basic Financial Statements

D. Basis of presentation – Fund Financial Statements (cont.)

business-type activities are eliminated so that only the net amount is included as transfers in the business-type activities column.

E. Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as *current financial resources* or *economic resources*. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. 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 for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 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 payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financial sources.

Property taxes, sales taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 30 days of year-end). All other revenue items are considered to be measurable and available only when cash is received by the government.

The proprietary fund is reported using the *economic resources measurement focus* and the *accrual basis of accounting*. The agency fund has no measurement focus but utilizes the *accrual basis of accounting* for reporting its assets and liabilities.

F. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance

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

City of Port Wentworth, Georgia

Notes to the Basic Financial Statements

1. Cash and investment (cont.)

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

In the fund financial statements, material receivables in governmental funds include revenue accruals such as property taxes, grants and other similar intergovernmental revenues since they are usually both measurable and available. Nonexchange revenues collectible but not available are deferred in the fund financial statements. Accounts receivable comprise the majority of proprietary fund receivables. Trade receivables are shown net of an allowance for uncollectibles.

Activity between funds that is representative of lending/borrowing arrangements outstanding at year-end are reported as interfund receivables and payables (due from/to other funds). Any residual balances outstanding at year end between the governmental activities and business-type activities are reported in the government-wide financial statements as internal balances.

3. Prepaid items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

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. When both restricted and non-restricted assets are available for use, it is the government's policy to use restricted resources first, then non-restricted resources, as they are needed.

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. General infrastructure assets acquired prior to July 1, 2003 are not reported in the government-wide financial statements. No long-term capital assets or depreciation are shown in the governmental fund financial statements. All capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Capital assets are recorded at cost or estimated historical cost if purchased or constructed and updated for additions and retirements during the year. 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. Donated capital assets are recorded at estimated fair market value at the date of donation.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the assets' lives are not capitalized.

City of Port Wentworth, Georgia

Notes to the Basic Financial Statements

5. Capital assets (cont.)

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

Assets	Years
Buildings and improvements	20 - 50
Infrastructure	20 - 50
Machinery and equipment	05 - 20
Vehicles	03 - 08

6. 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.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

7. 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 that qualifies for reporting in this category. 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 additional deferred outflows of resources and deferred inflows of resources not reported on the modified accrual basis. These deferred outflows of resources and deferred inflows of resources related to pensions result from 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.

City of Port Wentworth, Georgia

Notes to the Basic Financial Statements

8. Net Position Flow Assumption

Sometimes the government will fund outlays for a particular purpose from both restricted and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which resources are considered to be applied. It is the government's policy to consider restricted net position to have been depleted before unrestricted net position is applied.

9. Fund Balance Flow Assumption

Sometimes the government will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the government's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

10. Equity Classification

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

City of Port Wentworth, Georgia

Notes to the Basic Financial Statements

10. Equity Classification (cont.)

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 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.

11. 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.

G. Revenues and Expenditures/Expenses

1. Program Revenues

Amounts reported as *program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions (including special assessments) that are restricted to meeting the operational or capital requirements of a particular function or segment. All taxes, including those dedicated for specific purposes, and other internally dedicated resources are reported as general revenues rather than as program revenues.

2. Property Taxes

Property taxes attach as an enforceable lien on real property and are levied as of January 1 on property values assessed on the same date. Tax bills were rendered September 15, 2016 and were due November 15, 2016. The billings are considered past due 60 days after the respective tax billing date at which time the applicable property is subject to lien and penalties and interest are assessed. A millage rate of 4.571 mills was adopted on June 30, 2016.

3. 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 government-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.

City of Port Wentworth, Georgia

Notes to the Basic Financial Statements

4. Proprietary Funds Operating and Nonoperating Revenues and Expenses

Proprietary funds distinguish operating revenues and expenses from nonoperating 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 fund are charges to customers for services provided. Operating expenses of the enterprise fund include the cost of services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

II. DETAILED NOTES ON ALL FUNDS

A. Cash and Investments

As of June 30, 2017, the City had the following investments:

Investment	Maturities	Fair Value
Georgia Fund I (Local Government Investment Pool)	Less than 1 Year	\$ 6,126,573

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, 2017, 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 \$27,067,293 on June 30, 2017 as summarized below (by type and by balance sheet classification):

Accounts by Type	June 30, 2017
Deposits	\$ 20,939,920
Investments	6,126,573
Petty cash funds	800
Total carrying value of cash and cash equivalents	\$ 27,067,293
Accounts by Balance Sheet Classification	
Cash and cash equivalents	\$ 26,458,521
Restricted cash and cash equivalents	557,484
Agency fund cash	51,288
Total carrying value of cash and cash equivalents	\$ 27,067,293

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.

City of Port Wentworth, Georgia

Notes to the Basic Financial Statements

A. Cash and Investments (cont.)

The aggregate of the face value of such surety bond and the fair value of securities pledged shall be equal to not less than 110% of the public funds being secured after the deduction of insurance provided by the Federal Deposit Insurance Corporation (FDIC) in the amount of \$250,000. The City has no custodial credit risk policy that would require additional collateral requirements. At June 30, 2017, 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:

<u>June 30, 2017</u>	<u>General</u>	<u>Capital Projects</u>	<u>Hotel/ Motel Tax Fund</u>	<u>Water and Sewer</u>	<u>Total</u>
Receivables					
Taxes	\$ 443,657	\$ -	\$ 88,492	\$ -	\$ 532,149
Accounts	105,704	-	-	379,326	485,030
Intergovernmental	281,308	100,764	-	-	382,072
Gross receivable	830,669	100,764	88,492	379,326	1,399,251
Allowance for uncollectibles	(12,000)	-	-	(30,000)	(42,000)
Total net receivables	\$ <u>818,669</u>	\$ <u>100,764</u>	\$ <u>88,492</u>	\$ <u>349,326</u>	\$ <u>1,357,251</u>

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:

<u>June 30, 2017</u>	<u>Unavailable</u>	<u>Unearned</u>	<u>Total Unearned and Unavailable</u>
2017 Property tax collection	\$ -	\$ 591,208	\$ 591,208
Delinquent property taxes receivable	10,693	-	10,693
Franchise taxes receivable	354,772	-	354,772
	\$ <u>365,465</u>	\$ <u>591,208</u>	\$ <u>956,673</u>

City of Port Wentworth, Georgia

Notes to the Basic Financial Statements

C. Capital Assets

Capital asset activity for the year ended June 30, 2017 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	\$ 534,858	\$ 628,531	\$ -	\$ -	\$ 1,163,389
Construction in progress	140,779	1,100,857	-	(762,618)	479,018
Total capital assets not being depreciated	<u>675,637</u>	<u>1,729,388</u>	<u>-</u>	<u>(762,618)</u>	<u>1,642,407</u>
<u>Depreciable assets</u>					
Building and improvements	2,876,490	36,965	-	-	2,913,455
Machinery, equipment and vehicles, restated	4,106,231	1,181,310	(175,759)	-	5,111,782
Infrastructure	8,178,712	-	-	762,618	8,941,330
Subtotals depreciable assets	<u>15,161,433</u>	<u>1,218,275</u>	<u>(175,759)</u>	<u>762,618</u>	<u>16,966,567</u>
<u>Accumulated depreciation</u>					
Building and improvements	(1,513,480)	(95,226)	-	-	(1,608,706)
Machinery, equipment and vehicles	(3,133,581)	(472,261)	175,759	-	(3,430,083)
Infrastructure	(2,054,208)	(304,792)	-	-	(2,359,000)
Subtotals accumulated depreciation	<u>(6,701,269)</u>	<u>(872,279)</u>	<u>175,759</u>	<u>-</u>	<u>(7,397,789)</u>
Total capital assets being depreciated, net	<u>8,460,164</u>	<u>345,996</u>	<u>-</u>	<u>762,618</u>	<u>9,568,778</u>
Governmental activities capital assets, net	<u>\$ 9,135,801</u>	<u>\$ 2,075,384</u>	<u>\$ -</u>	<u>\$ -</u>	11,211,185
Less related long-term debt outstanding					<u>(296,314)</u>
					<u>\$ 10,914,871</u>

City of Port Wentworth, Georgia

Notes to the Basic Financial Statements

C. Capital Assets (cont.)

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Transfers</u>	<u>Ending Balance</u>
Business-type activities					
<u>Non-depreciable assets</u>					
Land	\$ 240,232	\$ -	\$ -	\$ -	\$ 240,232
Construction in progress	71,990	214,726	-	(71,990)	214,726
Total capital assets not being depreciated	312,222	214,726	-	(71,990)	454,958
<u>Depreciable assets</u>					
Building and improvements	37,808	-	-	-	37,808
Machinery, equipment and vehicles	429,336	9,546	-	-	438,882
Infrastructure	36,946,958	147,769	-	71,990	37,166,717
Subtotals depreciable assets	37,414,102	157,315	-	71,990	37,643,407
<u>Accumulated depreciation</u>					
Building and improvements	(21,085)	(980)	-	-	(22,065)
Machinery, equipment and vehicles	(297,339)	(33,405)	-	-	(330,744)
Infrastructure	(8,711,676)	(1,083,961)	-	-	(9,795,637)
Subtotals accumulated depreciation	(9,030,100)	(1,118,346)	-	-	(10,148,446)
Total capital assets being depreciated, net	28,384,002	(961,031)	-	71,990	27,494,961
Business-type activities capital assets, net	\$ 28,696,224	\$ (746,305)	\$ -	\$ -	27,949,919
Less related long-term debt outstanding					(5,833,629)
Net investment in capital assets					\$ 22,116,290

City of Port Wentworth, Georgia

Notes to the Basic Financial Statements

C. Capital Assets (cont.)

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

	<u>June 30, 2017</u>
<i>Governmental activities</i>	
General government	\$ 21,820
Judiciary	1,683
Public safety	400,371
Public works	359,242
Culture and recreation	86,583
Housing and development	2,580
Total governmental activities	
depreciation expense	\$ 872,279
 <i>Business-type activities</i>	
Sewer	\$ 493,653
Water	279,502
Wastewater treatment	345,191
Total business-type activities	
depreciation expense	\$ 1,118,346

D. 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 affiliated with the Georgia Municipal Employees Benefit System (GMEBS), a state-wide, agent multiple-employer pension plan administrated by the Georgia Municipal Association. The Georgia Municipal Association 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. These benefit provisions and all other requirements are established by local ordinance.

Employees covered by benefit terms – At January 1, 2017, the date of the latest actuarial valuation, the plan membership included the following categories of participants:

Inactive employees (or their beneficiaries) currently receiving benefits	39
Inactive employees entitled to, but not yet receiving benefits	36
Active employees	47
Active elected officials	5
Total	127

City of Port Wentworth, Georgia

Notes to the Basic Financial Statements

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

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 employer contributes the recommended contribution developed under the actuarial funding policy each year, the Plan will meet applicable state funding standards. The estimated minimum annual contribution under these standards is \$41,628.

Net pension liability – The City's net pension liability was measured as of September 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2017.

Actuarial assumptions – The total pension liability in the January 1, 2017 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, 2016 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. The difference between the resulting rate and the rate on the ongoing basis is a margin for adverse deviation.

City of Port Wentworth, Georgia

Notes to the Basic Financial Statements

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

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, 2016 are summarized in the following table:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Domestic equity	45%	6.75%
International equity	20%	7.45%
Global fixed income	5%	3.30%
Domestic fixed income	20%	1.75%
Real estate	10%	4.55%
	<u>100%</u>	

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.

Changes in net pension liability are as follows:

	Total Pension Liability (TPL)	Fiduciary Net Position (FNP)	Net Pension (Asset) Liability (NPL)
Balances at September 30, 2015	\$ 5,990,785	\$ 5,955,940	\$ 34,845
Changes for the year:			
Service cost	115,559	-	115,559
Interest	453,854	-	453,854
Difference between expected and actual experience	134,050	-	134,050
Contributions, employer	-	127,716	(127,716)
Net investment income	-	657,890	(657,890)
Benefit payments	(269,196)	(269,196)	-
Administrative expense	-	(11,637)	11,637
Net changes	<u>434,267</u>	<u>504,773</u>	<u>(70,506)</u>
Balances at September 30, 2016	\$ <u>6,425,052</u>	\$ <u>6,460,713</u>	\$ <u>(35,661)</u>

The balances at September 30, 2015 and 2016 include entry age normal liabilities calculated using ages and service amounts as of January 1, 2016 and 2017, respectively, and constitute measurements of the net pension liability for the fiscal years ending June 30, 2016 and 2017, respectively.

City of Port Wentworth, Georgia

Notes to the Basic Financial Statements

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

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)	\$ 964,506	\$ (35,661)	\$ (843,987)

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

Pension expense for the year ended June 30, 2017:

Service cost	\$ 115,559
Interest on Total Pension Liability (TPL)	453,854
Administrative expenses	11,637
Expected return on assets	(455,652)
Expensed portion of current year period differences between expected and actual experience in TPL	33,511
Expensed portion of current year period differences between projected and actual investment earnings	(40,446)
Current year recognition of deferred inflows and outflows established in prior years	(1,883)
Total pension expense	\$ 116,580

At June 30, 2017, 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	\$ 100,539	\$ (56,827)
Changes in assumptions	-	(4,162)
Net difference between projected and actual earnings on pension plan investments	-	(10,728)
The City's contribution to the pension plan subsequent to the measurement date	131,182	-
Total deferred outflows/(inflows)	\$ 231,721	\$ (71,717)

City of Port Wentworth, Georgia

Notes to the Basic Financial Statements

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

The amount of deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date, \$131,182, will be recognized as a reduction of the net pension liability in the year ended June 30, 2018. Other amounts reported as pension expense and deferred outflows/inflows of resources related to pensions are projected to be recognized currently and in future years as follows:

	Year Established	Outstanding Balance at July 1, 2016	Amount Recognized during Year ended June 30, 2017	Outstanding Balance at June 30, 2017
Outflows:				
Investment	2016	\$ 309,920	\$ 77,480	\$ 232,440
Demographic	2017	134,050	33,511	100,539
		<u>443,970</u>	<u>110,991</u>	<u>332,979</u>
Inflows:				
Demographic	2015	(24,398)	(12,199)	(12,199)
Investment	2015	(122,064)	(40,688)	(81,376)
Assumption Change	2015	(8,324)	(4,162)	(4,162)
Demographic	2016	(66,942)	(22,314)	(44,628)
Investment	2017	(202,238)	(40,446)	(161,792)
Total Inflows		<u>(423,966)</u>	<u>(119,809)</u>	<u>(304,157)</u>
Total Outflows/(Inflows)		\$ <u>20,004</u>	\$ <u>(8,818)</u>	\$ <u>28,822</u>

Deferred Outflows/(Inflows) Recognized in Future Years:

	Year Established	2018	2019	2020	2021
Outflows:					
Investment	2016	\$ 77,480	\$ 77,480	\$ 77,480	\$ -
Demographic	2017	33,513	33,513	33,513	-
		<u>110,993</u>	<u>110,993</u>	<u>110,993</u>	
Inflows:					
Demographic	2015	(12,199)	-	-	-
Investment	2015	(40,688)	(40,688)	-	-
Assumption Change	2015	(4,162)	-	-	-
Demographic	2016	(22,314)	(22,314)	-	-
Investment	2017	(40,448)	(40,448)	(40,448)	(40,448)
Total Inflows		<u>(119,811)</u>	<u>(103,450)</u>	<u>(40,448)</u>	<u>(40,448)</u>
Total Outflows/(Inflows)		\$ <u>(8,818)</u>	\$ <u>7,543</u>	\$ <u>70,545</u>	\$ <u>(40,448)</u>

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.

City of Port Wentworth, Georgia

Notes to the Basic Financial Statements

E. 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, 2017, the City paid \$8,595 to the Plan.

F. Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors or omissions, injuries to employees; and natural disasters. The City has joined together with other municipalities in the state as part of the Georgia Interlocal Risk Management Agency Property and Liability Insurance Fund and the Georgia Municipal Association Group Self-Insurance Workers' Compensation Fund, a public entity risk pool currently operating as a common risk management and insurance program for member local governments. As part of these risk pools, the City is required to pay all contributions and assessments as prescribed by the pools, to cooperate with the pool's attorneys, to follow loss reduction procedures established by the funds and to report as promptly as possible, and in accordance with any coverage descriptions issued, all incidents which could result in the funds being required to pay any claim of loss. The City is also to allow the pool's agents and attorneys to represent the City in investigation, settlement discussions and all levels of litigation arising out of any claim against the City within the scope of loss protection furnished by the funds. The City pays unemployment claims to the state department of labor on a reimbursement basis. Liabilities for such claims are immaterial and are not accrued.

G. Capital Lease

During the year ended June 30, 2017, the City entered into a lease agreement as lessee for financing the acquisition of vehicles for the police and fire departments valued at \$441,868. The vehicles have three to five year estimated useful lives. This year \$99,933 was included in depreciation expense of governmental activities. This lease agreement qualifies as a capital lease for accounting purposes and, therefore, has been recorded at the present value of future minimum lease payments as of the inception date.

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2017, were as follows:

Year ending June 30,	Governmental Activities
2018	\$ 151,132
2019	151,146
Total minimum lease payments	302,278
Less: amount representing interest	5,964
Present value of minimum lease payments	\$ 296,314

City of Port Wentworth, Georgia

Notes to the Basic Financial Statements

H. 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. As of June 30, 2017, the loan balance was \$672,212.

On July 3, 2017, the City paid the above loan agreement in entirety, fulfilling its obligation to GEFA early. Total payment was \$675,494, including interest of \$3,282. Therefore, all of the principal and interest payable as of June 30, 2017 is shown as current portion of long-term debt.

The City has a second loan with GEFA used to fund construction of a 500,000 gallon elevated water tank. This loan was executed on August 1, 2016 in the amount of \$1,953,990. The loan has an annual interest rate of 3.03% and maturity date of August 1, 2036. As of June 30, 2017, the loan balance was \$1,893,988.

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

<u>Year ending June 30,</u>	Business-Type Activities		
	Principal	Interest	Total
2018	\$ 746,240	\$ 59,648	\$ 805,888
2019	76,303	54,091	130,394
2020	78,647	51,747	130,394
2021	81,064	49,330	130,394
2022	83,554	46,840	130,394
2023-2027	457,893	194,076	651,969
2028-2032	532,692	119,277	651,969
2033-2037	509,807	33,500	543,307
	<u>\$ 2,566,200</u>	<u>\$ 608,509</u>	<u>\$ 3,174,709</u>

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, 2017, the account had a balance of \$3,267,429. This amount is accounted for in the Water and Sewer Enterprise Fund cash and investments balance.

City of Port Wentworth, Georgia

Notes to the Basic Financial Statements

H. Long-term Debt (cont.)

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

Year ending June 30,	Business-Type Activities		
	Principal	Interest	Total
2018	\$ 56,486	\$ 89,146	\$ 145,632
2019	58,059	87,573	145,632
2020	59,676	85,956	145,632
2021	61,338	84,294	145,632
2022	63,047	82,585	145,632
2023-2027	342,567	385,593	728,160
2028-2032	393,000	335,160	728,160
2033-2037	450,858	277,302	728,160
2038-2042	517,234	210,926	728,160
2043-2047	593,382	134,778	728,160
2048-2052	671,782	47,412	719,194
	<u>\$ 3,267,429</u>	<u>\$ 1,820,725</u>	<u>\$ 5,088,154</u>

Changes in long-term liabilities:

	Outstanding 7/01/2016	Increase	Decrease	Outstanding 6/30/2017	Due within One Year
Governmental activities					
Leases payable	\$ -	\$ 441,868	\$ 145,554	\$ 296,314	\$ 146,834
Compensated absences	<u>134,702</u>	<u>180,694</u>	<u>180,442</u>	<u>134,954</u>	<u>85,274</u>
Total governmental activities	<u>\$ 134,702</u>	<u>\$ 622,562</u>	<u>\$ 325,996</u>	<u>\$ 431,268</u>	<u>\$ 232,108</u>
Business-type activities					
Loans payable	\$ 6,088,698	\$ -	\$ 255,069	\$ 5,833,629	\$ 802,726
Compensated absences	<u>18,106</u>	<u>27,737</u>	<u>24,346</u>	<u>21,497</u>	<u>13,123</u>
Total business-type activities	<u>\$ 6,106,804</u>	<u>\$ 27,737</u>	<u>\$ 279,415</u>	<u>\$ 5,855,126</u>	<u>\$ 815,849</u>

For the governmental activities, long-term liabilities are generally liquidated by the General Fund. For business-type activities, long-term liabilities are liquidated by the Water and Sewer Enterprise Fund.

City of Port Wentworth, Georgia

Notes to the Basic Financial Statements

I. Interfund Receivables, Payables, and Transfers

Interfund receivable and payable balances as of June 30, 2017 are as follows:

Receivable Fund	Payable Fund	Amount
General Fund	Water and Sewer Enterprise Fund	\$ 84,856
General Fund	Hotel/Motel Fund	84,275
General Fund	SPLOST Fund	39,073
Total interfund receivables and payables		\$ 208,204

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:

Transfers in	Transfers Out	Purpose	Amount
General Fund	Hotel/Motel Tax Fund	Tax revenue distribution	\$ 468,857

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.

J. 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.

K. 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, 2017, the City paid \$6,967 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.

City of Port Wentworth, Georgia

Notes to the Basic Financial Statements

L. Tax Abatements

The City has entered into tax abatement agreements to promote economic development in Chatham County through the Savannah Economic Development Authority (SEDA). SEDA can enter into agreements for industrial projects to encourage the creation of jobs and new capital investment through an "Investment Assistance Program". Georgia case law and statutory provisions, including the Development Authorities Law (Title 36 Chapter 62 of the Georgia Code Annotated), provide SEDA with the power to enter into such agreements with businesses. The City has determined that these agreements will promote and expand industry and trade within the City and reduce unemployment to the greatest extent possible, in furtherance of the public purposes for which they were created.

For the year ended June 30, 2017, the City abated property taxes of \$57,417.



Required Supplementary Information Other Than Management's Discussion & Analysis



City of Port Wentworth, Georgia

General Fund

Budgetary Comparison Schedule

Year ended June 30, 2017

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
REVENUES				
Taxes	\$ 4,679,825	\$ 4,679,825	\$ 5,077,884	\$ 398,059
Licenses and permits	234,000	234,000	183,783	(50,217)
Intergovernmental revenues	308,724	492,132	621,499	129,367
Charges for services	1,268,100	1,268,100	1,528,625	260,525
Fines and forfeitures	905,000	905,000	997,975	92,975
Investment income	15,000	15,000	51,489	36,489
Miscellaneous	38,500	73,408	114,933	41,525
Total revenues	7,449,149	7,667,465	8,576,188	908,723
EXPENDITURES				
Current				
General government				
City Council	94,684	110,284	91,313	18,971
Mayor	24,935	26,935	17,627	9,308
General administration	550,402	572,593	521,310	51,283
Judicial				
Municipal court	257,675	257,675	197,842	59,833
Public safety				
Police	3,121,957	3,547,160	3,385,090	162,070
Fire	1,330,384	1,365,643	1,156,379	209,264
Public works				
Highways and streets	1,238,664	1,418,971	1,240,384	178,587
Storm drainage	474,627	474,627	268,327	206,300
Sanitation	803,139	803,139	785,927	17,212
Culture and recreation				
Recreation	812,352	722,748	616,920	105,828
Housing and development				
Inspections	335,587	335,587	253,370	82,217
Economic development	335,000	335,000	-	335,000
Debt service				
Principal	149,732	149,732	145,554	4,178
Interest	6,348	6,348	5,577	771
Total expenditures	9,535,486	10,126,442	8,685,620	1,440,822
(Deficiency) excess of revenues (under) over expenditures	(2,086,337)	(2,458,977)	(109,432)	2,349,545
OTHER FINANCING SOURCES (USES)				
Transfers in	397,220	397,220	468,857	71,637
Transfers out	-	(236,192)	-	236,192
Sale of capital assets	-	-	1,750	1,750
Capital leases	456,500	456,500	441,868	(14,632)
Insurance recoveries	-	45,818	56,873	11,055
Total other financing sources (uses)	853,720	663,346	969,348	306,002

City of Port Wentworth, Georgia

General Fund

Budgetary Comparison Schedule (cont.)

Year ended June 30, 2017

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Net change in fund balance	(1,232,617)	(1,795,631)	859,916	2,655,547
Fund balance, beginning of year	13,229,881	13,229,881	13,229,881	-
Fund balance, end of year	\$ 11,997,264	\$ 11,434,250	\$ 14,089,797	\$ 2,655,547

City of Port Wentworth, Georgia

Special Revenue – Hotel/Motel Fund

Budgetary Comparison Schedule

Year ended June 30, 2017

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Taxes	\$ 794,275	\$ 937,517	\$ 937,517	\$ -
Investment income	-	10	10	-
Total revenue	794,275	937,527	937,527	-
EXPENDITURES				
Intergovernmental assistance	397,055	468,670	468,670	-
Total expenditures	397,055	468,670	468,670	-
Excess (deficiency) of revenues over (under) expenditures	397,220	468,857	468,857	-
OTHER FINANCING USES				
Transfers out	(397,220)	(468,857)	(468,857)	-
Total other financing uses	(397,220)	(468,857)	(468,857)	-
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, 2017, 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	\$ 9,535,486	\$ 827,148	\$ -	\$ 10,362,634
Hotel/motel tax	794,275	143,252	-	937,527
Confiscated assets	-	61,906	-	61,906

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>	2008*	2009*	2010*	2011*	2012*
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>	2013*	2014*	2015	2016	2017
TOTAL PENSION LIABILITY					
Service cost	\$ -	\$ -	\$ 108,484	\$ 97,877	\$ 115,559
Interest	-	-	422,162	439,379	453,854
Differences between expected & actual experience	-	-	(48,796)	(89,257)	134,050
Changes of assumptions	-	-	(16,646)	-	-
Changes of benefit terms	-	-	-	-	-
Benefit payments, including refunds of employee contributions	-	-	(232,873)	(253,230)	(269,196)
Net change in total pension liability	-	-	232,331	194,769	434,267
Total pension liability, beginning	-	-	5,563,685	5,796,016	5,990,785
Total pension liability, ending (a)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,796,016</u>	<u>\$ 5,990,785</u>	<u>\$ 6,425,052</u>
PLAN FIDUCIARY NET POSITION					
Contributions, employer	\$ -	\$ -	\$ 128,776	\$ 127,043	\$ 127,716
Contributions, employee	-	-	-	-	-
Net investment income	-	-	626,007	73,858	657,890
Benefit payments, including refunds of employee contributions	-	-	(232,873)	(253,230)	(269,196)
Administrative expense	-	-	(10,269)	(13,055)	(11,637)
Net change in fiduciary net position	-	-	511,641	(65,384)	504,773
Plan fiduciary net position, beginning	-	-	5,509,683	6,021,324	5,955,940
Plan fiduciary net position, ending (b)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,021,324</u>	<u>\$ 5,955,940</u>	<u>\$ 6,460,713</u>
NET PENSION LIABILITY, ending (a) – (b)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (225,308)</u>	<u>\$ 34,845</u>	<u>\$ (35,661)</u>
Plan's fiduciary net position as a percentage of the total pension liability	-	-	103.89%	99.42%	100.56%
Covered-employee payroll	\$ -	\$ -	\$ 1,602,832	\$ 1,870,923	\$ 2,054,379
Net pension liability as a percent of covered-employee payroll	-	-	(14.06%)	1.86%	(1.74%)

* 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>	2008*	2009*	2010*	2011*	2012*
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>	2013*	2014*	2015	2016	2017**
Actuarially determined contribution	\$ -	\$ -	\$ 127,203	\$ 126,561	\$ 131,182
Contributions in relation to the actuarially determined contribution	-	-	140,178	126,561	131,182
Contribution deficiency (excess)	\$ -	\$ -	\$ (12,975)	\$ -	\$ -
Covered-employee payroll	\$ -	\$ -	\$ 1,602,832	\$ 1,870,923	\$ 2,054,379
Contributions as a percentage of covered-employee payroll	-	-	8.75%	6.76%	6.39%

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

**2017 Information is estimated. This information will be finalized after the current fiscal year end and included in the 2018 GMEBS actuarial report.

NOTES:

Contributions are recorded based on date of receipt into the GMEBS trust. Minor timing issues in receipt of monthly payments are not indicative of non-compliance with GMEBS funding policy. A plan is in compliance with the GMEBS funding policy if it pays either the dollar amount or the percentage of employee-covered payroll of the actuarially determined contributions.

2016 covered payroll is based on data collected as of August 31, 2015 for the 2016 actuarial valuation.

The actuarially determined contribution rate was determined as of January 1, 2017, 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, 2018. The following methods and assumptions are used to determine contribution rates:

Actuarial cost method	Projected Unit Credit Cost Method which takes into consideration normal cost and actuarial accrued liability calculated on an individual basis and allocated by service. (NOTE: The Entry Age Actuarial Cost Method was used to measure Total Pension Liability.)
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-25



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, 2017

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Fines and forfeitures	\$ -	\$ 3,298	\$ 3,298	\$ -
Investment income	-	69	69	-
Total revenue	-	3,367	3,367	-
EXPENDITURES				
Current				
Public safety	-	61,906	49,878	12,028
Total expenditures	-	61,906	49,878	12,028
Excess (deficiency) of revenues over (under) expenditures	-	(58,539)	(46,511)	12,028
OTHER FINANCING SOURCES				
Transfers in	-	-	-	-
Total other financing sources	-	-	-	-
Net change in fund balance	-	(58,539)	(46,511)	12,028
Fund balance, beginning of year	48,811	48,811	48,811	-
Fund balance, end of year	\$ 48,811	\$ (9,728)	\$ 2,300	\$ 12,028

City of Port Wentworth, Georgia

Fiduciary (Agency) Fund

Statement of Changes in Assets and Liabilities

Year ended June 30, 2017

	Balance July 1, 2016	Additions	Deletions	Balance June 30, 2017
ASSETS				
Cash and investments	\$ 37,264	\$ 1,619,022	\$ 1,604,998	\$ 51,288
Total assets	\$ 37,264	\$ 1,619,022	\$ 1,604,998	\$ 51,288
LIABILITIES				
Due to others	\$ 37,264	\$ 1,619,022	\$ 1,604,998	\$ 51,288
Total liabilities	\$ 37,264	\$ 1,619,022	\$ 1,604,998	\$ 51,288

City of Port Wentworth, Georgia

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

Year ended June 30, 2017

	<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 projects	\$ 1,950,000	\$ 1,950,000	\$ 548,699	\$ 50,556	\$ 599,255
Drainage equipment	<u>50,000</u>	<u>50,000</u>	<u>50,000</u>	<u>-</u>	<u>50,000</u>
Total drainage projects	2,000,000	2,000,000	598,699	50,556	649,255
Other capital outlay	458,703	28,174	-	-	-
Black Creek flood study	-	79,448	79,448	-	79,448
Other equipment	-	284,888	370,298	-	370,298
Debt Service	<u>-</u>	<u>66,193</u>	<u>66,193</u>	<u>-</u>	<u>66,193</u>
Total 1998 SPLOST expenditures	\$ <u>2,458,703</u>	\$ <u>2,458,703</u>	\$ <u>1,114,638</u>	\$ <u>50,556</u>	\$ <u>1,165,194</u>
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	352,899	-	352,899
Miscellaneous capital outlay projects	<u>-</u>	<u>369</u>	<u>153</u>	<u>-</u>	<u>153</u>
Total other capital outlay	<u>2,254,426</u>	<u>3,050,583</u>	<u>3,050,367</u>	<u>-</u>	<u>3,050,367</u>
Total 2003 SPLOST expenditures	\$ <u>2,474,504</u>	\$ <u>3,581,909</u>	\$ <u>3,571,979</u>	\$ <u>-</u>	\$ <u>3,571,979</u>
2008 SPLOST EXPENDITURES					
Wastewater and sewer rehab projects	\$ <u>3,000,000</u>	\$ <u>3,000,000</u>	\$ <u>1,988,547</u>	\$ <u>-</u>	\$ <u>1,988,547</u>
Total 2008 SPLOST expenditures	\$ <u>3,000,000</u>	\$ <u>3,000,000</u>	\$ <u>1,988,547</u>	\$ <u>-</u>	\$ <u>1,988,547</u>
2014 SPLOST EXPENDITURES					
Streets and roads	\$ 2,002,600	\$ 2,002,600	\$ 3	\$ 252,882	\$ 252,885
Recreation	998,200	998,200	28,737	732,855	761,592
Sewer systems	3,000,800	3,000,800	5	27	32
Downtown redevelopment	<u>198,400</u>	<u>198,400</u>	<u>-</u>	<u>2</u>	<u>2</u>
Total 2014 SPLOST expenditures	\$ <u>6,200,000</u>	\$ <u>6,200,000</u>	\$ <u>28,745</u>	\$ <u>985,766</u>	\$ <u>1,014,511</u>

City of Port Wentworth, Georgia
Schedule of Required Expenditures Funded by the Hotel/Motel Tax
Year ended June 30, 2017

REVENUES

Hotel/motel taxes	\$	937,517
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EXPENDITURES

Tourism expenditures	\$	468,670
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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.

G-2

Revenue Capacity

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

G-11

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>	2008	2009 Restated	2010 Restated	2011 Restated
Governmental activities				
Net investment in capital assets	\$ 7,639,290	\$ 8,300,329	\$ 8,115,438	\$ 8,232,721
Restricted	5,565,904	4,313,697	3,441,702	3,729,118
Unrestricted	<u>5,856,448</u>	<u>6,074,336</u>	<u>6,520,685</u>	<u>6,654,860</u>
Total governmental activities, net position	\$ <u>19,061,642</u>	\$ <u>18,688,362</u>	\$ <u>18,077,825</u>	\$ <u>18,616,699</u>
Business-type activities				
Net investment in capital assets	\$ 11,434,628	\$ 12,051,933	\$ 14,055,599	\$ 22,132,457
Restricted	-	-	-	-
Unrestricted	<u>7,622,749</u>	<u>8,471,261</u>	<u>9,134,844</u>	<u>3,955,186</u>
Total business-type activities, net position	\$ <u>19,057,377</u>	\$ <u>20,523,194</u>	\$ <u>23,190,443</u>	\$ <u>26,087,643</u>
Primary government				
Net investment in capital assets	\$ 19,073,918	\$ 20,352,262	\$ 22,171,037	\$ 30,365,178
Restricted	5,565,904	4,313,697	3,441,702	3,729,118
Unrestricted	<u>13,479,197</u>	<u>14,545,597</u>	<u>15,655,529</u>	<u>10,610,046</u>
Total primary government, net position	\$ <u>38,119,019</u>	\$ <u>39,211,556</u>	\$ <u>41,268,268</u>	\$ <u>44,704,342</u>

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

<u>2012</u>	<u>2013</u>	<u>2014 Restated</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
\$ 7,898,751	\$ 8,301,163	\$ 8,477,481	\$ 8,797,563	\$ 9,135,801	\$ 10,914,871
2,779,710	2,731,952	3,201,828	2,117,207	2,975,435	3,057,708
<u>7,438,909</u>	<u>8,516,292</u>	<u>10,103,337</u>	<u>12,228,494</u>	<u>13,614,295</u>	<u>14,485,879</u>
 \$ <u>18,117,370</u>	 \$ <u>19,549,407</u>	 \$ <u>21,782,646</u>	 \$ <u>23,143,264</u>	 \$ <u>25,725,531</u>	 \$ <u>28,458,458</u>
 \$ 22,781,837	 \$ 22,331,549	 \$ 21,748,916	 \$ 23,279,528	 \$ 22,607,526	 \$ 22,116,290
-	-	-	-	-	-
<u>4,552,946</u>	<u>4,993,883</u>	<u>6,583,724</u>	<u>6,951,289</u>	<u>8,425,775</u>	<u>8,825,703</u>
 \$ <u>27,334,783</u>	 \$ <u>27,325,432</u>	 \$ <u>28,332,640</u>	 \$ <u>30,230,817</u>	 \$ <u>31,033,301</u>	 \$ <u>30,941,993</u>
 \$ 30,680,588	 \$ 30,632,712	 \$ 30,226,397	 \$ 32,077,091	 \$ 31,743,327	 \$ 33,031,161
2,779,710	2,731,952	3,201,828	2,117,207	2,975,435	3,057,708
<u>11,991,855</u>	<u>13,510,175</u>	<u>16,687,061</u>	<u>19,179,783</u>	<u>22,040,070</u>	<u>23,311,582</u>
 \$ <u>45,452,153</u>	 \$ <u>46,874,839</u>	 \$ <u>50,115,286</u>	 \$ <u>53,374,081</u>	 \$ <u>56,758,832</u>	 \$ <u>59,400,451</u>

<i>Fiscal year ended June 30,</i>	2008	2009	2010	2011 Restated
EXPENSES				
Governmental activities				
General government	\$ 445,468	\$ 376,953	\$ 349,632	\$ 434,261
Judiciary	258,861	166,409	157,629	169,856
Public safety	2,624,698	2,521,272	2,675,030	2,952,985
Public works	1,495,859	1,488,022	1,483,633	1,467,766
Culture and recreation	354,264	403,290	405,422	401,481
Housing and development	948,235	721,276	696,680	581,398
Interest on long-term debt	463	8,100	12,619	11,413
Total governmental activities, expenses	<u>6,127,848</u>	<u>5,685,322</u>	<u>5,780,645</u>	<u>6,019,160</u>
Business-type activities				
Water and sewer	<u>1,699,013</u>	<u>1,656,483</u>	<u>1,800,387</u>	<u>2,398,358</u>
Total business-type activities, expenses	<u>1,699,013</u>	<u>1,656,483</u>	<u>1,800,387</u>	<u>2,398,358</u>
Total primary government, expenses	\$ <u>7,826,861</u>	\$ <u>7,341,805</u>	\$ <u>7,581,032</u>	\$ <u>8,417,518</u>
PROGRAM REVENUES				
Governmental activities				
Charges for services				
General government	\$ 11,536	\$ 22,341	\$ 22,772	\$ 24,506
Public safety	1,195,313	889,814	947,048	1,020,838
Public works	644,002	659,912	736,069	842,241
Culture and recreation	11,088	7,923	4,539	6,984
Housing and development	482,574	331,609	257,587	161,951
Operating grants and contributions	87,449	95,509	93,630	96,768
Capital grants and contributions	<u>1,676,149</u>	<u>505,539</u>	<u>143,161</u>	<u>531,363</u>
Total governmental activities program revenues	<u>4,108,111</u>	<u>2,512,647</u>	<u>2,204,806</u>	<u>2,684,651</u>
Business-type activities				
Charges for services	1,675,532	1,871,900	2,037,035	2,251,015
Capital grants and contributions	<u>2,602,707</u>	<u>337,888</u>	<u>1,580,581</u>	<u>2,889,074</u>
Total business-type activities program revenues	<u>4,278,239</u>	<u>2,209,788</u>	<u>3,617,616</u>	<u>5,140,089</u>
Total primary government program revenues	\$ <u>8,386,350</u>	\$ <u>4,722,435</u>	\$ <u>5,822,422</u>	\$ <u>7,824,740</u>
NET (EXPENSE)/REVENUE				
Governmental activities	\$ (2,019,737)	\$ (3,172,675)	\$ (3,575,839)	\$ (3,334,509)
Business-type activities	<u>2,579,226</u>	<u>553,305</u>	<u>1,817,229</u>	<u>2,741,731</u>
Total primary government net (expense)/revenue	\$ <u>559,489</u>	\$ <u>(2,619,370)</u>	\$ <u>(1,758,610)</u>	\$ <u>(592,778)</u>

City of Port Wentworth, Georgia

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

<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
\$ 475,923	\$ 490,656	\$ 539,215	\$ 588,291	\$ 625,503	\$ 632,190
131,614	124,347	136,874	144,817	180,179	185,659
2,896,829	2,775,757	2,787,198	2,764,086	3,123,784	3,815,367
1,396,285	1,304,589	1,315,206	1,507,712	1,693,976	1,969,308
377,690	427,733	454,501	540,278	605,843	677,741
547,210	504,696	481,375	552,204	772,566	724,877
10,163	9,931	-	-	-	-
<u>5,835,714</u>	<u>5,637,709</u>	<u>5,714,369</u>	<u>6,097,388</u>	<u>7,001,851</u>	<u>8,005,142</u>
<u>3,127,749</u>	<u>3,139,537</u>	<u>3,086,475</u>	<u>3,279,096</u>	<u>3,321,289</u>	<u>3,731,195</u>
<u>3,127,749</u>	<u>3,139,537</u>	<u>3,086,475</u>	<u>3,279,096</u>	<u>3,321,289</u>	<u>3,731,195</u>
\$ <u>8,963,463</u>	\$ <u>8,777,246</u>	\$ <u>8,800,844</u>	\$ <u>9,376,484</u>	\$ <u>10,323,140</u>	\$ <u>11,736,337</u>
\$ 3,225	\$ 24,140	\$ 29,803	\$ 33,749	\$ 39,836	\$ 37,331
961,061	1,007,248	1,104,821	1,577,991	1,379,388	1,312,118
867,239	871,759	937,730	956,050	1,040,913	1,117,330
7,582	10,198	13,876	16,357	23,931	36,741
140,306	148,685	208,181	184,435	275,555	206,863
87,539	51,864	62,588	52,943	112,032	291,784
650,782	772,510	646,579	1,008,942	1,168,316	1,498,119
<u>2,717,734</u>	<u>2,886,404</u>	<u>3,003,578</u>	<u>3,830,467</u>	<u>4,039,971</u>	<u>4,500,286</u>
2,417,521	2,510,901	2,711,568	2,640,802	2,863,568	3,229,680
346,073	231,795	1,206,031	490,881	945,908	270,902
<u>2,763,594</u>	<u>2,742,696</u>	<u>3,917,599</u>	<u>3,131,683</u>	<u>3,809,476</u>	<u>3,500,582</u>
\$ <u>5,481,328</u>	\$ <u>5,629,100</u>	\$ <u>6,921,177</u>	\$ <u>6,962,150</u>	\$ <u>7,849,447</u>	\$ <u>8,000,868</u>
\$ (3,117,980)	\$ (2,751,305)	\$ (2,710,791)	\$ (2,266,921)	\$ (2,961,880)	\$ (3,504,856)
<u>(364,155)</u>	<u>(396,841)</u>	<u>831,124</u>	<u>(147,413)</u>	<u>488,187</u>	<u>(230,613)</u>
\$ <u>(3,482,135)</u>	\$ <u>(3,148,146)</u>	\$ <u>(1,879,667)</u>	\$ <u>(2,414,334)</u>	\$ <u>(2,473,693)</u>	\$ <u>(3,735,469)</u>

<i>Fiscal year ended June 30,</i>	2008	2009 Restated	2010 Restated	2011 Restated
GENERAL REVENUES AND OTHER CHANGES IN NET POSITION				
Governmental activities				
Property taxes levied for general purposes	\$ 1,457,243	\$ 1,297,711	\$ 1,743,921	\$ 1,887,617
Sales taxes levied for general purposes	1,146,816	1,069,983	898,418	974,303
Selective sales and use taxes	899,878	782,298	698,709	707,088
Business taxes	250,270	263,939	257,665	247,391
Contributions not restricted to specific programs	15,904	18,912	-	-
Unrestricted investment earnings	355,226	109,222	19,780	17,259
Gain on disposition of capital assets	38,502	31,585	23,345	5,702
Miscellaneous income	130,710	34,551	66,153	29,759
Special item	-	-	-	-
Transfers	-	(808,806)	(742,689)	4,264
Total governmental activities	<u>4,294,549</u>	<u>2,799,395</u>	<u>2,965,302</u>	<u>3,873,383</u>
Business-type activities – water and sewer				
Unrestricted investment earnings	196,769	50,895	23,135	27,778
Gain on disposition of capital assets	-	-	2,044	51,502
Miscellaneous income	60,844	84,061	82,152	80,453
Transfers	-	808,806	742,689	(4,264)
Total business-type activities	<u>257,613</u>	<u>943,762</u>	<u>850,020</u>	<u>155,469</u>
Total primary government	\$ <u>4,552,162</u>	\$ <u>3,743,157</u>	\$ <u>3,815,322</u>	\$ <u>4,028,852</u>
CHANGE IN NET POSITION				
Governmental activities	\$ 2,274,812	\$ (373,280)	\$ (610,537)	\$ 538,874
Business-type activities	<u>2,836,839</u>	<u>1,497,067</u>	<u>2,667,249</u>	<u>2,897,200</u>
Total primary government	\$ <u>5,111,651</u>	\$ <u>1,123,787</u>	\$ <u>2,056,712</u>	\$ <u>3,436,074</u>

City of Port Wentworth, Georgia

Changes in Net Position – Last Ten Fiscal Years

(Accrual Basis of Accounting)

	2012	2013	2014	2015	2016	2017
\$	1,892,546	\$ 1,985,150	\$ 2,137,730	\$ 2,417,026	\$ 2,498,357	\$ 2,656,996
	1,047,670	1,195,077	1,536,698	1,650,713	1,623,704	1,708,494
	785,188	833,058	882,654	1,044,873	1,101,673	1,194,761
	344,275	357,172	358,333	375,991	404,683	452,408
	-	-	-	-	-	-
	13,071	13,196	11,766	15,954	24,434	51,568
	15,840	59,633	-	-	-	1,750
	29,612	26,008	27,153	66,840	108,563	171,806
	-	-	-	-	-	-
	(1,509,551)	(285,952)	(70,696)	(1,943,858)	(217,267)	-
	2,618,651	4,183,342	4,883,638	3,627,539	5,544,147	6,237,783
	17,903	13,474	14,438	17,087	15,969	28,753
	-	10,463	-	-	-	-
	83,841	77,601	76,568	84,645	81,061	110,552
	1,509,551	285,952	70,696	1,943,858	217,267	-
	1,611,295	387,490	161,702	2,045,590	314,297	139,305
\$	4,229,946	\$ 4,570,832	\$ 5,045,340	\$ 5,673,129	\$ 5,858,444	\$ 6,377,088
	(499,329)	1,432,037	2,172,847	1,360,618	2,582,267	2,732,927
	1,247,140	(9,351)	992,826	1,898,177	802,484	(91,308)
\$	747,811	\$ 1,422,686	\$ 3,165,673	\$ 3,258,795	\$ 3,384,751	\$ 2,641,619



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>	2008	2009 Restated	2010 Restated	2011 Restated	2012
GENERAL FUND					
Reserved	\$ 90,070	\$ 11,664	\$ 10,769	\$ -	\$ -
Unreserved	5,470,772	5,873,879	6,310,402	-	-
Nonspendable					
Prepaid items	-	-	-	52,638	159,985
Assigned					
Capital asset replacement	-	-	-	771,666	752,001
Subsequent year's budget	-	-	-	1,901,374	458,306
Unassigned	-	-	-	3,759,290	5,766,602
Total General Fund	\$ <u>5,560,842</u>	\$ <u>5,885,543</u>	\$ <u>6,321,171</u>	\$ <u>6,484,968</u>	\$ <u>7,136,894</u>
ALL OTHER GOVERNMENTAL FUNDS					
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved, reported in					
Special revenue fund	20,056	21,218	12,934	-	-
Capital projects fund	5,565,904	4,313,697	3,441,702	-	-
Restricted					
Capital projects funds	-	-	-	3,706,857	2,757,174
Confiscated assets funds	-	-	-	22,261	22,536
Total all other governmental funds	\$ <u>5,585,960</u>	\$ <u>4,334,915</u>	\$ <u>3,454,636</u>	\$ <u>3,729,118</u>	\$ <u>2,779,710</u>
<i>Fiscal year ended June 30,</i>	2013	2014	2015	2016	2017
GENERAL FUND					
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved	-	-	-	-	-
Nonspendable					
Prepaid items	152,342	164,344	162,343	170,596	210,781
Assigned					
Capital asset replacement	655,746	617,092	619,096	498,436	503,686
Subsequent year's budget	88,716	277,901	1,694,853	867,592	1,600,950
Unassigned	7,291,745	8,709,129	9,389,661	11,693,257	11,774,380
Total General Fund	\$ <u>8,188,549</u>	\$ <u>9,768,466</u>	\$ <u>11,865,953</u>	\$ <u>13,229,881</u>	\$ <u>14,089,797</u>
ALL OTHER GOVERNMENTAL FUNDS					
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved, reported in					
Special revenue fund	-	-	-	-	-
Capital projects fund	-	-	-	-	-
Restricted					
Capital projects funds	2,708,001	3,197,301	2,113,761	2,926,624	3,055,408
Confiscated assets funds	23,951	4,527	3,446	48,811	2,300
Total all other governmental funds	\$ <u>2,731,952</u>	\$ <u>3,201,828</u>	\$ <u>2,117,207</u>	\$ <u>2,975,435</u>	\$ <u>3,057,708</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>	2008	2009 Restated	2010 Restated	2011 Restated
REVENUES				
Sales tax	\$ 1,058,720	\$ 1,004,980	\$ 963,421	\$ 974,303
Other taxes	2,481,922	2,497,212	2,583,963	2,793,006
Licenses and permits	361,355	323,016	265,129	173,596
Revenue from other governmental units	853,224	609,345	220,711	613,335
Charges for services	887,856	791,509	860,491	1,076,544
Fines and forfeitures	1,410,783	803,708	854,477	819,923
Miscellaneous	402,324	131,696	60,186	45,294
Total revenue	7,456,184	6,161,466	5,808,378	6,496,001
EXPENDITURES				
Current				
General government	415,163	344,377	320,565	423,623
Judiciary	257,847	165,733	156,370	162,772
Public safety	2,634,642	2,270,400	2,361,627	3,046,652
Public works	1,251,336	1,226,159	1,207,540	1,188,896
Culture and recreation	320,338	861,526	348,192	517,169
Housing and development	585,655	410,765	424,472	311,153
Intergovernmental assistance	390,209	338,919	311,450	302,384
Capital outlay	1,178,166	1,192,066	1,130,961	102,100
Debt service				
Principal	6,163	152,677	32,323	33,528
Interest	463	8,100	12,619	11,413
Total expenditures	7,039,982	6,970,722	6,306,119	6,099,690
Excess (deficiency) of revenues over (under) expenditures	416,202	(809,256)	(497,741)	396,311
OTHER FINANCING SOURCES (USES)				
Sale of capital assets	40,981	31,585	23,345	38,991
Capital leases	497,143	-	-	-
Transfers in	350,837	297,985	258,855	257,829
Transfers out	(350,837)	(455,216)	(258,855)	(257,829)
Insurance recoveries	82,237	8,558	29,745	2,977
Total other financing (uses) sources	620,361	(117,088)	53,090	41,968
Net change in fund balances	\$ 1,036,563	\$ (926,344)	\$ (444,651)	\$ 438,279
Debt service as a percentage of non-capital expenditures	0.11%	2.74%	0.76%	0.84%

City of Port Wentworth, Georgia

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

(Modified Accrual Basis of Accounting)

	2012		2013		2014		2015		2016		2017
\$	1,047,670	\$	1,195,077	\$	1,536,698	\$	1,650,713	\$	1,623,704	\$	1,708,494
	3,027,413		3,182,601		3,436,638		3,866,502		4,005,208		4,306,907
	129,921		145,103		225,523		193,111		267,807		183,783
	720,916		813,260		701,206		1,047,724		1,219,179		1,776,475
	1,049,629		1,219,463		1,255,770		1,294,050		1,421,776		1,528,625
	812,873		703,265		813,268		1,288,390		1,126,326		1,001,273
	39,139		40,484		46,730		73,776		109,062		176,631
	<u>6,827,561</u>		<u>7,299,253</u>		<u>8,015,833</u>		<u>9,414,266</u>		<u>9,773,062</u>		<u>10,682,188</u>
	490,693		524,294		524,475		604,937		617,328		630,250
	147,739		115,971		137,515		147,796		181,709		197,842
	2,885,772		2,748,663		2,809,182		2,676,000		3,125,259		4,591,347
	1,162,708		1,474,231		1,438,783		1,920,379		2,020,697		2,294,638
	321,510		401,379		507,690		484,626		564,132		616,920
	248,644		201,704		144,477		150,319		359,926		253,370
	332,272		346,489		333,222		401,602		418,573		468,670
	164,332		450,768		70,696		2,031,951		292,100		1,036,322
	34,779		237,674		-		-		-		145,554
	10,163		9,931		-		-		-		5,577
	<u>5,798,612</u>		<u>6,511,104</u>		<u>5,966,040</u>		<u>8,417,610</u>		<u>7,579,724</u>		<u>10,240,490</u>
	1,028,949		788,149		2,049,793		996,656		2,193,338		441,698
	15,840		371,165		-		-		-		1,750
	-		-		-		-		-		441,868
	291,719		310,039		333,384		401,808		418,740		468,857
	(1,641,929)		(469,489)		(333,384)		(401,808)		(418,740)		(468,857)
	7,939		4,033		-		16,210		28,818		56,873
	<u>(1,326,431)</u>		<u>215,748</u>		<u>-</u>		<u>16,210</u>		<u>28,818</u>		<u>500,491</u>
\$	<u>(297,482)</u>	\$	<u>1,003,897</u>	\$	<u>2,049,793</u>	\$	<u>1,012,866</u>	\$	<u>2,222,156</u>	\$	<u>942,189</u>
	0.74%		4.57%		0.00%		0.00%		0.00%		2.11%

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
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
2016	1,728,076	1,650,713	375,991	225,844	803,357	733,234	5,517,215
2017	1,932,764	1,708,494	452,408	223,770	937,517	760,448	6,015,401

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
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
2015	281,652,765	704,131,913	85,369,603	213,424,008	11,114,168	27,785,419
2016	307,916,506	769,791,265	93,876,694	234,691,735	12,032,097	30,080,243

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		
\$ 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
378,136,536	945,341,340	40.00%	4.571
413,825,297	1,034,563,243	40.00%	4.571

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	
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
2015	4.571	16.631	11.543	0.050	32.795
2016	4.571	16.631	11.543	0.000	32.745

SOURCE: Chatham County Commission – Board minutes and City records

City of Port Wentworth, Georgia

Principal Property Taxpayers Current and Nine Calendar Years Ago

	2016			2007		
	Taxable Assessed Value	Rank	% of Total District Net Assessed Value	Taxable Assessed Value	Rank	% of Total District Net Assessed Value
Duke Realty Limited Partnership	\$ 53,829,528	1	13.01%	\$ 2,673,400	9	1.04%
RC Residential, LLC	10,608,818	2	2.57%			
Chatham-Coldbrook Assoc	9,200,000	3	2.22%			
International Paper	8,976,330	4	2.17%			
Waypoint Savannah Owner, LLC	8,784,716	5	2.12%			
Floor & Décor Outlets of Am.	7,303,860	6	1.76%			
Publix Super Markets, Inc.	6,038,961	7	1.46%			
Bayer Cropscience	5,736,556	8	1.39%			
NGK Automotive Ceramics USA	5,226,480	9	1.26%			
L-A Savannah-Crossgate, LLC	4,760,320	10	1.15%			
SPG Northbrook, LLC				6,329,600	1	2.45%
Savannah Land Investors, LLC				4,826,400	2	1.87%
Savannah West, LLC				4,565,200	3	1.77%
Sam L. Varnedoe, Jr., et al				4,228,200	4	1.64%
Carolina Gas Transmission Corp.				3,283,026	5	1.27%
Cargo Group Limited				3,174,000	6	1.23%
Port Wentworth Retail Investors				2,850,000	7	1.10%
Laufen International, Inc.				2,681,328	8	1.04%
Virginian Newport/Savannah LLC				2,611,200	10	1.01%
Total	\$ 120,465,569		29.11%	\$ 37,222,354		14.42%

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					
2007	\$	852,233	\$	(21,079)	\$	831,154	\$	764,444	89.70%	\$	66,710	\$	831,154	100.00%
2008		1,040,381		(81,175)		959,206		1,006,653	96.76%		(47,697)		958,956	99.97%
2009		1,239,956		(176,098)		1,063,858		1,091,671	88.04%		(27,975)		1,063,696	99.98%
2010		1,376,737		(190,292)		1,186,445		1,267,982	92.10%		(81,695)		1,186,287	99.99%
2011		1,376,995		(186,471)		1,190,524		1,145,986	83.22%		42,515		1,188,501	99.83%
2012		1,304,068		(51,795)		1,252,273		1,240,565	95.13%		11,540		1,252,105	99.99%
2013		1,387,660		(92,290)		1,295,370		1,287,127	92.76%		7,993		1,295,120	99.98%
2014		1,465,355		(26,984)		1,438,371		1,438,983	98.20%		(892)		1,438,091	99.98%
2015		1,547,382		(39,646)		1,507,736		1,473,984	95.26%		33,277		1,507,261	99.97%
2016		1,707,563		(46,018)		1,661,545		1,654,368	96.88%		-		1,654,368	99.57%

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										
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
2016		-		-		6,088,698		-		6,088,698		6,088,698	2.79%		812
2017		296,314		-		5,833,629		-		5,833,629		6,129,943	2.22%		766

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		
2008	\$ -	\$ -	\$ -	0.00%	-
2009	-	-	-	0.00%	-
2010	-	-	-	0.00%	-
2011	-	-	-	0.00%	-
2012	-	-	-	0.00%	-
2013	-	-	-	0.00%	-
2014	-	-	-	0.00%	-
2015	-	-	-	0.00%	-
2016	-	-	-	0.00%	-
2017	-	-	-	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, 2017

	<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	\$ 2,065,000	2.77%	\$ 57,201
DSA Union Mission Series 2009	1,775,000	2.77%	49,168
DSA Chatham County Projects Series 2014	8,230,000	2.77%	227,971
Mosquito Control Facility	3,342,673	2.77%	92,592
Chatham-Savannah School Board			
General Obligation Bonded Debt	24,340,000	2.77%	674,218
Energy Management Project	2,743,743	2.77%	76,002
Overlapping other debt:			
Chatham County capital leases	3,102,818	2.74%	85,017
Chatham-Savannah School Board capital leases	<u>17,295,032</u>	<u>1.38%</u>	<u>238,671</u>
Subtotal, overlapping debt			1,500,840
City of Port Wentworth direct debt			<u>296,314</u>
Total direct and overlapping debt			\$ <u><u>1,797,154</u></u>

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				
	2007	2008	2009	2010	2011
Total assessed value of taxable property	\$ 234,846,045	\$ 291,942,359	\$ 337,711,480	\$ 367,643,758	\$ 359,471,325
Less exemption for bond purposes	-	-	-	-	-
Net assessed value for bond purposes	\$ <u>234,846,045</u>	\$ <u>291,942,359</u>	\$ <u>337,711,480</u>	\$ <u>367,643,758</u>	\$ <u>359,471,325</u>
Debt limit percentage	10%	10%	10%	10%	10%
Debt limit	\$ 23,484,605	\$ 29,194,236	\$ 33,771,148	\$ 36,764,376	\$ 35,947,133
Total net debt applicable to limit general obligation bonds	-	-	-	-	-
Legal debt margin	\$ <u>23,484,605</u>	\$ <u>29,194,236</u>	\$ <u>33,771,148</u>	\$ <u>36,764,376</u>	\$ <u>35,947,133</u>
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				
	2012	2013	2014	2015	2016
Total assessed value of taxable property	\$ 353,451,079	\$ 368,312,344	\$ 354,870,044	\$ 378,136,536	\$ 413,825,297
Less exemption for bond purposes	-	-	-	-	-
Net assessed value for bond purposes	\$ <u>353,451,079</u>	\$ <u>368,312,344</u>	\$ <u>354,870,044</u>	\$ <u>378,136,536</u>	\$ <u>413,825,297</u>
Debt limit percentage	10%	10%	10%	10%	10%
Debt limit	\$ 35,345,108	\$ 36,831,234	\$ 35,487,004	\$ 37,813,654	\$ 41,382,530
Total net debt applicable to limit general obligation bonds	-	-	-	-	-
Legal debt margin	\$ <u>35,345,108</u>	\$ <u>36,831,234</u>	\$ <u>35,487,004</u>	\$ <u>37,813,654</u>	\$ <u>41,382,530</u>
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⁾
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%
2015	7	217,927,500	29,057	6.3%
2016	8	275,624,000	34,453	5.0%

SOURCES:

⁽¹⁾ Chamber of Commerce, Metropolitan Planning Commission and U.S. Census.

⁽²⁾ Personal income has been estimated based upon the municipal population and per capita personal income presented.

⁽³⁾ State Department of Labor.

City of Port Wentworth, Georgia

Principal Employers Current and Nine Calendar Years Ago

	2016			2007		
	Employees	Rank	Percentage of Total Metro Area Employment	Employees	Rank	Percentage of Total Metro Area Employment
Gulfstream Aerospace Corp.	9,878	1	5.76%	5,000	2	3.99%
Savannah-Chatham Co. Bd. of Ed.	5,654	2	3.30%	4,781	3	3.81%
Memorial Health	5,000	3	2.92%	5,351	1	4.27%
Ft. Stewart/Hunter Army Airfield	4,000	4	2.33%	3,200	5	2.55%
St. Joseph's/Candler Health Sys.	3,100	5	1.81%	3,300	4	2.63%
City of Savannah	2,616	6	1.53%	2,500	6	1.99%
Chatham County	1,716	7	1.00%	1,356	10	1.08%
Savannah College of Art & Design	1,309	8	0.76%	1,457	8	1.16%
Georgia Ports Authority	988	9	0.58%	-	-	-
Armstrong Atlantic State	903	10	0.53%	-	-	-
Wal-Mart Stores, Inc.	-	-	-	2,182	7	1.74%
Momentum Resources II, Inc.	-	-	-	1,438	9	1.15%
	<u>35,164</u>		<u>20.52%</u>	<u>30,565</u>		<u>24.37%</u>

SOURCE: Savannah Area Chamber of Commerce and Georgia Department of Labor

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,				
	2008	2009	2010	2011	2012
General government	5	3	2	3	3
Judiciary	3	2	2	2	3
Legislative	7	7	7	7	7
Protective inspections	3	4	3	4	1
Public safety	32	25	32	32	31
Public works	18	8	9	7	4
Culture and recreation	2	3	3	3	3
Water and sewer services	5	6	7	7	7
Total	75	58	65	65	59

Function/Program	Full-time and Part-time City Employees as of June 30,				
	2013	2014	2015	2016	2017
General government	4	4	5	5	4
Judiciary	2	2	2	2	4
Legislative	6	6	6	6	6
Protective inspections	1	1	1	1	2
Public safety	34	30	35	41	44
Public works	2	3	2	3	3
Culture and recreation	3	3	7	10	13
Water and sewer services	7	11	7	10	10
Total	59	60	65	78	86

City of Port Wentworth, Georgia

Operating Indicators by Function

Last Ten Fiscal Years

	Fiscal Year				
	2008	2009	2010	2011	2012
Police					
Arrests	1,108	994	1,023	1,093	1,063
Fire					
Number of emergency calls	954	235	573	833	812
Inspections	314	247	370	284	245
Public works					
Street resurfacing (miles)	1	1	1	< 1	< 1
Parks and recreation					
Number of facility rentals	180	250	327	223	296
Water					
New connections	368	392	585	612	389
Average daily water use (thousands of gallons)	308	310	322	387	353
Sewer					
New connections	368	392	585	612	389
Average daily sewage treatment (thousands of gallons)	N/A	N/A	N/A	N/A	458
	Fiscal Year				
	2013	2014	2015	2016	2017
Police					
Arrests	1,261	1,282	1,344	1,207	1,227
Fire					
Number of emergency calls	994	1,084	1,209	1,263	1,329
Inspections	246	248	254	265	271
Public works					
Street resurfacing (miles)	1	2	2.25	< 1	< 1
Parks and recreation					
Number of facility rentals	346	335	377	365	398
Water					
New connections	418	178	138	133	63
Average daily water use (thousands of gallons)	444	388	441	921	700
Sewer					
New connections	418	178	138	133	63
Average daily sewage treatment (thousands of gallons)	600	757	822	825	800

SOURCES: City Records.

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				
	2008	2009	2010	2011	2012
Police					
Stations	1	1	1	1	1
Fire					
Stations	2	2	2	2	2
Public works					
Streets (miles)	44	46	46	51	51
Streetlights	362	384	384	886	886
Traffic signals	9	8	8	10	10
Parks and recreation					
Parks	4	4	4	5	5
Community centers	3	4	4	4	4
Water					
Water mains (miles)	39	41	41	45	46
Maximum daily capacity (thousands of gallons)	2,600	2,600	2,600	2,600	2,600
Sewer					
Sanitary sewers (miles)	39	41	41	45	46
Maximum daily treatment capacity (thousands of gallons)	N/A	N/A	N/A	N/A	N/A
	Fiscal Year				
	2013	2014	2015	2016	2017
Police					
Stations	1	1	1	1	1
Fire					
Stations	2	2	2	2	2
Public works					
Streets (miles)	51	52	54	54	54
Streetlights	886	886	886	906	906
Traffic signals	10	10	11	11	11
Parks and recreation					
Parks	5	5	5	5	5
Community centers	4	4	4	4	4
Water					
Water mains (miles)	46	51	51	51	51
Maximum daily capacity (thousands of gallons)	2,600	3,100	3,100	3,100	3,100
Sewer					
Sanitary sewers (miles)	46	51	51	51	51
Maximum daily treatment capacity (millions of gallons)	4	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, 2017, and the related notes to the financial statements, which collectively comprise City's basic financial statements, and have issued our report thereon dated October 11, 2017.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered City of Port Wentworth, Georgia's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of City's internal control.

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether City of Port Wentworth, Georgia's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

KRT, CPAs P.C.

KRT, CPAs P.C.

Savannah, Georgia
October 11, 2017