



CITY OF PORT WENTWORTH

Georgia

**COMPREHENSIVE
ANNUAL FINANCIAL
REPORT**

Fiscal Year Ended June 30, 2019

Prepared by: City Finance Department



City of Port Wentworth, Georgia

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City of Port Wentworth, Georgia

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Introductory Section







CITY OF PORT WENTWORTH

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

MAYOR
Gary Norton

COUNCIL MEMBERS
Thomas Barbee
Shari Dyal
Bill Herrin
Debbie Johnson
Linda Smith
Mark Stevens

INTERIM CITY
ADMINISTRATOR
Steve Davis

December 20, 2019

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, 2019.

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.

Mauldin & Jenkins, LLC, Certified Public Accountants, has issued an unmodified ("clean") opinion on the City of Port Wentworth's financial statements for the year ended June 30, 2019. The independent auditor's report is located at the front of the financial section of this report.

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

Profile of 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 and Council appoint 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 remains consistent, with a slight decrease in the current year of approximately 3%. 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 \$77,038 which is almost a 72% 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, 2019 at 3.8%.

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 most common employment sectors for Port Wentworth residents are public administration (12.5%), manufacturing (11.5%), and transportation and warehousing (11.2%).

Approximately 38% of employed residents are in management and professional related occupations; 17% are in service occupations; 11% 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 are to encourage development or expansion of businesses and industries that are suitable for the community, include promoting economic development, attracting infill development and redevelopment, and supporting increased residential densities. 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, 2019, 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.

During the year ended June 30, 2019, the City completed three major projects including improvement of the Keller Roadway, further development of the turnkey fiber network infrastructure and the completion of the rehabilitation project of Phillips Avenue. The City also began several projects that were in process as of June 30, 2019, including the purchase and configuration of a new mobile command center, expected to be completed in December 2019.

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 \$14,729,700 and a total General Fund balance of \$15,581,714. Unassigned fund balance represents approximately 125% of total General Fund expenditures and total fund balance represents 132% 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, 2018. This was the seventeenth 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 blue ink, appearing to read "Steven S. Davis".

Steven S. Davis
Interim City Administrator



City of Port Wentworth, Georgia

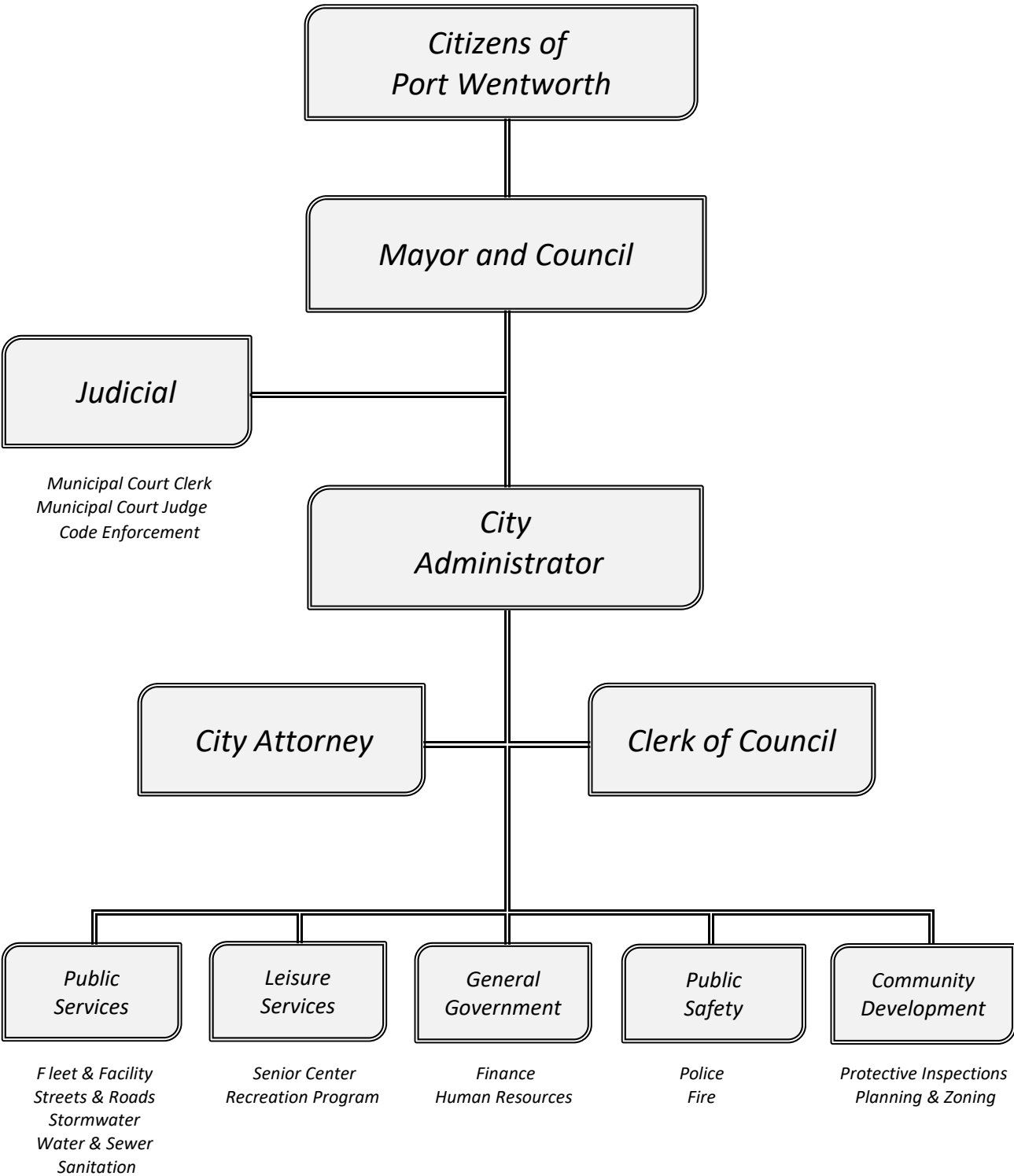
List of Principal Officials

Mayor	Gary Norton
Mayor Pro-Tem Appointed by Council	Debbie Johnson
Interim City Administrator	Steve Davis
City Attorney	James L. Coursey, Jr.
Clerk of Council	Shanta Scarboro
Director of Operations	Shanta Scarboro
Director of Public Safety	Matthew Libby
Director of Development Services	Brian Harvey
Director of Leisure Services	Tiffany Lancaster
Director of Wastewater Treatment	Clear Water Inc. (Contractor)

City Council Members

Mayor Pro-Tem Appointed by Council	Debbie Johnson
Council Member At Large	Thomas Barbee
Council Member At Large	Linda Smith
Council Member, District 1	Shari Dyal
Council Member, District 2	Mark Stevens
Council Member, District 3	Debbie Johnson
Council Member, District 4	Bill Herrin

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

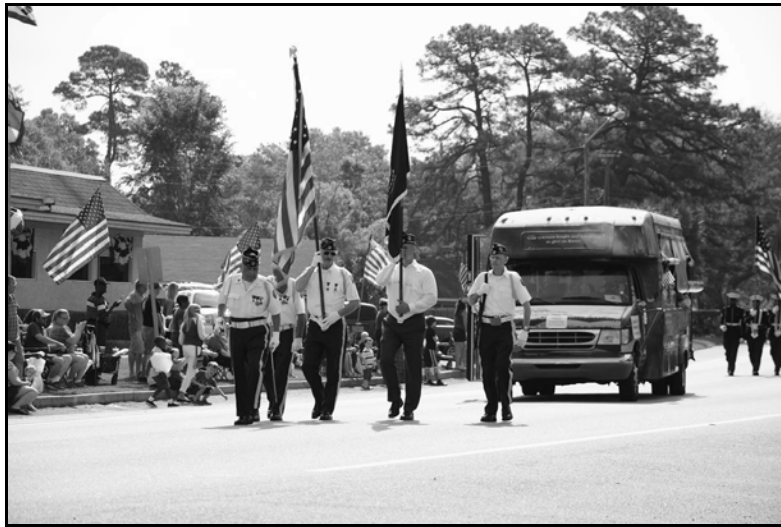
June 30, 2018

Christopher P. Morrell

Executive Director/CEO



Financial Section







INDEPENDENT AUDITOR'S REPORT

**To the Honorable Mayor
and Members of the City Council
City of Port Wentworth, Georgia**

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the **City of Port Wentworth, Georgia** (the "City"), as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of June 30, 2019, 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 (on pages C-1 through C-8), the Budgetary Comparison Schedule – General Fund (on page E-1), the Budgetary Comparison Schedule – Hotel/Motel Fund (on page E-3), the Notes to the Required Supplementary Information (on page E-4), the Schedule of Changes in the Net Pension Liability and Related Ratios (on page E-5), and the Schedule of Contributions (on page E-6), be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, budgetary comparison schedule – nonmajor governmental fund, the statement of changes in assets and liabilities – fiduciary fund, the schedule of required expenditures funded by the hotel/motel tax, and the statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements of the City. The accompanying schedule of expenditures of special purpose local option sales tax proceeds is presented for purposes of additional analysis as required by the Official Code of Georgia Annotated ("O.C.G.A.") §48-8-121, and is not a required part of the basic financial statements.

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

The introductory and statistical sections have 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 them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 20, 2019, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Mauldin & Jenkins, LLC

Savannah, Georgia
December 20, 2019



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, 2019. 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 \$64,388,263 (*net position*). Of this amount, \$26,627,971 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 \$19,405,562, an increase of \$1,013,847 in comparison with the prior year. Approximately 76% of this amount, \$14,729,700, 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 \$15,455,359.
- The City's total outstanding long-term debt increased by \$3,060,000 during the current fiscal year primarily due to loan proceeds received to purchase the new city hall building and lease proceeds to purchase the command vehicle.

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 the 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 \$64,388,263, at the close of the most recent fiscal year.

City of Port Wentworth's Net Position

	Governmental activities		Business-type activities		Total	
	2019	2018	2019	2018	2019	2018
Assets						
Current and other assets	\$ 22,146,188	\$ 21,180,670	\$ 11,374,729	\$ 9,799,679	\$ 33,520,917	\$ 30,980,349
Capital assets, net	16,853,480	12,935,709	25,973,186	27,113,428	42,826,666	40,049,137
Total assets	38,999,668	34,116,379	37,347,915	36,913,107	76,347,583	71,029,486
Deferred outflows of resources						
Pension related	320,107	195,213	43,775	31,541	363,882	226,754
Liabilities						
Current liabilities	2,483,215	2,368,642	902,753	1,066,843	3,385,968	3,435,485
Long-term liabilities	3,617,393	1,085,183	4,770,085	4,930,209	8,387,478	6,015,392
Total liabilities	6,100,608	3,453,825	5,672,838	5,997,052	11,773,446	9,450,877
Deferred inflows of resources						
Pension related	483,620	507,690	66,136	82,030	549,756	589,720
Net position						
Net investment in capital assets	12,884,726	11,627,601	21,051,718	22,045,154	33,936,444	33,672,755
Restricted	3,823,848	4,222,296	-	-	3,823,848	4,222,296
Unrestricted	16,026,973	14,500,180	10,600,998	8,820,412	26,627,971	23,320,592
Total net position	\$ 32,735,547	\$ 30,350,077	\$ 31,652,716	\$ 30,865,566	\$ 64,388,263	\$ 61,215,643

By far, the largest portion of the City's net position (53%) 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.

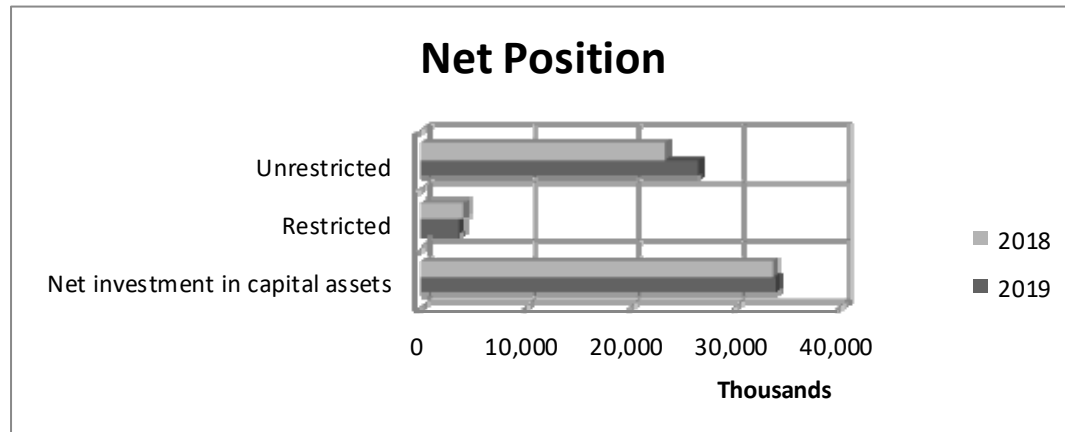
An additional portion of the City's net position (6%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$26,627,971 is unrestricted and may be used to meet the government's ongoing obligations to its citizens and creditors.

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

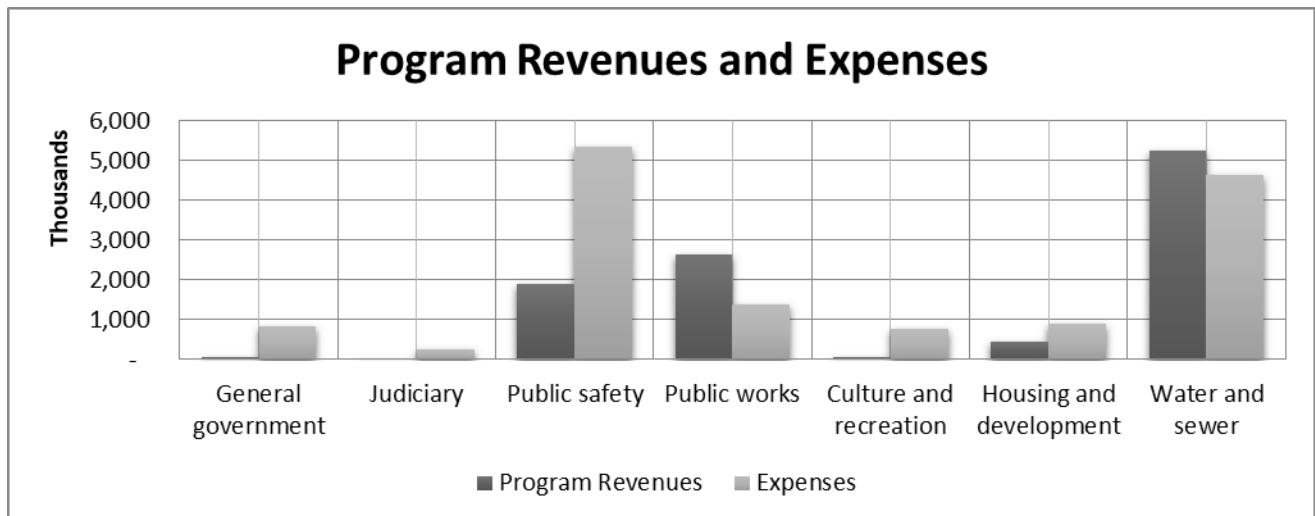
Management's Discussion and Analysis

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 \$2,385,470 from the prior year for an ending balance of \$32,735,547. The positive change in net position was primarily due to growth in tax and SPLOST collections, charges for services, and increased interest earnings.

Business-type Activities. For the City's business-type activities, the change in net position of \$787,150 was an overall increase with revenues outpacing expenses. The main reason for the net increase was due to an increase in the water department's aid to construction collections of \$1,104,977 and an increase in expenses related to the third party contractor assisting in operations and maintenance of the water department. In addition, there were no transfers-in from other funds in fiscal year 2019.



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	
	2019	2018	2019	2018	2019	2018
Revenues:						
Program revenues						
Charges for services	\$ 3,554,396	\$ 2,990,652	\$ 3,473,649	\$ 3,243,713	\$ 7,028,045	\$ 6,234,365
Operating grants and contributions	75,158	202,841	-	-	75,158	202,841
Capital grants and contributions	1,452,810	1,414,816	1,786,381	570,800	3,239,191	1,985,616
General revenues						
Property taxes	2,793,069	2,654,232	-	-	2,793,069	2,654,232
Sales taxes	1,986,251	1,807,387	-	-	1,986,251	1,807,387
Selective sales and use taxes	1,165,574	1,176,980	-	-	1,165,574	1,176,980
Business taxes	513,360	463,214	-	-	513,360	463,214
Unrestricted investment earnings	164,616	103,972	38,145	32,098	202,761	136,070
Gain on disposition of capital assets	29,943	110,221	-	-	29,943	110,221
Miscellaneous	84,750	85,552	104,872	82,503	189,622	168,055
Total revenues	11,819,927	11,009,867	5,403,047	3,929,114	17,222,974	14,938,981
Expenses:						
General government	826,740	897,340	-	-	826,740	897,340
Judiciary	236,265	220,545	-	-	236,265	220,545
Public safety	5,345,392	4,626,874	-	-	5,345,392	4,626,874
Public works	1,374,086	1,876,454	-	-	1,374,086	1,876,454
Culture and recreation	765,043	767,938	-	-	765,043	767,938
Housing and development	886,931	729,097	-	-	886,931	729,097
Water and sewer	-	-	4,615,897	4,005,541	4,615,897	4,005,541
Total expenses	9,434,457	9,118,248	4,615,897	4,005,541	14,050,354	13,123,789
Increase (decrease) in net position	2,385,470	1,891,619	787,150	(76,427)	3,172,620	1,815,192
Net position, beginning	30,350,077	28,458,458	30,865,566	30,941,993	61,215,643	59,400,451
Net position, ending	\$ 32,735,547	\$ 30,350,077	\$ 31,652,716	\$ 30,865,566	\$ 64,388,263	\$ 61,215,643

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, 2019, the City's governmental funds reported combined fund balances of \$19,405,562, an increase of \$1,013,847 in comparison with the prior year. Approximately, 76% of this amount, \$14,729,700, 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 \$126,355, 2) legally required to be maintained intact (none), 3) restricted for particular purposes \$3,823,848, 4) committed for particular purposes (none), or 5) assigned for particular purposes \$725,659.

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 \$14,729,700, while total fund balance increased to \$15,581,714. 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 125% of total General Fund expenditures, while total fund balance represented approximately 132% of that same amount.

The fund balance of the City's General Fund increased by \$1,412,295 during the current fiscal year. Transfers-in from Hotel Motel Tax Fund and proceeds from capital leases and long term debt used to purchase a command vehicle and city hall accounted for most of the net increase in fund balance.

The Capital Projects Fund, a major fund, had a \$394,171 decrease in fund balance during the current fiscal year resulting in an ending restricted fund balance of \$3,801,265. The restriction to fund balance was due to the spending constraints placed on uses of SPLOST revenues. The decrease in fund balance resulted from capital outlays exceeding SPLOST revenues. Major projects incurred in the Capital Projects Fund included drainage improvements and consulting related to 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 \$10,600,998 and net position for net investment in capital assets was \$21,051,718. As of June 30, 2019, the Water and Sewer Enterprise Fund's net position had increased by \$787,150. As noted earlier, an increase in aid to construction revenue and purchased and contracted services contributed to the net increase in net position. 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, 2019, totaled \$42,826,666 (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 net increase in capital assets for the current fiscal year was approximately \$2,778,000 (net of accumulated depreciation).

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

- New City Hall building purchase
- Street and road improvements
- Turnkey fiber network improvements
- Police and fire vehicle and equipment purchases

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 \$8,890,222. The changes in long-term debt were due to \$2,500,000 in loan proceeds received to purchase the city hall building and \$560,000 of lease proceeds received and used to purchase a command vehicle and \$546,160 of 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 28, 2018, for the fiscal year ended June 30, 2019.

During the year, there were supplemental appropriation increases totaling \$853,730 between the original and final amended budget. The supplemental appropriations were mainly obtained to fund employee benefits, professional services, and capital outlay.

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 \$2,583,271. The largest variance was due to taxes which exceeded expectations by about \$755,000. 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 \$536,653 over budget. Public Safety, Highways and Streets, and Storm Drainage had the most favorable variance between appropriations and actual expenditures, especially since personal services and benefits, capital outlay, vehicle operation costs, and repair and maintenance costs were lower than expected. General administration had a negative variance due to the purchase of the new city hall building.

Economic Factors and Next Year's Budgets and Rates

General Fund. The City has adopted a General Fund budget of \$10,084,414 for the fiscal year ending June 30, 2020. 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 \$1,864,343 and \$1,923,410, respectively.
- Property taxes are expected to increase as City population continues to grow. Projected tax revenue is based on growth and the millage rate was lowered to 4.160.
- \$203,388 from unassigned fund balance will be used in fiscal year ending June 30, 2020, to fund major road repairs, other capital projects, and economic development initiatives.

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 \$6,852,746 Water and Sewer Enterprise Fund budget. Charges for services are the largest sources of revenue for the fund. With 20% growth in the tax digest and new service connections, revenues are anticipated to increase slightly.

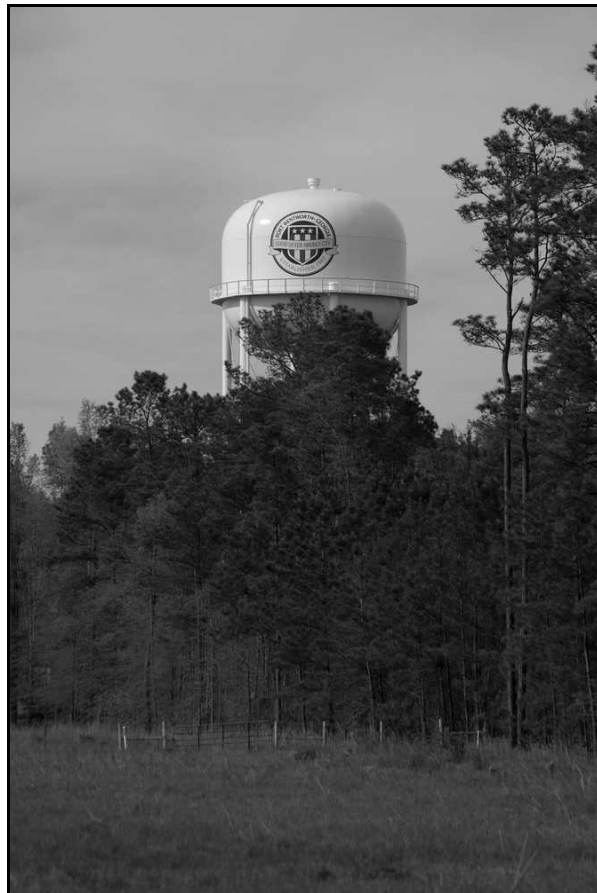
The budget included the following expenditure expectations:

- Debt service for GEFA and USDA loans and for capital leases is expected to be about \$258,200.
- The City has contracted a third party company to manage, operate and maintain the City's water, wastewater and public services and sewer lift stations for fiscal year 2020 with an estimated cost of approximately \$1,880,000.
- Improvements to infrastructures with an estimated cost of \$2,200,000.

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, 7224 GA Highway 21, Port Wentworth, Georgia 31407.

Basic Financial Statements





Government-wide Financial Statements





City of Port Wentworth, Georgia

Statement of Net Position

June 30, 2019

	Governmental Activities	Business- Type Activities	Total
ASSETS			
Cash and investments	\$ 20,214,739	\$ 10,551,228	\$ 30,765,967
Receivables	1,120,043	372,702	1,492,745
Internal balances	196,392	(196,392)	-
Prepaid items	126,355	11,735	138,090
Restricted assets			
Cash and investments	66,544	577,731	644,275
Capital assets			
Land, improvements, and construction in progress	2,885,891	240,232	3,126,123
Other capital assets, net of depreciation	13,967,589	25,732,954	39,700,543
Net pension asset	422,115	57,725	479,840
Total assets	38,999,668	37,347,915	76,347,583
DEFERRED OUTFLOWS OF RESOURCES			
Pension related	320,107	43,775	363,882
LIABILITIES			
Accounts payable	1,173,228	167,604	1,340,832
Other accrued liabilities	68,686	6,035	74,721
Unearned revenue	674,271	-	674,271
Customer deposits	43,961	577,731	621,692
Long-term liabilities			
Due within one year	523,069	151,383	674,452
Due in more than one year	3,617,393	4,770,085	8,387,478
Total liabilities	6,100,608	5,672,838	11,773,446
DEFERRED INFLOWS OF RESOURCES			
Pension related	483,620	66,136	549,756
NET POSITION			
Net investment in capital assets	12,884,726	21,051,718	33,936,444
Restricted for:			
Capital projects	3,801,265	-	3,801,265
Confiscated assets	22,583	-	22,583
Unrestricted	16,026,973	10,600,998	26,627,971
Total net position	\$ 32,735,547	\$ 31,652,716	\$ 64,388,263

City of Port Wentworth, Georgia

Statement of Activities Year ended June 30, 2019

		Program Revenues		
		Charges for	Operating	Capital
	Expenses	Services	Grants and	Grants and
			Contributions	Contributions
FUNCTIONS/PROGRAMS				
Governmental activities				
General government	\$ 826,740	\$ 50,297	\$ -	\$ -
Judiciary	236,265	-	-	-
Public safety	5,345,392	1,862,753	35,396	-
Public works	1,374,086	1,152,822	39,762	1,452,810
Culture and recreation	765,043	44,733	-	-
Housing and development	886,931	443,791	-	-
Total governmental activities	9,434,457	3,554,396	75,158	1,452,810
Business-type activity				
Water and sewer	4,615,897	3,473,649	-	1,786,381
Total	\$ 14,050,354	\$ 7,028,045	\$ 75,158	\$ 3,239,191

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, 2019

Net (Expense) Revenue and Changes in Net Position		
<u>Governmental Activities</u>	<u>Business- Type Activities</u>	<u>Total</u>
\$ (776,443)	\$ -	\$ (776,443)
(236,265)	-	(236,265)
(3,447,243)	-	(3,447,243)
1,271,308	-	1,271,308
(720,310)	-	(720,310)
(443,140)	-	(443,140)
<u>(4,352,093)</u>	<u>-</u>	<u>(4,352,093)</u>
<u>-</u>	<u>644,133</u>	<u>644,133</u>
<u>(4,352,093)</u>	<u>644,133</u>	<u>(3,707,960)</u>
2,793,069	-	2,793,069
1,986,251	-	1,986,251
1,165,574	-	1,165,574
513,360	-	513,360
164,616	38,145	202,761
29,943	-	29,943
84,750	104,872	189,622
<u>6,737,563</u>	<u>143,017</u>	<u>6,880,580</u>
2,385,470	787,150	3,172,620
<u>30,350,077</u>	<u>30,865,566</u>	<u>61,215,643</u>
\$ <u>32,735,547</u>	\$ <u>31,652,716</u>	\$ <u>64,388,263</u>



Fund Financial Statements





City of Port Wentworth, Georgia

Balance Sheets Governmental Funds June 30, 2019

	General	Capital Projects	Hotel/Motel Tax Fund	Nonmajor Governmental Funds	Total Government Funds
ASSETS					
Cash and investments	\$ 16,162,609	\$ 3,967,184	\$ 84,946	\$ -	\$ 20,214,739
Receivables	923,437	121,471	75,135	-	1,120,043
Due from other funds	357,222	-	-	-	357,222
Prepaid items	126,355	-	-	-	126,355
Restricted cash and investments	43,961	-	-	22,583	66,544
Total assets	\$ 17,613,584	\$ 4,088,655	\$ 160,081	\$ 22,583	\$ 21,884,903
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES					
Liabilities					
Accounts payable	\$ 840,049	\$ 253,154	\$ 80,025	\$ -	\$ 1,173,228
Other accrued liabilities	68,686	-	-	-	68,686
Due to other funds	46,538	34,236	80,056	-	160,830
Customer deposits	43,961	-	-	-	43,961
Unearned revenue	674,271	-	-	-	674,271
Total liabilities	1,673,505	287,390	160,081	-	2,120,976
Deferred inflows of resources					
Unavailable revenue	358,365	-	-	-	358,365
Total deferred inflows of resources	358,365	-	-	-	358,365
Fund balances					
Nonspendable prepaid items	126,355	-	-	-	126,355
Restricted					
Capital projects funds	-	3,801,265	-	-	3,801,265
Confiscated assets funds	-	-	-	22,583	22,583
Assigned					
Capital asset replacement	522,271	-	-	-	522,271
Subsequent year's budget	203,388	-	-	-	203,388
Unassigned	14,729,700	-	-	-	14,729,700
Total fund balances	15,581,714	3,801,265	-	22,583	19,405,562
Total liabilities, deferred inflows of resources, and fund balances	\$ 17,613,584	\$ 4,088,655	\$ 160,081	\$ 22,583	\$ 21,884,903

City of Port Wentworth, Georgia
Reconciliation of Total Governmental Fund Balances
To Net Position of Governmental Activities
June 30, 2019

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	\$	19,405,562
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 \$9,237,706)		16,853,480
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		358,365
The net pension asset is not an available resource and, therefore, is not reported in the funds.		422,115
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 leases and long term loans		(171,708) (3,968,754)
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		320,107 (483,620)
Net position of governmental activities	\$	<u>32,735,547</u>

City of Port Wentworth, Georgia
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
Year ended June 30, 2019

	General	Capital Projects	Hotel/ Motel Tax Fund	Nonmajor Governmental Fund	Total Governmental Funds
REVENUES					
Taxes	\$ 5,562,291	\$ -	\$ 899,458	\$ -	\$ 6,461,749
Licenses and permits	377,429	-	-	-	377,429
Intergovernmental	300,213	1,330,827	-	-	1,631,040
Charges for services	1,722,797	-	-	-	1,722,797
Fines and forfeitures	1,454,170	-	-	-	1,454,170
Investment income	164,614	16,868	2	-	181,484
Miscellaneous	84,750	-	-	-	84,750
Total revenues	<u>9,666,264</u>	<u>1,347,695</u>	<u>899,460</u>	<u>-</u>	<u>11,913,419</u>
EXPENDITURES					
Current					
General government	3,149,617	-	-	-	3,149,617
Judiciary	236,924	-	-	-	236,924
Public safety	5,304,633	-	-	4,277	5,308,910
Public works	1,308,331	-	-	-	1,308,331
Culture and recreation	679,121	-	-	-	679,121
Housing and development	677,404	-	-	-	677,404
Intergovernmental assistance	-	-	449,640	-	449,640
Capital outlay	-	1,741,832	-	-	1,741,832
Debt service					
Principal	395,129	-	-	-	395,129
Interest	49,615	-	-	-	49,615
Total expenditures	<u>11,800,774</u>	<u>1,741,832</u>	<u>449,640</u>	<u>4,277</u>	<u>13,996,523</u>
Excess (deficiency) of revenues over (under) expenditures	(2,134,510)	(394,137)	449,820	(4,277)	(2,083,104)
OTHER FINANCING SOURCES (USES)					
Transfers in	449,854	-	-	-	449,854
Transfers out	-	(34)	(449,820)	-	(449,854)
Sale of capital assets	36,951	-	-	-	36,951
Capital leases	560,000	-	-	-	560,000
Long term debt proceeds	2,500,000	-	-	-	2,500,000
Total other financing sources (uses)	<u>3,546,805</u>	<u>(34)</u>	<u>(449,820)</u>	<u>-</u>	<u>3,096,951</u>
Net change in fund balances	1,412,295	(394,171)	-	(4,277)	1,013,847
Fund balances, beginning of year	<u>14,169,419</u>	<u>4,195,436</u>	<u>-</u>	<u>26,860</u>	<u>18,391,715</u>
Fund balances, end of year	<u>\$ 15,581,714</u>	<u>\$ 3,801,265</u>	<u>\$ -</u>	<u>\$ 22,583</u>	<u>\$ 19,405,562</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, 2019

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

Net change in fund balance – total governmental funds	\$	1,013,847
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	\$	5,069,242
Depreciation expense reported in the statement of activities		<u>(1,144,463)</u>
		3,924,779
The effect of miscellaneous transactions involving capital assets and debt:		
Capital lease proceeds		(560,000)
Capital lease payments		380,951
Long term debt proceeds		(2,500,000)
Long term debt payments		18,403
Disposals of capital assets		(7,008)
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		(3,495)
GEMA hurricane reimbursements		(119,940)
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		(552)
Change in long-term salaries		96,247
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>142,238</u>
Change in net position – statement of activities	\$	<u><u>2,385,470</u></u>

City of Port Wentworth, Georgia

Water and Sewer Enterprise Fund

Statement of Net Position

June 30, 2019

ASSETS		
Current assets		
Cash and investments	\$	10,551,228
Accounts receivable, net		372,702
Due from other funds		46,538
Prepaid items		11,735
Restricted cash and investments		577,731
Total current assets		11,559,934
Capital assets		
Land, improvements, and construction in progress		240,232
Other capital assets, net of depreciation		25,732,954
Total capital assets		25,973,186
Non-current assets		
Net pension asset		57,725
Total non-current assets		57,725
Total assets		37,590,845
DEFERRED OUTFLOWS OF RESOURCES		
Pension related		43,775
LIABILITIES		
Current liabilities		
Accounts payable		167,604
Accrued expenses		6,035
Due to other funds		242,930
Customer deposits		577,731
Notes, loans, and capital leases payable		151,383
Total current liabilities		1,145,683
Non-current liabilities		
Notes, loans, and capital leases payable		4,770,085
Total non-current liabilities		4,770,085
Total liabilities		5,915,768
DEFERRED INFLOWS OF RESOURCES		
Pension related		66,136
NET POSITION		
Net investment in capital assets		21,051,718
Unrestricted		10,600,998
Total net position	\$	31,652,716

City of Port Wentworth, Georgia

Water and Sewer Enterprise Fund

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

Year ended June 30, 2019

OPERATING REVENUES	
Charges for services	\$ 3,422,626
Connection fees	51,023
Miscellaneous	104,872
	<hr/>
Total operating revenues	3,578,521
OPERATING EXPENSES	
Sewer Department	
Personal services and employee benefits	6,390
Purchased and contracted services	935,920
Supplies	361,549
Depreciation	498,390
	<hr/>
Total operating expenses, Sewer	1,802,249
Water Department	
Personal services and employee benefits	6,607
Purchased and contracted services	592,722
Supplies	691,265
Depreciation	280,867
	<hr/>
Total operating expenses, Water	1,571,461
Wastewater Treatment Department	
Personal services and employee benefits	26,873
Purchased and contracted services	568,277
Supplies	143,638
Depreciation	360,985
	<hr/>
Total operating expenses, Wastewater Treatment	1,099,773
Total operating expenses	4,473,483
	<hr/>
Operating loss	(894,962)
NON-OPERATING REVENUES (EXPENSES)	
Interest income	38,145
Interest expense	(142,414)
	<hr/>
Total non-operating expenses, net	(104,269)
	<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, 2019

Loss before capital contributions and transfers	(999,231)
Capital contributions	<u>1,786,381</u>
Change in net position	787,150
Net position, beginning of year	<u>30,865,566</u>
Net position, end of year	\$ <u>31,652,716</u>

City of Port Wentworth, Georgia

Water and Sewer Enterprise Fund

Statement of Cash Flows

Year ended June 30, 2019

CASH FLOWS FROM OPERATING ACTIVITIES	
Cash received from customers	\$ 3,578,297
Cash payments to suppliers for goods and services	(3,500,696)
Cash payments to employees for services	(82,256)
Net cash used for operating activities	(4,655)
CASH FLOW FROM NON-CAPITAL FINANCING ACTIVITIES	
Increase in interfund payables	168,162
Net cash provided by non-capital financing activities	168,162
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Principal paid on long-term debt and capital leases	(146,806)
Interest paid on long-term debt and capital leases	(142,607)
Aid to construction	1,786,381
Net cash provided by capital and related financing activities	1,496,968
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest on investments	38,145
Net cash provided by investing activities	38,145
Net increase in cash and cash equivalents	1,698,620
Cash and cash equivalents, beginning of year	9,430,339
Cash and cash equivalents, end of year	\$ 11,128,959
RECONCILIATION OF OPERATING LOSS TO NET CASH USED FOR OPERATING ACTIVITIES	
Operating loss	\$ (894,962)
Adjustments to reconcile operating loss to net cash used for operating activities	
Depreciation	1,140,242
Pension expense	(16,562)
Changes in assets and liabilities	
(Increase) in accounts receivable	(52,749)
(Increase) in prepaid items	(3,408)
(Decrease) in accounts payable	(207,326)
Increase in customer deposits	52,525
(Decrease) in compensated absences	(22,415)
Total adjustments	890,307
Net cash used for operating activities	\$ (4,655)
RECONCILIATION TO THE STATEMENT OF NET POSITION	
Cash and investments	\$ 10,551,228
Restricted cash and investments	577,731
	\$ 11,128,959

City of Port Wentworth, Georgia

Fiduciary Fund – Agency Fund

Statement of Fiduciary Assets and Liabilities

June 30, 2019

		Municipal Court Fund
ASSET		
Cash	\$	<u>46,401</u>
Total asset	\$	<u><u>46,401</u></u>
LIABILITY		
Due to others	\$	<u>46,401</u>
Total liability	\$	<u><u>46,401</u></u>



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 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, donated works of art and similar items, and capital assets received in a service concession arrangement are reported at acquisition value.

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 - 10

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, 2018 and were due November 15, 2018. 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, 2018.

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, 2019, the City had the following investments:

Investment	Maturities	Fair Value
Georgia Fund I (Local Government Investment Pool)	Less than 1 Year	\$ 6,556,827

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.F.1. As of June 30, 2019, 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 \$31,456,643 on June 30, 2019 as summarized below (by type and by balance sheet classification):

Accounts by Type	June 30, 2019
Deposits	\$ 24,899,016
Investments	6,556,827
Petty cash funds	800
Total carrying value of cash and cash equivalents	\$ 31,456,643
Accounts by Balance Sheet Classification	
Cash and cash equivalents	\$ 30,765,967
Restricted cash and cash equivalents	644,275
Agency fund cash	46,401
Total carrying value of cash and cash equivalents	\$ 31,456,643

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, 2019, 100% of the City's deposits were insured or collateralized with securities held by the City, an agent in the name of the City, or securities pledged by financial institutions in the name of the City.

B. Receivables

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

June 30, 2019	General	Capital Projects	Hotel/ Motel Tax Fund	Water and Sewer	Total
Receivables					
Taxes	\$ 452,734	\$ -	\$ 75,135	\$ -	\$ 527,869
Accounts	160,075	-	-	446,344	606,419
Intergovernmental	339,412	121,471	-	-	460,883
Gross receivable	952,221	121,471	75,135	446,344	1,595,171
Allowance for uncollectibles	(28,784)	-	-	(73,642)	(102,426)
Total net receivables	\$ 923,437	\$ 121,471	\$ 75,135	\$ 372,702	\$ 1,492,745

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

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

June 30, 2019	Unavailable	Unearned	Total Unearned and Unavailable
2019 Property tax collection	\$ -	\$ 674,271	\$ 674,271
Delinquent property taxes receivable	7,047	-	7,047
Franchise taxes receivable	351,318	-	351,318
	\$ 358,365	\$ 674,271	\$ 1,032,636

City of Port Wentworth, Georgia

Notes to the Basic Financial Statements

C. Capital Assets

Capital asset activity for the year ended June 30, 2019 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	\$ 1,163,389	\$ -	\$ -	\$ -	\$ 1,163,389
Construction in progress	1,517,970	2,688,342	-	(2,483,810)	1,722,502
Total capital assets not being depreciated	<u>2,681,359</u>	<u>2,688,342</u>	<u>-</u>	<u>(2,483,810)</u>	<u>2,885,891</u>
<u>Depreciable assets</u>					
Building and improvements	3,118,679	2,164,816	-	-	5,283,495
Machinery, equipment and vehicles	6,332,535	216,084	(136,959)	-	6,411,660
Infrastructure	9,026,330	-	-	2,483,810	11,510,140
Subtotals depreciable assets	<u>18,477,544</u>	<u>2,380,900</u>	<u>(136,959)</u>	<u>2,483,810</u>	<u>23,205,295</u>
<u>Accumulated depreciation</u>					
Building and improvements	(1,703,701)	(109,171)	-	-	(1,812,872)
Machinery, equipment and vehicles	(3,831,836)	(685,270)	129,951	-	(4,387,155)
Infrastructure	(2,687,657)	(350,022)	-	-	(3,037,679)
Subtotals accumulated depreciation	<u>(8,223,194)</u>	<u>(1,144,463)</u>	<u>129,951</u>	<u>-</u>	<u>(9,237,706)</u>
Total capital assets being depreciated, net	<u>10,254,350</u>	<u>1,236,437</u>	<u>(7,008)</u>	<u>2,483,810</u>	<u>13,967,589</u>
Governmental activities capital assets, net	<u>\$ 12,935,709</u>	<u>\$ 3,924,779</u>	<u>\$ (7,008)</u>	<u>\$ -</u>	16,853,480
Less related long-term debt outstanding					<u>(3,968,754)</u>
Net investment in capital assets					<u>\$ 12,884,726</u>

City of Port Wentworth, Georgia

Notes to the Basic Financial Statements

C. Capital Assets (cont.)

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Business-type activities					
<u>Non-depreciable assets</u>					
Land	\$ 240,232	\$ -	\$ -	\$ -	\$ 240,232
Construction in progress	-	-	-	-	-
Total capital assets not being depreciated	240,232	-	-	-	240,232
<u>Depreciable assets</u>					
Building and improvements	37,808	-	-	-	37,808
Machinery, equipment and vehicles	498,228	-	-	-	498,228
Infrastructure	37,620,763	-	-	-	37,620,763
Subtotals depreciable assets	38,156,799	-	-	-	38,156,799
<u>Accumulated depreciation</u>					
Building and improvements	(23,045)	(980)	-	-	(24,025)
Machinery, equipment and vehicles	(374,496)	(42,906)	-	-	(417,402)
Infrastructure	(10,886,062)	(1,096,356)	-	-	(11,982,418)
Subtotals accumulated depreciation	(11,283,603)	(1,140,242)	-	-	(12,423,845)
Total capital assets being depreciated, net	26,873,196	(1,140,242)	-	-	25,732,954
Business-type activities capital assets, net	\$ 27,113,428	\$ (1,140,242)	\$ -	\$ -	25,973,186
Less related long-term debt outstanding					(4,921,468)
Net investment in capital assets					\$ 21,051,718

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, 2019</u>
<i>Governmental activities</i>	
General government	\$ 23,789
Judiciary	2,020
Public safety	632,345
Public works	378,458
Culture and recreation	100,238
Housing and development	<u>7,614</u>
Total governmental activities depreciation expense	\$ <u>1,144,464</u>
<i>Business-type activities</i>	
Sewer	\$ 498,391
Water	280,867
Wastewater treatment	<u>360,985</u>
Total business-type activities depreciation expense	\$ <u>1,140,243</u>

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, 2019, the date of the latest actuarial valuation, the plan membership included the following categories of participants:

Inactive employees (or their beneficiaries) currently receiving benefits	45
Inactive employees entitled to, but not yet receiving benefits	41
Active employees	60
Active elected officials	<u>7</u>
Total	<u>153</u>

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 \$108,356.

Net pension liability – The City's net pension liability was measured as of September 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2019.

Actuarial assumptions – The total pension liability in the January 1, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Investment rate of return	7.50%
Projected salary increases	2.75%, plus service based merit increases
Cost of living adjustment	2.75%

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, 2019 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, 2018 are summarized in the following table:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Domestic equity	45%	6.40%
International equity	20%	7.40%
Global fixed income	5%	3.03%
Domestic fixed income	20%	1.75%
Real estate	10%	5.10%
	100%	

Discount rate – The discount rate used to measure the total pension liability was 7.50%. 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 (NPL)
Balances at September 30, 2017	\$ 6,768,161	\$ 7,266,292	\$ (498,131)
Changes for the year:			
Service cost	165,255	-	165,255
Interest	508,526	-	508,526
Difference between expected and actual experience	191,283	-	191,283
Contributions, employer	-	150,949	(150,949)
Net investment income	-	715,476	(715,476)
Benefit payments	(306,135)	(306,135)	-
Administrative expense	-	(19,652)	19,652
Other	-	-	-
Net changes	558,929	540,638	18,291
Balances at September 30, 2018	\$ 7,327,090	\$ 7,806,930	\$ (479,840)

The balances at September 30, 2017 and 2018 include entry age normal liabilities calculated using ages and service amounts as of January 1, 2018 and 2019, respectively, and constitute measurements of the net pension liability for the fiscal years ending June 30, 2018 and 2019, 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 7.50%, 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 (6.50%) or 1.00% higher (8.50%) than the current rate:

	1.00% Decrease (6.50%)	Current Discount Rate (7.50%)	1.00% Increase (8.50%)
City's net pension liability (asset)	\$ 576,809	\$ (479,840)	\$ (1,338,882)

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, 2019:

Service cost	\$ 165,255
Interest on Total Pension Liability (TPL)	508,526
Administrative expenses	19,652
Expected return on assets	(538,415)
Expensed portion of current year period differences between expected and actual experience in TPL	47,820
Expensed portion of current year period differences between projected and actual investment earnings	(35,413)
Current year recognition of deferred inflows and outflows established in prior years	(148,099)
Total pension expense	\$ 19,326

At June 30, 2019, 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	\$ 176,966	\$ (48,492)
Changes in assumptions	-	(75,976)
Net difference between projected and actual earnings on pension plan investments	-	(425,288)
The City's contribution to the pension plan subsequent to the measurement date	186,916	-
Total deferred outflows/(inflows)	\$ 363,882	\$ (549,756)

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, \$186,916, will be recognized as a reduction of the net pension liability in the year ended June 30, 2020. 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, 2018	Amount Recognized during Year ended June 30, 2019	Outstanding Balance at June 30, 2019
Outflows:				
Investment	2016	\$ 154,960	\$ 77,480	\$ 77,480
Demographic	2017	67,026	33,513	33,513
Demographic	2019	191,283	47,820	143,463
		<u>413,269</u>	<u>158,813</u>	<u>254,456</u>
Inflows:				
Investment	2015	(40,688)	(40,688)	-
Demographic	2016	(22,314)	(22,314)	-
Investment	2017	(121,344)	(40,448)	(80,896)
Investment	2018	(373,632)	(93,408)	(280,224)
Demographic	2018	(72,738)	(24,246)	(48,492)
Assumption Change	2018	(113,964)	(37,988)	(75,976)
Investment	2019	(177,061)	(35,413)	(141,648)
Total Inflows		<u>(921,741)</u>	<u>(294,505)</u>	<u>(627,236)</u>
Total Outflows/(Inflows)		\$ <u>(508,472)</u>	\$ <u>(135,692)</u>	\$ <u>(372,780)</u>

Deferred Outflows/(Inflows) Recognized in Future Years:

	Year Established	2020	2021	2022	2023
Outflows:					
Investment	2016	\$ 77,480	\$ -	\$ -	\$ -
Demographic	2017	33,513	-	-	-
Demographic	2019	47,821	47,821	47,821	-
		<u>158,814</u>	<u>47,821</u>	<u>47,821</u>	<u>-</u>
Inflows:					
Investment	2017	(40,448)	(40,448)	-	-
Demographic	2018	(24,246)	(24,246)	-	-
Investment	2018	(93,408)	(93,408)	(93,408)	-
Assumption Change	2018	(37,988)	(37,988)	-	-
Investment	2019	(35,412)	(35,412)	(35,412)	(35,412)
Total Inflows		<u>(231,502)</u>	<u>(231,502)</u>	<u>(128,820)</u>	<u>(35,412)</u>
Total Outflows/(Inflows)		\$ <u>(72,688)</u>	\$ <u>(183,681)</u>	\$ <u>(80,999)</u>	\$ <u>(35,412)</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. The Plan requires the City to contribute 8.6% of the eligible participant's salary (employer portion). No employees were eligible to participate in the Plan during the current fiscal year. 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, 2019, the City paid \$0 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 years ended June 30, 2019 and 2018, the City entered into a lease agreement as lessee for financing the acquisition of vehicles valued at \$560,000 and \$1,305,466, respectively. The vehicles have three to ten year estimated useful lives. This year, \$288,964 and \$11,826 were included in depreciation expense of governmental and business-type activities, respectively. These lease agreements qualify as capital leases for accounting purposes and, therefore, have been recorded at the present value of future minimum lease payments as of the inception date. The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2019, were as follows:

Year ending June 30,	Governmental Activities	Business-Type Activities
2020	\$ 234,923	\$ 13,385
2021	231,538	12,252
2022	194,932	-
2023	194,932	-
2024	194,932	-
2025-2029	646,034	-
Total minimum lease payments	1,697,291	25,637
Less: amount representing interest	210,134	709
Present value of minimum lease payments	\$ 1,487,157	\$ 24,928

City of Port Wentworth, Georgia

Notes to the Basic Financial Statements

H. Long-term Debt

Notes and loans payable – Governmental activities

New City Hall Loan – The City has entered into a loan agreement with the JPMorgan Chase Bank. This loan was executed on May 10, 2019 in the amount of \$2,500,000. The loan has an annual interest rate of 2.5% and maturity date of May 10, 2029. As of June 30, 2019, the loan balance was \$2,481,597.

Annual debt service requirements to maturity for the JPMorgan Chase Bank loan are as follows:

Year ending June 30,	Governmental-Type Activities		
	Principal	Interest	Total
2020	\$ 223,843	\$ 59,487	\$ 283,330
2021	229,504	53,826	283,330
2022	235,308	48,022	283,330
2023	241,258	42,072	283,330
2024	247,360	35,970	283,330
2025-2029	1,304,324	82,810	1,387,134
	<u>\$ 2,481,597</u>	<u>\$ 322,187</u>	<u>\$ 2,803,784</u>

Notes and loans payable – business-type activities

GEFA Loans - The City has a loan 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. The loan proceeds were 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, 2019, the loan balance was \$1,743,657.

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, 2019, the account had a balance of \$3,152,883. 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 GEFA and USDA loans are as follows:

Year ending June 30,	Business-Type Activities		
	Principal	Interest	Total
2020	\$ 138,522	\$ 137,504	\$ 276,026
2021	142,606	133,420	276,026
2022	146,811	129,215	276,026
2023	151,141	124,885	276,026
2024	155,599	120,427	276,026
2025-2029	849,603	530,526	1,380,129
2030-2034	982,552	397,577	1,380,129
2035-2039	745,720	260,556	1,006,276
2040-2044	546,444	181,716	728,160
2045-2049	626,893	101,267	728,160
2050-2053	410,649	17,288	427,937
	<u>\$ 4,896,540</u>	<u>\$ 2,134,381</u>	<u>\$ 7,030,921</u>

Changes in long-term liabilities:

	Outstanding July 1, 2018	Increase	Decrease	Outstanding June 30, 2019	Due within One Year
Governmental activities					
Leases payable	\$ 1,308,108	\$ 560,000	\$ 380,951	\$ 1,487,157	\$ 189,473
Loans Payable	-	2,500,000	18,403	2,481,597	223,843
Compensated absences	171,156	200,805	200,253	171,708	109,753
Total governmental activities	<u>\$ 1,479,264</u>	<u>\$ 3,260,805</u>	<u>\$ 599,607</u>	<u>\$ 4,140,462</u>	<u>\$ 523,069</u>
Business-type activities					
Loans Payable	\$ 5,030,902	\$ -	\$ 134,362	\$ 4,896,540	\$ 138,522
Leases payable	37,372	-	12,444	24,928	12,861
Compensated absences	22,415	508	22,923	-	-
Total business-type activities	<u>\$ 5,090,689</u>	<u>\$ 508</u>	<u>\$ 169,729</u>	<u>\$ 4,921,468</u>	<u>\$ 151,383</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.

The legal debt limit is \$43,991,598 at June 30, 2019. Refer to page G-20 for further details on debt limitations.

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, 2019 are as follows:

Receivable Fund	Payable Fund	Amount
General Fund	Water and Sewer Enterprise Fund	\$ 242,930
General Fund	Hotel/Motel Fund	80,056
General Fund	SPLOST Fund	34,236
Total interfund receivables		357,222
Water and Sewer Enterprise Fund	General Fund	(46,538)
Total interfund receivables and payables		\$ 310,684

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	\$ 449,820
General Fund	Capital Projects Fund	Earnings distribution	34

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.

City of Port Wentworth, Georgia

Notes to the Basic 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, 2019, 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.

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, 2019, the City abated property taxes of \$19,880.



Required Supplementary Information Other Than Management's Discussion & Analysis



City of Port Wentworth, Georgia

General Fund

Budgetary Comparison Schedule

Year ended June 30, 2019

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
REVENUES				
Taxes	\$ 4,807,772	\$ 4,807,772	\$ 5,562,291	\$ 754,519
Licenses and permits	175,189	175,189	377,429	202,240
Intergovernmental revenues	98,675	98,675	300,213	201,538
Charges for services	1,325,681	1,325,681	1,722,797	397,116
Fines and forfeitures	623,401	623,401	1,454,170	830,769
Investment income	16,776	16,776	164,614	147,838
Miscellaneous	35,499	35,499	84,750	49,251
Total revenues	7,082,993	7,082,993	9,666,264	2,583,271
EXPENDITURES				
Current				
General government				
City Council	88,258	88,258	88,043	215
Mayor	46,476	46,476	42,037	4,439
General administration	1,331,579	1,336,557	3,019,537	(1,682,980)
Judicial				
Municipal court	262,232	267,210	236,924	30,286
Public safety				
Police	3,161,907	3,975,813	3,678,534	297,279
Fire	1,751,958	1,756,936	1,532,204	224,732
Emergency management	139,800	139,800	93,895	45,905
Public works				
Highways and streets	520,405	525,383	397,871	127,512
Storm drainage	305,230	310,208	68,232	241,976
Sanitation	880,565	885,543	842,228	43,315
Culture and recreation				
Recreation	774,989	779,967	679,121	100,846
Housing and development				
Inspections	668,594	673,572	677,404	(3,832)
Debt service				
Principal	415,650	415,650	395,129	20,521
Interest	62,748	62,748	49,615	13,133
Total expenditures	10,410,391	11,264,121	11,800,774	(536,653)
(Deficiency) excess of revenues (under) over expenditures	(3,327,398)	(4,181,128)	(2,134,510)	2,046,618
OTHER FINANCING SOURCES				
Transfers in	424,591	424,591	449,854	25,263
Sale of capital assets	-	-	36,951	36,951
Capital leases	1,250,298	1,250,298	560,000	(690,298)
Long term debt proceeds	-	-	2,500,000	2,500,000
Total other financing sources	1,674,889	1,674,889	3,546,805	1,871,916

City of Port Wentworth, Georgia

General Fund

Budgetary Comparison Schedule (cont.)

Year ended June 30, 2019

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Net change in fund balance	(1,652,509)	(2,506,239)	1,412,295	3,918,534
Fund balance, beginning of year	14,169,419	14,169,419	14,169,419	-
Fund balance, end of year	\$ 12,516,910	\$ 11,663,180	\$ 15,581,714	\$ 3,918,534

City of Port Wentworth, Georgia

Special Revenue – Hotel/Motel Fund

Budgetary Comparison Schedule

Year ended June 30, 2019

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Taxes	\$ 850,000	\$ 850,000	\$ 899,458	\$ 49,458
Investment income	-	-	2	2
Total revenue	850,000	850,000	899,460	49,460
EXPENDITURES				
Intergovernmental assistance	425,409	425,409	449,640	(24,231)
Total expenditures	425,409	425,409	449,640	(24,231)
Excess of revenues over expenditures	425,409	424,591	449,820	25,229
OTHER FINANCING USES				
Transfers out	(424,591)	(424,591)	(449,820)	(25,229)
Total other financing uses	(424,591)	(424,591)	(449,820)	(25,229)
Net change in fund balance	-	-	-	-
Fund balance, beginning of year	-	-	-	-
Fund balance, end of year	\$ -	\$ -	\$ -	\$ -

Refer to page E-4 for discussion of material budget violations.

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, 2019, the following supplemental increase and decrease in appropriations were approved:

<u>Fund Type</u>	<u>Original Appropriations</u>	<u>Supplemental Appropriations</u>	<u>Supplemental Decreases</u>	<u>Final Appropriations</u>
General	\$ 10,410,391	\$ 853,730	\$ -	\$ 11,264,121
Hotel/motel tax	850,000	-	-	850,000
Confiscated assets	-	-	-	-

The following departments incurred expenses in excess of final budget:

<u>Fund</u>	<u>Department</u>	<u>Variance</u>
General	General administration	\$ 1,682,980
General	Economic development	3,832
Hotel/Motel	Intergovernmental assistance	24,231

Department heads, with the approval of the city administrator, may transfer appropriations within their department. Interdepartmental transfers require the approval of City Council. The proceeds of long term debt approved by City Council and not reflected as a supplemental appropriation resulted in the material variance within the general administration department.

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>	2010*	2011*	2012*	2013*	2014*
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>	2015	2016	2017	2018	2019
TOTAL PENSION LIABILITY					
Service cost	\$ 108,484	\$ 97,877	\$ 115,559	\$ 136,548	\$ 165,255
Interest	422,162	439,379	453,854	493,644	508,526
Differences between expected & actual experience	(48,796)	(89,257)	134,050	(96,982)	191,283
Changes of assumptions	(16,646)	-	-	-	-
Changes of benefit terms	-	-	-	83,834	-
Benefit payments, including refunds of employee contributions	(232,873)	(253,230)	(269,196)	(273,935)	(306,135)
Net change in total pension liability	232,331	194,769	434,267	343,109	558,929
Total pension liability, beginning	5,563,685	5,796,016	5,990,785	6,425,052	6,768,161
Total pension liability, ending (a)	<u>\$ 5,796,016</u>	<u>\$ 5,990,785</u>	<u>\$ 6,425,052</u>	<u>\$ 6,768,161</u>	<u>\$ 7,327,090</u>
PLAN FIDUCIARY NET POSITION					
Contributions, employer	\$ 128,776	\$ 127,043	\$ 127,716	\$ 140,218	\$ 150,949
Contributions, employee	-	-	-	-	-
Net investment income	626,007	73,858	657,890	961,697	715,476
Benefit payments, including refunds of employee contributions	(232,873)	(253,230)	(269,196)	(273,935)	(306,135)
Administrative expense	(10,269)	(13,055)	(11,637)	(22,401)	(19,652)
Net change in fiduciary net position	511,641	(65,384)	504,773	805,579	540,638
Plan fiduciary net position, beginning	5,509,683	6,021,324	5,955,940	6,460,713	7,266,292
Plan fiduciary net position, ending (b)	<u>\$ 6,021,324</u>	<u>\$ 5,955,940</u>	<u>\$ 6,460,713</u>	<u>\$ 7,266,292</u>	<u>\$ 7,806,930</u>
NET PENSION LIABILITY, ending (a) – (b)	<u>\$ (225,308)</u>	<u>\$ 34,845</u>	<u>\$ (35,661)</u>	<u>\$ (498,131)</u>	<u>\$ (479,840)</u>
Plan's fiduciary net position as a percentage of the total pension liability	103.89%	99.42%	100.56%	107.36%	106.55%
Covered payroll	\$ 1,602,832	\$ 1,870,923	\$ 2,054,379	\$ 2,617,570	\$ 2,594,412
Net pension liability as a percent of covered payroll	(14.06%)	1.86%	(1.74%)	(19.03%)	(18.50%)

* 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>	2010*	2011*	2012*	2013*	2014*
Actuarially determined contribution	\$ -	\$ -	\$ -	\$ -	
Contributions in relation to the actuarially determined contribution	-	-	-	-	
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	
Covered payroll	\$ -	\$ -	\$ -	\$ -	
Contributions as a percentage of covered payroll	-	-	-	-	
<i>Fiscal year ended June 30,</i>	2015	2016	2017	2018	2019**
Actuarially determined contribution	\$ 127,203	\$ 126,561	\$ 131,182	\$ 159,728	\$ 186,916
Contributions in relation to the actuarially determined contribution	140,178	126,561	134,932	159,728	186,916
Contribution deficiency (excess)	\$ (12,975)	\$ -	\$ (3,750)	\$ -	\$ -
Covered payroll	\$ 2,315,288	\$ 2,555,161	\$ 3,068,766	\$ 3,380,772	\$ 3,230,688
Contributions as a percentage of covered payroll	6.05%	4.95%	4.40%	4.72%	5.79%

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

**2019 Information is estimated. This information will be finalized after the current fiscal year end and included in the 2020 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.

2018 covered payroll is based on data collected as of August 31, 2017 for the 2018 actuarial valuation.

The actuarially determined contribution rate was determined as of January 1, 2019, 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, 2020. 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	7.50%
Projected salary increases	2.75% plus service based merit increases
Cost of living adjustments	2.75%
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, 2019

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Fines and forfeitures	\$ -	\$ -	\$ -	\$ -
Investment income	-	-	-	-
Total revenue	-	-	-	-
EXPENDITURES				
Current				
Public safety	-	-	4,277	4,277
Total expenditures	-	-	4,277	4,277
Excess (deficiency) of revenues over (under) expenditures	-	-	(4,277)	(4,277)
OTHER FINANCING SOURCES				
Transfers in	-	-	-	-
Total other financing sources	-	-	-	-
Net change in fund balance	-	-	(4,277)	(4,277)
Fund balance, beginning of year	26,860	26,860	26,860	-
Fund balance, end of year	\$ 26,860	\$ 26,860	\$ 22,583	\$ (4,277)

City of Port Wentworth, Georgia

Fiduciary (Agency) Fund

Statement of Changes in Assets and Liabilities

Year ended June 30, 2019

	Balance July 1, 2018	Additions	Deletions	Balance June 30, 2019
ASSETS				
Cash and investments	\$ 40,964	\$ 1,888,432	\$ 1,882,995	\$ 46,401
Total assets	\$ 40,964	\$ 1,888,432	\$ 1,882,995	\$ 46,401
LIABILITIES				
Due to others	\$ 40,964	\$ 1,888,432	\$ 1,882,995	\$ 46,401
Total liabilities	\$ 40,964	\$ 1,888,432	\$ 1,882,995	\$ 46,401

City of Port Wentworth, Georgia

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

Year ended June 30, 2019

	<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	\$ 683,939	\$ 713,050	\$ 1,396,989
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	733,939	713,050	1,446,989
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>1,249,878</u>	\$ <u>713,050</u>	\$ <u>1,962,928</u>
2003 SPLOST EXPENDITURES					
Fire safety	\$ 200,000	\$ 460,926	\$ 460,926	\$ -	\$ 460,926
Open space	20,078	70,400	60,686	9,829	70,515
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>9,829</u>	\$ <u>3,581,808</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>261,045</u>	\$ <u>2,249,592</u>
Total 2008 SPLOST expenditures	\$ <u>3,000,000</u>	\$ <u>3,000,000</u>	\$ <u>1,988,547</u>	\$ <u>261,045</u>	\$ <u>2,249,592</u>
2014 SPLOST EXPENDITURES					
Streets and roads	\$ 2,002,600	\$ 2,002,600	\$ 252,885	\$ 294,121	\$ 547,006
Recreation	998,200	998,200	767,592	9,136	776,728
Sewer systems	3,000,800	3,000,800	32	454,651	454,683
Downtown redevelopment	<u>198,400</u>	<u>198,400</u>	<u>2</u>	<u>-</u>	<u>2</u>
Total 2014 SPLOST expenditures	\$ <u>6,200,000</u>	\$ <u>6,200,000</u>	\$ <u>1,020,511</u>	\$ <u>757,908</u>	\$ <u>1,778,419</u>

City of Port Wentworth, Georgia
Schedule of Required Expenditures Funded by the Hotel/Motel Tax
Year ended June 30, 2019

REVENUES

Hotel/motel taxes	\$	899,458
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EXPENDITURES

Tourism expenditures	\$	449,640
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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.

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

<i>Fiscal year ended June 30,</i>	2010 Restated	2011 Restated	2012	2013
Governmental activities				
Net investment in capital assets	\$ 8,115,438	\$ 8,232,721	\$ 7,898,751	\$ 8,301,163
Restricted	3,441,702	3,729,118	2,779,710	2,731,952
Unrestricted	<u>6,520,685</u>	<u>6,654,860</u>	<u>7,438,909</u>	<u>8,516,292</u>
Total governmental activities, net position	\$ <u>18,077,825</u>	\$ <u>18,616,699</u>	\$ <u>18,117,370</u>	\$ <u>19,549,407</u>
Business-type activities				
Net investment in capital assets	\$ 14,055,599	\$ 22,132,457	\$ 22,781,837	\$ 22,331,549
Restricted	-	-	-	-
Unrestricted	<u>9,134,844</u>	<u>3,955,186</u>	<u>4,552,946</u>	<u>4,993,883</u>
Total business-type activities, net position	\$ <u>23,190,443</u>	\$ <u>26,087,643</u>	\$ <u>27,334,783</u>	\$ <u>27,325,432</u>
Primary government				
Net investment in capital assets	\$ 22,171,037	\$ 30,365,178	\$ 30,680,588	\$ 30,632,712
Restricted	3,441,702	3,729,118	2,779,710	2,731,952
Unrestricted	<u>15,655,529</u>	<u>10,610,046</u>	<u>11,991,855</u>	<u>13,510,175</u>
Total primary government, net position	\$ <u>41,268,268</u>	\$ <u>44,704,342</u>	\$ <u>45,452,153</u>	\$ <u>46,874,839</u>

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

<u>2014</u> <u>Restated</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
\$ 8,477,481	\$ 8,797,563	\$ 9,135,801	\$ 10,914,871	\$ 11,627,601	\$ 12,884,726
3,201,828	2,117,207	2,975,435	3,057,708	4,222,296	3,823,848
<u>10,103,337</u>	<u>12,228,494</u>	<u>13,614,295</u>	<u>14,485,879</u>	<u>14,500,180</u>	<u>16,026,973</u>
 \$ <u>21,782,646</u>	 \$ <u>23,143,264</u>	 \$ <u>25,725,531</u>	 \$ <u>28,458,458</u>	 \$ <u>30,350,077</u>	 \$ <u>32,735,547</u>
 \$ 21,748,916	 \$ 23,279,528	 \$ 22,607,526	 \$ 22,116,290	 \$ 22,045,154	 \$ 21,051,718
-	-	-	-	-	-
<u>6,583,724</u>	<u>6,951,289</u>	<u>8,425,775</u>	<u>8,825,703</u>	<u>8,820,412</u>	<u>10,600,998</u>
 \$ <u>28,332,640</u>	 \$ <u>30,230,817</u>	 \$ <u>31,033,301</u>	 \$ <u>30,941,993</u>	 \$ <u>30,865,566</u>	 \$ <u>31,652,716</u>
 \$ 30,226,397	 \$ 32,077,091	 \$ 31,743,327	 \$ 33,031,161	 \$ 33,672,755	 \$ 33,936,444
3,201,828	2,117,207	2,975,435	3,057,708	4,222,296	3,823,848
<u>16,687,061</u>	<u>19,179,783</u>	<u>22,040,070</u>	<u>23,311,582</u>	<u>23,320,592</u>	<u>26,627,971</u>
 \$ <u>50,115,286</u>	 \$ <u>53,374,081</u>	 \$ <u>56,758,832</u>	 \$ <u>59,400,451</u>	 \$ <u>61,215,643</u>	 \$ <u>64,388,263</u>

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

<i>Fiscal year ended June 30,</i>	2010	2011 Restated	2012	2013
EXPENSES				
Governmental activities				
General government	\$ 349,632	\$ 434,261	\$ 475,923	\$ 490,656
Judiciary	157,629	169,856	131,614	124,347
Public safety	2,675,030	2,952,985	2,896,829	2,775,757
Public works	1,483,633	1,467,766	1,396,285	1,304,589
Culture and recreation	405,422	401,481	377,690	427,733
Housing and development	696,680	581,398	547,210	504,696
Interest on long-term debt	12,619	11,413	10,163	9,931
Total governmental activities, expenses	5,780,645	6,019,160	5,835,714	5,637,709
Business-type activities				
Water and sewer	1,800,387	2,398,358	3,127,749	3,139,537
Total business-type activities, expenses	1,800,387	2,398,358	3,127,749	3,139,537
Total primary government, expenses	\$ 7,581,032	\$ 8,417,518	\$ 8,963,463	\$ 8,777,246
PROGRAM REVENUES				
Governmental activities				
Charges for services				
General government	\$ 22,772	\$ 24,506	\$ 3,225	\$ 24,140
Public safety	947,048	1,020,838	961,061	1,007,248
Public works	736,069	842,241	867,239	871,759
Culture and recreation	4,539	6,984	7,582	10,198
Housing and development	257,587	161,951	140,306	148,685
Operating grants and contributions	93,630	96,768	87,539	51,864
Capital grants and contributions	143,161	531,363	650,782	772,510
Total governmental activities program revenues	2,204,806	2,684,651	2,717,734	2,886,404
Business-type activities				
Charges for services	2,037,035	2,251,015	2,417,521	2,510,901
Capital grants and contributions	1,580,581	2,889,074	346,073	231,795
Total business-type activities program revenues	3,617,616	5,140,089	2,763,594	2,742,696
Total primary government program revenues	\$ 5,822,422	\$ 7,824,740	\$ 5,481,328	\$ 5,629,100
NET (EXPENSE)/REVENUE				
Governmental activities	\$ (3,575,839)	\$ (3,334,509)	\$ (3,117,980)	\$ (2,751,305)
Business-type activities	1,817,229	2,741,731	(364,155)	(396,841)
Total primary government net (expense)/revenue	\$ (1,758,610)	\$ (592,778)	\$ (3,482,135)	\$ (3,148,146)

City of Port Wentworth, Georgia

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

<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
\$ 539,215	\$ 588,291	\$ 625,503	\$ 632,190	\$ 897,340	\$ 821,532
136,874	144,817	180,179	185,659	220,545	236,265
2,787,198	2,764,086	3,123,784	3,815,367	4,626,874	5,335,417
1,315,206	1,507,712	1,693,976	1,969,308	1,876,454	1,374,086
454,501	540,278	605,843	677,741	767,938	765,043
481,375	552,204	772,566	724,877	729,097	886,931
-	-	-	-	-	-
<u>5,714,369</u>	<u>6,097,388</u>	<u>7,001,851</u>	<u>8,005,142</u>	<u>9,118,248</u>	<u>9,419,274</u>
<u>3,086,475</u>	<u>3,279,096</u>	<u>3,321,289</u>	<u>3,731,195</u>	<u>4,005,541</u>	<u>4,631,080</u>
<u>3,086,475</u>	<u>3,279,096</u>	<u>3,321,289</u>	<u>3,731,195</u>	<u>4,005,541</u>	<u>4,631,080</u>
<u>\$ 8,800,844</u>	<u>\$ 9,376,484</u>	<u>\$ 10,323,140</u>	<u>\$ 11,736,337</u>	<u>\$ 13,123,789</u>	<u>\$ 14,050,354</u>
\$ 29,803	\$ 33,749	\$ 39,836	\$ 37,331	\$ 34,477	\$ 50,297
1,104,821	1,577,991	1,379,388	1,312,118	1,502,420	1,862,753
937,730	956,050	1,040,913	1,117,330	1,136,205	1,152,822
13,876	16,357	23,931	36,741	45,048	44,733
208,181	184,435	275,555	206,863	272,502	443,791
62,588	52,943	112,032	291,784	202,841	75,158
<u>646,579</u>	<u>1,008,942</u>	<u>1,168,316</u>	<u>1,498,119</u>	<u>1,414,816</u>	<u>1,452,810</u>
<u>3,003,578</u>	<u>3,830,467</u>	<u>4,039,971</u>	<u>4,500,286</u>	<u>4,608,309</u>	<u>5,082,364</u>
2,711,568	2,640,802	2,863,568	3,229,680	3,243,713	3,473,649
<u>1,206,031</u>	<u>490,881</u>	<u>945,908</u>	<u>270,902</u>	<u>570,800</u>	<u>1,786,381</u>
<u>3,917,599</u>	<u>3,131,683</u>	<u>3,809,476</u>	<u>3,500,582</u>	<u>3,814,513</u>	<u>5,260,030</u>
<u>\$ 6,921,177</u>	<u>\$ 6,962,150</u>	<u>\$ 7,849,447</u>	<u>\$ 8,000,868</u>	<u>\$ 8,422,822</u>	<u>\$ 10,342,394</u>
\$ (2,710,791)	\$ (2,266,921)	\$ (2,961,880)	\$ (3,504,856)	\$ (4,509,939)	\$ (4,352,093)
<u>831,124</u>	<u>(147,413)</u>	<u>488,187</u>	<u>(230,613)</u>	<u>(191,028)</u>	<u>628,950</u>
<u>\$ (1,879,667)</u>	<u>\$ (2,414,334)</u>	<u>\$ (2,473,693)</u>	<u>\$ (3,735,469)</u>	<u>\$ (4,700,967)</u>	<u>\$ (3,707,960)</u>

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

<i>Fiscal year ended June 30,</i>	2010	2011	2012	2013
GENERAL REVENUES AND OTHER	Restated	Restated		
CHANGES IN NET POSITION				
Governmental activities				
Property taxes levied for general purposes	\$ 1,743,921	\$ 1,887,617	\$ 1,892,546	\$ 1,985,150
Sales taxes levied for general purposes	898,418	974,303	1,047,670	1,195,077
Selective sales and use taxes	698,709	707,088	785,188	833,058
Business taxes	257,665	247,391	344,275	357,172
Contributions not restricted to specific programs	-	-	-	-
Unrestricted investment earnings	19,780	17,259	13,071	13,196
Gain on disposition of capital assets	23,345	5,702	15,840	59,633
Miscellaneous income	66,153	29,759	29,612	26,008
Special item	-	-	-	-
Transfers	(742,689)	4,264	(1,509,551)	(285,952)
Total governmental activities	2,965,302	3,873,383	2,618,651	4,183,342
Business-type activities – water and sewer				
Unrestricted investment earnings	23,135	27,778	17,903	13,474
Gain on disposition of capital assets	2,044	51,502	-	10,463
Miscellaneous income	82,152	80,453	83,841	77,601
Transfers	742,689	(4,264)	1,509,551	285,952
Total business-type activities	850,020	155,469	1,611,295	387,490
Total primary government	\$ 3,815,322	\$ 4,028,852	\$ 4,229,946	\$ 4,570,832
CHANGE IN NET POSITION				
Governmental activities	\$ (610,537)	\$ 538,874	\$ (499,329)	\$ 1,432,037
Business-type activities	2,667,249	2,897,200	1,247,140	(9,351)
Total primary government	\$ 2,056,712	\$ 3,436,074	\$ 747,811	\$ 1,422,686

City of Port Wentworth, Georgia

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

	2014	2015	2016	2017	2018	2019
\$	2,137,730	\$ 2,417,026	\$ 2,498,357	\$ 2,656,996	\$ 2,654,232	\$ 2,793,069
	1,536,698	1,650,713	1,623,704	1,708,494	1,807,387	1,986,251
	882,654	1,044,873	1,101,673	1,194,761	1,176,980	1,165,574
	358,333	375,991	404,683	452,408	463,214	513,360
	-	-	-	-	-	-
	11,766	15,954	24,434	51,568	103,972	164,616
	-	-	-	1,750	110,221	29,943
	27,153	66,840	108,563	171,806	85,552	84,750
	-	-	-	-	-	-
	(70,696)	(1,943,858)	(217,267)	-	-	-
	4,883,638	3,627,539	5,544,147	6,237,783	6,401,558	6,737,563
	14,438	17,087	15,969	28,753	32,098	38,145
	-	-	-	-	-	-
	76,568	84,645	81,061	110,552	82,503	104,872
	70,696	1,943,858	217,267	-	-	-
	161,702	2,045,590	314,297	139,305	114,601	143,017
\$	5,045,340	\$ 5,673,129	\$ 5,858,444	\$ 6,377,088	\$ 6,516,159	\$ 6,880,580
	2,172,847	1,360,618	2,582,267	2,732,927	1,891,619	2,385,470
	992,826	1,898,177	802,484	(91,308)	(76,427)	787,150
\$	3,165,673	\$ 3,258,795	\$ 3,384,751	\$ 2,641,619	\$ 1,815,192	\$ 3,172,620



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>	2010	2011	2012	2013	2014
	<u>Restated</u>	<u>Restated</u>			
GENERAL FUND					
Reserved	\$ 10,769	\$ -	\$ -	\$ -	\$ -
Unreserved	6,310,402	-	-	-	-
Nonspendable					
Prepaid items	-	52,638	159,985	152,342	164,344
Assigned					
Capital asset replacement	-	771,666	752,001	655,746	617,092
Subsequent year's budget	-	1,901,374	458,306	88,716	277,901
Unassigned	-	3,759,290	5,766,602	7,291,745	8,709,129
Total General Fund	\$ <u>6,321,171</u>	\$ <u>6,484,968</u>	\$ <u>7,136,894</u>	\$ <u>8,188,549</u>	\$ <u>9,768,466</u>
ALL OTHER GOVERNMENTAL FUNDS					
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved, reported in					
Special revenue fund	12,934	-	-	-	-
Capital projects fund	3,441,702	-	-	-	-
Restricted					
Capital projects funds	-	3,706,857	2,757,174	2,708,001	3,197,301
Confiscated assets funds	-	22,261	22,536	23,951	4,527
Total all other governmental funds	\$ <u>3,454,636</u>	\$ <u>3,729,118</u>	\$ <u>2,779,710</u>	\$ <u>2,731,952</u>	\$ <u>3,201,828</u>
 <i>Fiscal year ended June 30,</i>	 2015	 2016	 2017	 2018	 2019
GENERAL FUND					
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved	-	-	-	-	-
Nonspendable					
Prepaid items	162,343	170,596	210,781	47,880	126,355
Assigned					
Capital asset replacement	619,096	498,436	503,686	505,706	522,271
Subsequent year's budget	1,694,853	867,592	1,600,950	1,652,509	203,388
Unassigned	9,389,661	11,693,257	11,774,380	11,963,324	14,729,700
Total General Fund	\$ <u>11,865,953</u>	\$ <u>13,229,881</u>	\$ <u>14,089,797</u>	\$ <u>14,169,419</u>	\$ <u>15,581,714</u>
ALL OTHER GOVERNMENTAL FUNDS					
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved, reported in					
Special revenue fund	-	-	-	-	-
Capital projects fund	-	-	-	-	-
Restricted					
Capital projects funds	2,113,761	2,926,624	3,055,408	4,195,436	3,801,265
Confiscated assets funds	3,446	48,811	2,300	26,860	22,583
Total all other governmental funds	\$ <u>2,117,207</u>	\$ <u>2,975,435</u>	\$ <u>3,057,708</u>	\$ <u>4,222,296</u>	\$ <u>3,823,848</u>

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

City of Port Wentworth, Georgia

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

(Modified Accrual Basis of Accounting)

<i>Fiscal year ended June 30,</i>	2010	2011	2012	2013
	<u>Restated</u>	<u>Restated</u>		
REVENUES				
Sales tax	\$ 963,421	\$ 974,303	\$ 1,047,670	\$ 1,195,077
Other taxes	2,583,963	2,793,006	3,027,413	3,182,601
Licenses and permits	265,129	173,596	129,921	145,103
Revenue from other governmental units	220,711	613,335	720,916	813,260
Charges for services	860,491	1,076,544	1,049,629	1,219,463
Fines and forfeitures	854,477	819,923	812,873	703,265
Miscellaneous	60,186	45,294	39,139	40,484
	<u>5,808,378</u>	<u>6,496,001</u>	<u>6,827,561</u>	<u>7,299,253</u>
EXPENDITURES				
Current				
General government	320,565	423,623	490,693	524,294
Judiciary	156,370	162,772	147,739	115,971
Public safety	2,361,627	3,046,652	2,885,772	2,748,663
Public works	1,207,540	1,188,896	1,162,708	1,474,231
Culture and recreation	348,192	517,169	321,510	401,379
Housing and development	424,472	311,153	248,644	201,704
Intergovernmental assistance	311,450	302,384	332,272	346,489
Capital outlay	1,130,961	102,100	164,332	450,768
Debt service				
Principal	32,323	33,528	34,779	237,674
Interest	12,619	11,413	10,163	9,931
	<u>6,306,119</u>	<u>6,099,690</u>	<u>5,798,612</u>	<u>6,511,104</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(497,741)</u>	<u>396,311</u>	<u>1,028,949</u>	<u>788,149</u>
OTHER FINANCING SOURCES (USES)				
Sale of capital assets	23,345	38,991	15,840	371,165
Capital leases	-	-	-	-
Transfers in	258,855	257,829	291,719	310,039
Transfers out	(258,855)	(257,829)	(1,641,929)	(469,489)
Insurance recoveries	29,745	2,977	7,939	4,033
Long term debt proceeds	-	-	-	-
	<u>53,090</u>	<u>41,968</u>	<u>(1,326,431)</u>	<u>215,748</u>
Net change in fund balances	\$ <u>(444,651)</u>	\$ <u>438,279</u>	\$ <u>(297,482)</u>	\$ <u>1,003,897</u>
Debt service as a percentage of non-capital expenditures	0.76%	0.84%	0.74%	4.57%

City of Port Wentworth, Georgia

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

(Modified Accrual Basis of Accounting)

	2014	2015	2016	2017	2018	2019
\$	1,536,698	\$ 1,650,713	\$ 1,623,704	\$ 1,708,494	\$ 1,807,387	\$ 1,986,251
	3,436,638	3,866,502	4,005,208	4,306,907	4,298,031	4,475,498
	225,523	193,111	267,807	183,783	237,838	377,429
	701,206	1,047,724	1,219,179	1,776,475	1,371,743	1,631,040
	1,255,770	1,294,050	1,421,776	1,528,625	1,601,632	1,722,797
	813,268	1,288,390	1,126,326	1,001,273	1,175,742	1,454,170
	46,730	73,776	109,062	176,631	290,938	266,234
	<u>8,015,833</u>	<u>9,414,266</u>	<u>9,773,062</u>	<u>10,682,188</u>	<u>10,783,311</u>	<u>11,913,419</u>
	524,475	604,937	617,328	630,250	781,951	3,149,617
	137,515	147,796	181,709	197,842	215,131	236,924
	2,809,182	2,676,000	3,125,259	4,591,347	5,398,434	5,308,910
	1,438,783	1,920,379	2,020,697	2,294,638	2,543,064	1,308,331
	507,690	484,626	564,132	616,920	866,871	679,121
	144,477	150,319	359,926	253,370	286,177	677,404
	333,222	401,602	418,573	468,670	460,240	449,640
	70,696	2,031,951	292,100	1,036,322	90,684	1,741,832
	-	-	-	145,554	247,134	395,129
	-	-	-	5,577	28,375	49,615
	<u>5,966,040</u>	<u>8,417,610</u>	<u>7,579,724</u>	<u>10,240,490</u>	<u>10,918,061</u>	<u>13,996,523</u>
	<u>2,049,793</u>	<u>996,656</u>	<u>2,193,338</u>	<u>441,698</u>	<u>(134,750)</u>	<u>(2,083,104)</u>
	-	-	-	1,750	18,500	36,951
	-	-	-	441,868	1,258,928	560,000
	333,384	401,808	418,740	468,857	460,424	449,854
	(333,384)	(401,808)	(418,740)	(468,857)	(460,424)	(449,854)
	-	16,210	28,818	56,873	101,532	-
	-	-	-	-	-	2,500,000
	<u>-</u>	<u>16,210</u>	<u>28,818</u>	<u>500,491</u>	<u>1,378,960</u>	<u>3,096,951</u>
\$	<u>2,049,793</u>	<u>1,012,866</u>	<u>2,222,156</u>	<u>942,189</u>	<u>1,244,210</u>	<u>1,013,847</u>
	0.00%	0.00%	0.00%	2.07%	3.41%	4.98%

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
2010	\$ 1,170,017	\$ 963,421	\$ 257,665	\$ 181,183	\$ 517,526	\$ 457,572	\$ 3,547,384
2011	1,338,751	974,303	247,391	191,625	515,463	499,776	3,767,309
2012	1,299,614	1,047,670	344,275	201,955	583,233	598,336	4,075,083
2013	1,452,767	1,195,077	357,172	212,719	619,860	540,083	4,377,678
2014	1,558,786	1,536,698	358,333	208,500	666,557	644,462	4,973,336
2015	1,728,076	1,650,713	375,991	225,844	803,357	733,234	5,517,215
2016	1,764,914	1,623,704	404,683	226,892	837,311	771,408	5,628,912
2017	1,932,764	1,708,494	452,408	223,770	937,517	760,448	6,015,401
2018	1,930,601	1,807,387	463,214	217,995	920,656	765,565	6,105,418
2019	1,994,103	1,986,251	513,360	229,081	899,458	839,496	6,461,749

SOURCE: City records

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



City of Port Wentworth, Georgia

Assessed Value and Actual Value of Taxable Property

Last Ten Calendar Years

Year	Real Property		Personal Property		Utilities and Other Property	
	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value
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
2017	342,927,156	857,317,890	85,946,140	214,865,350	14,781,559	36,953,897
2018	351,466,530	878,666,325	71,622,106	179,055,265	16,827,345	42,068,362

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	Total Direct Tax
	Assessed	Estimated	Assessed to Total	Rate
	Value	Actual Value	Estimated Value	
\$	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
	443,654,855	1,109,137,137	40.00%	4.571
	439,915,981	1,099,789,953	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	
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
2017	4.571	16.631	11.543	0.000	32.745
2018	4.571	18.881	11.543	0.000	34.995

SOURCE: Chatham County Commission – Board minutes and City records.

City of Port Wentworth, Georgia

Principal Property Taxpayers Current and Nine Calendar Years Ago

	2018			2009		
	Taxable Assessed Value	Rank	% of Total District Net Assessed Value	Taxable Assessed Value	Rank	% of Total District Net Assessed Value
Duke Realty Limited Partnership	\$ 66,085,480	1	15.02%	\$		
Rice Hope – CJ LLC	14,390,920	2	3.27%			
E&E CO LTD/OA Logistics	13,985,002	3	3.18%			
Fred Williams Homebuilders, Inc.	11,709,604	4	2.66%	6,004,752	5	2.45%
Chatham-Coldbrook Assoc	10,668,680	5	2.43%			
Georgia Power	9,765,422	6	2.22%			
RC Residential LLC	9,484,762	7	2.16%			
American Homes	8,599,498	8	1.95%			
SNF Chemtall	8,024,942	9	1.82%			
SA Savannah Crossgate 520	6,861,800	10	1.56%			
VRH Land Development				7,937,000	1	3.24%
Savannah Land Investors, LLC				7,885,072	2	3.22%
SPG Northbrook, LLC				6,593,400	3	2.69%
BLS Development, Inc.				6,065,616	4	2.48%
Savannah Industrial 1, LLC				4,845,200	6	1.98%
Savannah West, LLC				4,565,200	7	1.86%
Sam L. Varnedoe, Jr., et al				3,602,800	8	1.47%
Port Wentworth Retail Investor				3,573,600	9	1.46%
Caran Enterprises, LLC				3,465,600	10	1.41%
Total	\$ 159,576,110		36.27%	\$ 54,538,240		22.26%

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
2009	\$ 1,239,956	\$ (176,098)	\$ 1,063,858	\$ 1,091,671	88.05%	\$ (27,975)	\$ 1,063,696	99.99%
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	83.23%	44,375	1,190,361	99.99%
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	(92,060)	1,295,600	1,287,127	92.76%	8,303	1,295,430	99.99%
2014	1,465,355	(21,695)	1,443,660	1,438,983	98.20%	4,454	1,443,437	99.99%
2015	1,547,382	(18,023)	1,529,359	1,473,984	95.26%	54,958	1,528,942	99.99%
2016	1,707,563	(80,312)	1,627,251	1,654,368	96.89%	(27,656)	1,626,712	99.97%
2017	1,806,293	(57,615)	1,748,678	1,735,756	96.10%	-	1,735,756	99.27%
2018	1,790,233	(68,589)	1,721,644	1,716,455	95.88%	-	1,716,455	99.70%

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	Per Capita
	Capital Leases	Notes	Total	Water & Sewer Notes	Capital Leases	Total			
2010	\$ 305,982	\$ -	\$ 305,982	4,607,730	\$ -	\$ 4,607,730	\$	4,913,712	\$ 1,092
2011	272,454	-	272,454	4,761,789	-	4,761,789		5,034,243	915
2012	237,674	-	237,674	4,829,284	-	4,829,284		5,066,958	921
2013	-	-	-	4,656,110	-	4,656,110		4,656,110	716
2014	-	-	-	4,498,328	-	4,498,328		4,498,328	692
2015	-	-	-	5,506,301	-	5,506,301		5,506,301	787
2016	-	-	-	6,088,698	-	6,088,698		6,088,698	812
2017	296,314	-	296,314	5,833,629	-	5,833,629		6,129,943	766
2018	1,308,108	-	1,308,108	5,030,902	37,372	5,068,274		6,376,382	797
2019	1,487,157	2,481,597	3,968,754	4,896,540	24,928	4,921,468		8,890,222	1,111

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

NOTE 2: 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		
2010	\$ -	\$ -	\$ -	0.00%	-
2011	-	-	-	0.00%	-
2012	-	-	-	0.00%	-
2013	-	-	-	0.00%	-
2014	-	-	-	0.00%	-
2015	-	-	-	0.00%	-
2016	-	-	-	0.00%	-
2017	-	-	-	0.00%	-
2018	-	-	-	0.00%	-
2019	-	-	-	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, 2019

	<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	\$ 720,000	2.62%	\$ 18,869
DSA Union Mission Series 2009	1,560,000	2.62%	40,882
DSA Chatham County Projects Series 2014	6,550,000	2.62%	171,651
Chatham-Savannah School Board			
General Obligation Bonded Debt	7,350,000	2.62%	192,616
Energy Management Project	935,201	2.62%	24,508
Overlapping other debt:			
Chatham County capital leases	2,235,043	2.95%	65,831
Chatham-Savannah School Board capital leases	<u>17,103,759</u>	<u>1.63%</u>	<u>278,701</u>
Subtotal, overlapping debt			793,058
City of Port Wentworth direct debt			<u>3,968,754</u>
Total direct and overlapping debt			\$ <u>4,761,812</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				
	2009	2010	2011	2012	2013
Total assessed value of taxable property	\$ 337,711,480	\$ 367,643,758	\$ 359,471,325	\$ 353,451,079	\$ 368,312,344
Less exemption for bond purposes	-	-	-	-	-
Net assessed value for bond purposes	<u>\$ 337,711,480</u>	<u>\$ 367,643,758</u>	<u>\$ 359,471,325</u>	<u>\$ 353,451,079</u>	<u>\$ 368,312,344</u>
Debt limit percentage	10%	10%	10%	10%	10%
Debt limit	\$ 33,771,148	\$ 36,764,376	\$ 35,947,133	\$ 35,345,108	\$ 36,831,234
Total net debt applicable to limit general obligation bonds	-	-	-	-	-
Legal debt margin	<u>\$ 33,771,148</u>	<u>\$ 36,764,376</u>	<u>\$ 35,947,133</u>	<u>\$ 35,345,108</u>	<u>\$ 36,831,234</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				
	2014	2015	2016	2017	2018
Total assessed value of taxable property	\$ 354,870,044	\$ 378,136,536	\$ 413,825,297	\$ 443,654,855	\$ 439,915,981
Less exemption for bond purposes	-	-	-	-	-
Net assessed value for bond purposes	<u>\$ 354,870,044</u>	<u>\$ 378,136,536</u>	<u>\$ 413,825,297</u>	<u>\$ 443,654,855</u>	<u>\$ 439,915,981</u>
Debt limit percentage	10%	10%	10%	10%	10%
Debt limit	\$ 35,487,004	\$ 37,813,654	\$ 41,382,530	\$ 44,365,486	\$ 43,991,598
Total net debt applicable to limit general obligation bonds	-	-	-	-	-
Legal debt margin	<u>\$ 35,487,004</u>	<u>\$ 37,813,654</u>	<u>\$ 41,382,530</u>	<u>\$ 44,365,486</u>	<u>\$ 43,991,598</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⁾
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%
2017	9	272,352,000	34,044	4.6%
2018	9	342,232,000	42,779	3.8%

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

	2017			2009		
	Employees	Rank	Percentage of Total Metro Area Employment	Employees	Rank	Percentage of Total Metro Area Employment
Gulfstream Aerospace Corp.	11,000	1	5.99%	5,000	2	2.94%
Savannah-Chatham Co. Bd. of Ed.	5,700	2	3.10%	4,781	3	2.81%
Memorial Health	4,400	3	2.40%	5,351	1	3.15%
Ft. Stewart/Hunter Army Airfield	4,153	4	2.26%	3,200	5	1.88%
St. Joseph's/Candler Health Sys.	3,814	5	2.08%	3,300	4	1.94%
Georgia Southern University	3,543	6	1.93%	-	-	-
City of Savannah	2,234	7	1.22%	2,500	6	1.47%
Chatham County	1,896	8	1.03%	-	-	-
Savannah College of Art & Design	1,886	9	1.03%	1,457	8	0.86%
Georgia Ports Authority	1,300	10	0.71%	-	-	-
Wal-Mart Stores, Inc.	-	-	-	2,182	7	1.28%
Momentum Resources II, Inc.	-	-	-	1,438	9	0.85%
Georgia-Pacific Corporation	-	-	-	1,420	10	0.84%
	<u>39,926</u>		<u>21.75%</u>	<u>30,629</u>		<u>18.02%</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,				
	2010	2011	2012	2013	2014
General government	2	3	3	4	4
Judiciary	2	2	3	2	2
Legislative	7	7	7	6	6
Protective inspections	3	4	1	1	1
Public safety	32	32	31	34	30
Public works	9	7	4	2	3
Culture and recreation	3	3	3	3	3
Water and sewer services	7	7	7	7	11
Total	65	65	59	59	60

Function/Program	Full-time and Part-time City Employees as of June 30,				
	2015	2016	2017	2018	2019
General government	5	5	4	2	7
Judiciary	2	2	4	2	2
Legislative	6	6	6	6	6
Protective inspections	1	1	2	2	3
Public safety	35	41	44	45	56
Public works	2	3	3	2	0
Culture and recreation	7	10	13	15	19
Water and sewer services	7	10	10	12	0
Total	65	78	86	86	93

SOURCES: City Records.

City of Port Wentworth, Georgia

Operating Indicators by Function

Last Ten Fiscal Years

	Fiscal Year				
	2010	2011	2012	2013	2014
Police					
Arrests	1,023	1,093	1,063	1,261	1,282
Fire					
Number of emergency calls	573	833	812	994	1,084
Inspections	370	284	245	246	248
Public works					
Street resurfacing (miles)	1	< 1	< 1	1	2
Parks and recreation					
Number of facility rentals	327	223	296	346	335
Water					
New connections	585	612	389	418	178
Average daily water use (thousands of gallons)	322	387	353	444	388
Sewer					
New connections	585	612	389	418	178
Average daily sewage treatment (thousands of gallons)	N/A	N/A	458	600	757
	Fiscal Year				
	2015	2016	2017	2018	2019
Police					
Arrests	1,344	1,207	1,227	1,346	1,252
Fire					
Number of emergency calls	1,209	1,263	1,329	1,362	1,550
Inspections	254	265	271	271	280
Public works					
Street resurfacing (miles)	2.25	< 1	< 1	0	<1
Parks and recreation					
Number of facility rentals	377	365	398	364	350
Water					
New connections	138	133	63	59	120
Average daily water use (thousands of gallons)	441	921	700	927	943
Sewer					
New connections	138	133	63	59	120
Average daily sewage treatment (thousands of gallons)	822	825	800	800	900

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				
	2010	2011	2012	2013	2014
Police					
Stations	1	1	1	1	1
Fire					
Stations	2	2	2	2	2
Public works					
Streets (miles)	46	51	51	51	52
Streetlights	384	886	886	886	886
Traffic signals	8	10	10	10	10
Parks and recreation					
Parks	4	5	5	5	5
Community centers	4	4	4	4	4
Water					
Water mains (miles)	41	45	46	46	51
Maximum daily capacity (thousands of gallons)	2,600	2,600	2,600	2,600	3,100
Sewer					
Sanitary sewers (miles)	41	45	46	46	51
Maximum daily treatment capacity (thousands of gallons)	N/A	N/A	N/A	4	4
	Fiscal Year				
	2015	2016	2017	2018	2019
Police					
Stations	1	1	1	1	1
Fire					
Stations	2	2	2	2	2
Public works					
Streets (miles)	54	54	54	54	54
Streetlights	886	906	906	906	906
Traffic signals	11	11	11	11	13
Parks and recreation					
Parks	5	5	5	5	5
Community centers	4	4	4	4	3
Water					
Water mains (miles)	51	51	51	51	51
Maximum daily capacity (thousands of gallons)	3,100	3,100	3,100	3,100	3,100
Sewer					
Sanitary sewers (miles)	51	51	51	51	51
Maximum daily treatment capacity (millions of gallons)	4	4	4	2	2

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*

**To the Honorable Mayor
and Members of the City Council
City of Port Wentworth, Georgia**

We have audited, 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, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Port Wentworth, Georgia (the "City"), as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated December 20, 2019.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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 City's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Mauldin & Jenkins, LLC". The script is cursive and fluid, with the letters "M", "J", and "L" being particularly large and stylized.

Savannah, Georgia
December 20, 2019

CITY OF PORT WENTWORTH, GEORGIA

SCHEDULE OF FINDINGS AND RESPONSES FOR THE FISCAL YEAR ENDED JUNE 30, 2019

SECTION I SUMMARY OF AUDIT RESULTS

Financial Statements

Type of auditor's report issued

Unmodified

Internal control over financial reporting:

Material weaknesses identified?

☐ Yes ☒ No

Significant deficiencies identified not considered
to be material weaknesses?

☐ Yes ☒ None Reported

Noncompliance material to financial statements noted?

☐ Yes ☒ No

Federal Awards

There was not an audit of major federal award programs as of June 30, 2019 due to the total amount expended being less than \$750,000.

SECTION II FINANCIAL STATEMENT FINDINGS AND RESPONSES

None reported.

SECTION III FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS

Not applicable.

SECTION IV STATUS OF PRIOR YEAR AUDIT FINDINGS

None reported.