



CITY OF PORT WENTWORTH
COMPREHENSIVE
ANNUAL FINANCIAL REPORT
FISCAL YEAR 2011-2012



CITY OF PORT WENTWORTH, GEORGIA

Comprehensive Annual Financial Report Fiscal Year Ended June 30, 2012

**Prepared by:
City Finance Department**



City of Port Wentworth, Georgia

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City of Port Wentworth, Georgia

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INTRODUCTORY SECTION





CITY OF PORT WENTWORTH

305 South Coastal Highway Port Wentworth, Georgia 31407
(912) 964-4379
(912) 966-7429 (f)
www.cityofportwentworth.com

November 9, 2012

MAYOR

Glenn Jones

COUNCIL MEMBERS

Jud Bowers

Robert Henderson

Bill Herrin

Gary Norton

Joseph Harris

James Curry

CITY ADMINISTRATOR

Phillip Claxton

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

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, 2012.

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

Karp, Ronning & Tindol, Certified Public Accountants, have issued an unqualified ("clean") opinion on the City of Port Wentworth's financial statements for the fiscal year ended June 30, 2012. The independent auditor's report is located at the front of the financial section of this report.

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

PROFILE OF THE GOVERNMENT

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

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

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

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

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

ECONOMIC CONDITION AND OUTLOOK

Summary of Local Economy

Although the City has been affected by the national economic recession over the past couple of years, it shows signs of recovery. Tax revenues have increased during the fiscal year ended June 30, 2012. In addition, water and sewer fee collections have also grown over the past year. Population growth accounts for most of the City's improved tax and fee revenue.

The Georgia Department of Labor indicates that the annualized average unemployment rate for Chatham County in 2011 was 9.2%. As of June 30, 2012, the unemployment rate had decreased to 9.3%.

According to the Savannah Economic Development Authority, the top employers in the Savannah-Chatham MSA (Metropolitan Statistical Area) in 2011 included Gulfstream Aerospace, Fort Stewart Hunter Army Airfield, Memorial Health University Medical Center, Savannah-Chatham County Board of Education, St. Joseph/Candler Health System, Wal-Mart, City of Savannah, Savannah College of Art and Design, Chatham County and Georgia Pacific.

According to the Georgia Department of Labor, by the fourth quarter of 2011, the percentage of employed persons by sector included:

Good producing sector	13.4%
Service producing sector	72.7%
Government	13.9%

Prospects for the Economy

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

Relevant Financial Policies

Adherence to the City's financial planning, revenue, and expenditure policies have allowed the City to maintain general fund unreserved, undesignated fund balance of \$5,766,602. Without additional revenue enhancements such as millage rate increase or increase in charges for services, this fund balance will be critical to fund the current level of government service in the future.

Major Initiatives

Major projects and initiatives started and/or completed in FY 2012 included:

- Construction of Water and Sewer on Berrien and Saussy Roads
- Downtown Sewer Rehabilitation

Long-term Financial Planning

The City closed on its debt with the United States Department of Agriculture (USDA) to fund construction of the new wastewater treatment plant as well as other sewer projects in the City. The City expects fee collections incurred upon completion and utilization of the plant to service this long-term debt.

OTHER INFORMATION

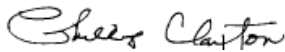
Awards

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Port Wentworth for its comprehensive annual financial report for the year ended June 30, 2011. This was the twelfth year the City has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiency organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements. A certificate of achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

FINAL COMMENTS

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

Sincerely,

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

Phillip Claxton
City Administrator



City of Port Wentworth, Georgia

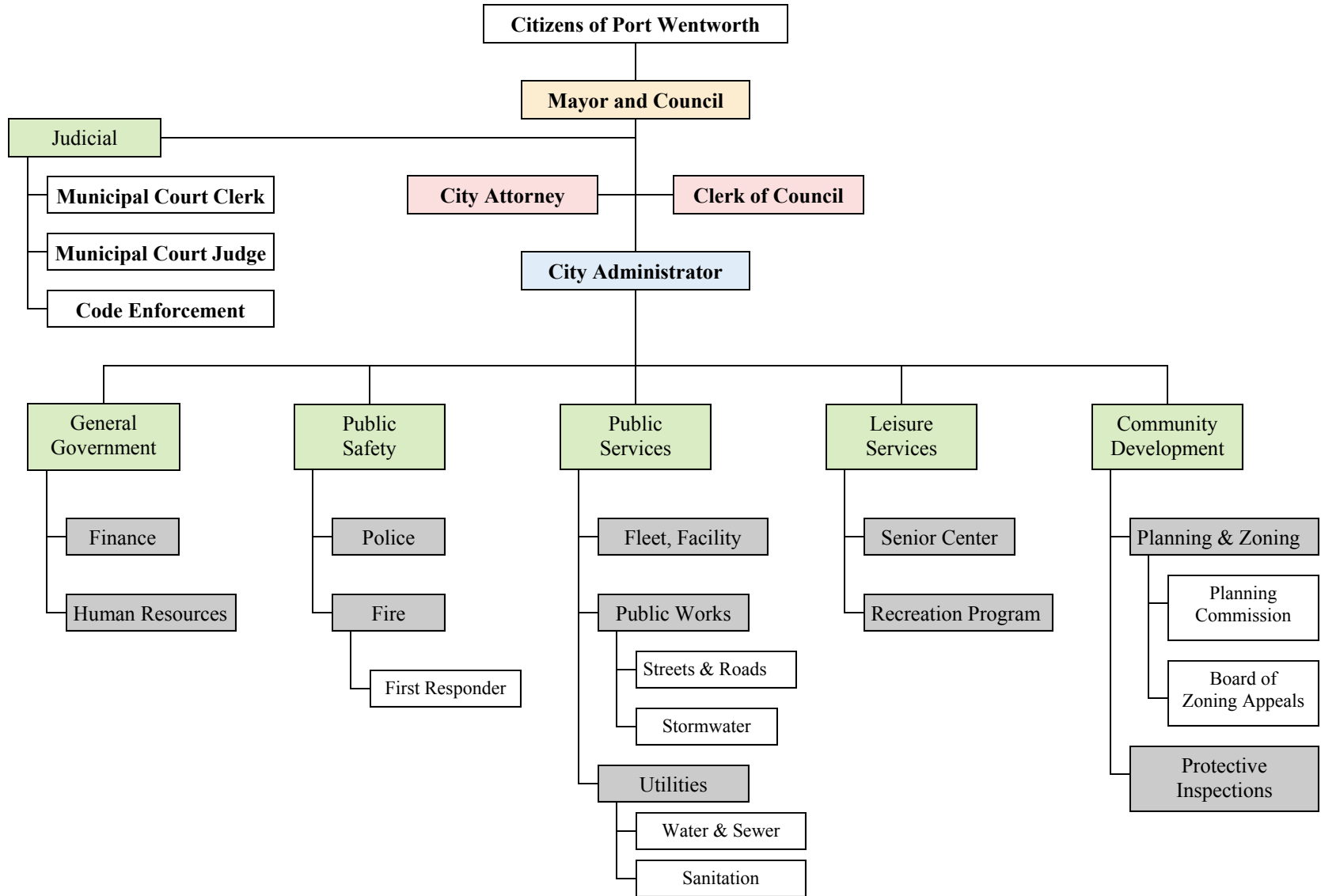
List of Principal Officials

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

Council Committee Chairpersons

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

City of Port Wentworth, Georgia
Organizational Chart



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, 2011

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



Christopher P. Morrell

President

Jeffrey R. Emer

Executive Director



FINANCIAL SECTION



KARP, RONNING & TINDOL

CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the remaining fund information of the City of Port Wentworth, Georgia (City), as of and for the year ended June 30, 2012, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the management of the City. 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the remaining fund information of the City, as of June 30, 2012, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated November 9, 2012 on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis and the required supplementary information other than Management's Discussion and Analysis beginning on page C-1 and E-1, respectively, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was made for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, the supplementary data – individual fund statements, schedules and state mandated program information, and the statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The supplementary data – individual fund statements, schedules and state mandated program information have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Nonprofit Organizations*, and is also not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and the statistical tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Karp, Ronning & Tindol, PC

Karp, Ronning & Tindol, P.C.

Savannah, Georgia
November 9, 2012

City of Port Wentworth, Georgia

Management's Discussion and Analysis

INTRODUCTION

Our discussion and analysis of the financial performance of the City of Port Wentworth provides an overview of the City's financial activities for the fiscal year ended June 30, 2012. The intent of this management discussion and analysis is to look at the City's financial performance as a whole. Readers should also review the transmittal letter, financial statements and notes to the financial statements to enhance their understanding of the City's financial performance.

The basic financial statements contain three components:

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

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

FINANCIAL HIGHLIGHTS

- ⇒ The City's assets exceeded its liabilities at June 30, 2012 by \$45,452,153 (net assets). Of this amount, \$11,991,855 (unrestricted net assets) may be used to meet the City's ongoing obligations to citizens and creditors.
- ⇒ The City's total net assets increased \$747,811 which is comprised of a \$1,247,140 increase resulting from business-type activities and a \$499,329 decrease resulting from governmental activities.
- ⇒ Key factors resulting in the governmental activities change in net assets include the following.
 1. Charges for services were around \$1,979,000, a decrease of approximately \$77,000 from the previous year;
 2. Grants and contributions approximated \$651,000, primarily from intergovernmental agencies;
 3. Tax revenues were approximately \$4,070,000, an increase from 2011 of approximately \$117,000. This increase was due to a restatement of property taxes received during 2012 to agree to the amount the City would have been entitled to receive if it was not for the property tax error from prior years;
 4. Governmental activity expenses were approximately \$5,836,000, a decrease of around \$208,000 from the previous year;
 5. Transfers to the business-type activities fund were approximately \$1,510,000, primarily for debt service repayment; and
- ⇒ Key factors resulting in the business-type activities change in net assets include:
 1. Charges for services increased approximately \$167,000 as a result of new connections and rate increases;
 2. Capital grants and contributions received this year were \$346,073 from aid to construction and federal grants obtained for construction of the new water and sewer infrastructure projects;

City of Port Wentworth, Georgia

Management's Discussion and Analysis (cont.)

3. Transfers from the Governmental Activities fund were approximately \$1,510,000, primarily for debt service repayment; and
- ⇒ At June 30, 2012, the City's governmental funds balance sheet reports combined ending fund balances of \$9,916,604, a decrease of \$297,482 from the previous fiscal year. Of this amount, \$5,766,602 remains in the general fund of the City as unassigned.
- ⇒ Total long-term liabilities related to contractual obligations to the United States Department of Agriculture (USDA) increased by approximately \$67,000 from the previous fiscal year. The key factor in this increase was the approval of funds for the construction on new sewer infrastructures.

OVERVIEW OF THE FINANCIAL STATEMENTS

Government-wide Financial Statements:

The government-wide financial statements are designed to provide readers with a broad overview of the City's finances in a manner similar to a private sector business. The Statement of Net Assets and the Statement of Activities provide information about the activities of the City as a whole, presenting both an aggregate and long-term view of the finances. These statements include all assets and liabilities using the accrual basis of accounting. This basis of accounting includes all of the current year's revenues and expenses regardless of when cash is received or paid.

The Statement of Net Assets presents information on all of the City's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets 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 assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused compensated absences).

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

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

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

Fund Financial Statements:

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

City of Port Wentworth, Georgia

Management's Discussion and Analysis (cont.)

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

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

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

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

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

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

The Municipal Court Fund is the only fiduciary fund.

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

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

City of Port Wentworth, Georgia

Management's Discussion and Analysis (cont.)

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net Assets:

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. The City's combined net assets (government and business-type activities) totaled approximately \$45 million on June 30, 2012.

<i>City of Port Wentworth's Net Assets</i>						
	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2012</u>	2011 Restated	<u>2012</u>	2011 Restated	<u>2012</u>	2011 Restated
Assets						
Current and other assets	\$ 11,253,205	\$ 11,989,554	\$ 5,483,024	\$ 4,760,411	\$ 16,736,229	\$ 16,749,965
Capital assets, net	8,136,425	8,505,175	27,611,121	26,894,246	35,747,546	35,399,421
Total assets	19,389,630	20,494,729	33,094,145	31,654,657	52,483,775	52,149,386
Liabilities						
Other liabilities	994,781	1,640,355	1,084,220	912,233	2,079,001	2,552,588
Long-term liabilities	277,479	237,675	4,675,142	4,654,781	4,952,621	4,892,456
Total liabilities	1,272,260	1,878,030	5,759,362	5,567,014	7,031,622	7,445,044
Net assets						
Invested in capital assets, net of related debt	7,898,751	8,232,721	22,781,837	22,132,457	30,680,588	30,365,178
Restricted	2,779,710	3,729,118	-	-	2,779,710	3,729,118
Unrestricted	7,438,909	6,654,860	4,552,946	3,955,186	11,991,855	10,610,046
Total net assets	\$ 18,117,370	\$ 18,616,699	\$ 27,334,783	\$ 26,087,643	\$ 45,452,153	\$ 44,704,342

The largest portion of the City's net assets (68%) reflect its investment in capital assets such as land, buildings, and equipment, less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to pay these liabilities.

An additional portion of the City's net assets (6%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of the City's net assets (26%) represents the unrestricted net assets, may be used to meet the City's ongoing obligations to citizens and creditors. Internally imposed designations of resources are not presented as restricted net assets.

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

Within the City's governmental activities, restricted net assets decreased \$949,408 in connection with resources externally restricted for Capital Projects.

The City's total net assets increased approximately \$748,000. Business-type activities increased approximately \$1,247,000, while government-type activities decreased approximately \$499,000.

City of Port Wentworth, Georgia

Management's Discussion and Analysis (cont.)

Change in net assets:

The following table presents a summary of the changes in net assets for the fiscal years ended June 30, 2012 and 2011:

<i>City of Port Wentworth's Changes in Net Assets</i>						
	Governmental Activities		Business-Type Activities		Total	
	2012	2011, Restated	2012	2011, Restated	2012	2011, Restated
Revenues						
Program revenues						
Charges for services	\$ 1,979,413	\$ 2,056,520	\$ 2,417,521	\$ 2,251,015	\$ 4,396,934	\$ 4,307,535
Operating grants and contributions	87,539	96,768	-	-	87,539	96,768
Capital grants and contributions	650,782	531,363	346,073	2,889,074	996,855	3,420,437
General revenues:						
Property taxes	1,892,546	1,887,617	-	-	1,892,546	1,887,617
Sales taxes	1,047,670	974,303	-	-	1,047,670	974,303
Selective sales and use taxes	785,188	707,088	-	-	785,188	707,088
Business taxes	344,275	247,391	-	-	344,275	247,391
Contributions not restricted to specific programs	-	-	-	-	-	-
Unrestricted investment earnings	13,071	17,259	17,903	27,778	30,974	45,037
Gain on disposition of capital assets	15,840	5,702	-	51,502	15,840	57,204
Miscellaneous	29,612	29,759	83,841	80,453	113,453	110,212
Total revenues	6,845,936	6,553,770	2,865,338	5,299,822	9,711,274	11,853,592
Expenses						
General government	475,923	434,261	-	-	475,923	434,261
Judiciary	131,614	169,856	-	-	131,614	169,856
Public safety	2,896,829	2,952,985	-	-	2,896,829	2,952,985
Public works	1,396,285	1,467,766	-	-	1,396,285	1,467,766
Culture and recreation	377,690	401,481	-	-	377,690	401,481
Housing and development	547,210	581,398	-	-	547,210	581,398
Interest on long-term debt	10,163	11,413	-	-	10,163	11,413
Water and sewer	-	-	3,127,749	2,398,358	3,127,749	2,398,358
Total expenses	5,835,714	6,019,160	3,127,749	2,398,358	8,963,463	8,417,518
Changes in net assets before transfers and restatements	1,010,222	534,610	(262,411)	2,901,464	747,811	3,436,074
Transfers	(1,509,551)	4,264	1,509,551	(4,264)	-	-
Change in net assets	(499,329)	538,874	1,247,140	2,897,200	747,811	3,436,074
Net assets, beginning, restated	18,616,699	18,077,825	26,087,643	23,190,443	44,704,342	41,268,268
Net assets, ending	\$ 18,117,370	\$ 18,616,699	\$ 27,334,783	\$ 26,087,643	\$ 45,452,153	\$ 44,704,342

Approximately 45% of the City's total revenue came from charges for various goods and services, 42% resulted from taxes, and 11% from grants and contributions. The City's expenses cover a range of services. The largest expenses were for public safety, public works, housing and development, and water and sewer services.

The decrease in net assets for governmental activities was \$499,329. The key reasons for this decrease were discussed earlier in the financial highlights section. The business-type activities net assets increased approximately \$1.2 million for the fiscal year ended June 30, 2012. The key factors for this increase were also discussed earlier in the financial highlights section.

City of Port Wentworth, Georgia

Management's Discussion and Analysis (cont.)

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

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

Governmental Funds:

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

General Fund

The general fund is the chief operating fund of the City. As of June 30, 2012, the total fund balance in the general fund was \$7,136,894. The total amount of unassigned fund balance for the general fund is \$5,766,602. Assigned fund balance for capital asset replacement was \$752,001 and nonspendable fund balance related to prepaid insurance was \$159,985.

One measure of the general fund's liquidity is to compare its unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 108% of total general fund expenditures, while total fund balance represents 134% of that same amount.

The fund balance of the general fund increased \$651,926 during the current fiscal year. Revenues were approximately \$70,000 less than last year, expenditures were down by \$308,000 and overall, the City was able to meet its operating expenditures with current revenues. Excess revenues over expenditures were \$336,428. Reasons for the increase in fund balance is due to the City's adjustment in expenses as a result of the expected shortfall in tax revenue.

Capital Projects

The capital projects fund has a total fund balance of \$2,757,174 which must be used for paving, drainage, fire safety, open space, and waste water treatment projects. The fund balance decreased \$949,683 primarily due to monies being spent for various sewer projects and payment of GEFA loan. The Schedule of Projects Constructed with Special Purpose Local Option Sales Tax Proceeds is shown beginning on page F - 3.

Proprietary Funds:

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

At June 30, 2012, total net assets amounted to \$27,334,783, for the enterprise fund as compared to \$26,087,643 at June 30, 2011. The growth in the net assets of \$1,247,140 was discussed earlier in the financial highlights section. The enterprise fund is reflected on pages D - 8 to D - 11.

City of Port Wentworth, Georgia

Management's Discussion and Analysis (cont.)

CAPITAL ASSETS

The Statement of Net Assets presents capital assets in two groups: those assets subject to depreciation, such as equipment or operational facilities, and those assets not subject to depreciation, such as land and construction-in-progress. At June 30, 2012, the City's net capital assets for both governmental activities and business-type activities totaled \$35,747,546. Capital assets include assets purchased and donated, land, buildings, system improvements and machinery and equipment. Capital assets increased \$348,125, or 1%, from fiscal year 2011 to 2012. Major capital asset events during the year included construction of water and sewer facilities, various drainage and sewer projects, capital outlays for police vehicles, and restoration of Houston Museum.

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

DEBT ADMINISTRATION

The long-term liabilities at June 30, 2012, totaled \$4,952,621. Of this amount, \$277,479 relates to the governmental activities and \$4,675,142 relates to the business-type activities.

Total debt of governmental activities decreased by approximately \$34,000 while business-type activities increased by approximately \$67,000 from June 30, 2011. Governmental activity debt decrease is due to payment on capital lease. The business-type debt net increase resulted primarily from current year borrowings on loans from USDA for capital projects and various sewer projects. Additional information on the City's debt and capital leases can be found in Note 2.E and Note 2.F on pages D - 25 through D - 27.

GENERAL FUND BUDGETARY HIGHLIGHTS

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

The overall operations of the City are similar to directing a large multi-million dollar business. Budget amendments are approved throughout the year to more accurately reflect the ongoing changes and to abide by state laws. The original budget was adopted on June 23, 2011, for the fiscal year ended June 30, 2012.

During the year there were supplemental appropriation decreases totaling \$662,859 between the original and final amended budget. The supplemental appropriation decreases were needed for loss of property tax revenue.

The total revenues actually recorded for this fiscal year were \$5,669,883 which is \$380,187 more than the final budgeted figure.

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

- ⇒ Taxes were over budget by \$417,001. Collections on current year property tax assessments were higher than anticipated.
- ⇒ Charges for services were under budget by \$23,127 due to loss of landfill fees and an increase in the allowance of doubtful accounts.
- ⇒ Licenses and permits were under budget by \$4,775 due to several business closings; therefore not renewing their alcohol beverage licenses.

City of Port Wentworth, Georgia

Management's Discussion and Analysis (cont.)

-
- ⇒ Investment income was less than budgeted by \$1,083 as a result of a decrease in principal investments and decline in interest rates.

The total expenditures actually recorded for the 2012 fiscal year were \$5,333,455. This figure is \$801,480 less than the final budgeted figure.

Individual major category variances in appropriations are as follows:

- ⇒ General administration expenditures were \$84,492 less than budgeted due to camera and software budgeted for 2012 fiscal year that were not purchased.
- ⇒ The police department's actual expenditures were \$152,824 lower than budgeted due to reduction in personnel.
- ⇒ The fire department's actual expenditures were \$139,588 lower than budgeted as a result of workers compensation insurance costs being less than estimated and a reduction in personnel.
- ⇒ The leisure services department's actual expenditures were \$79,444 lower than budgeted due to a reduction in personnel and insurance cost being less than estimated.
- ⇒ Due to a reduction in personnel, the inspections department spent about \$6,733 less than anticipated.
- ⇒ The highways and streets department expenditures were \$264,200 lower than budgeted due to a capital project that was budgeted for 2012, but has been postponed until 2013.

ECONOMIC, FISCAL YEAR 2012 BUDGETS AND RATES

The City adopted a \$8,079,750 governmental funds budget for fiscal year 2012. Although not required to budget enterprise fund activity, the City also adopted a \$6,079,834 water and sewer fund budget. The City will continually look for new ways in the future to reduce the reliance on one-time revenue sources. The millage rate for calendar year 2011, or fiscal year 2012, was 4.397 mills.

REQUESTS FOR INFORMATION

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

BASIC FINANCIAL STATEMENTS



GOVERNMENT-WIDE FINANCIAL STATEMENTS



City of Port Wentworth, Georgia

Statement of Net Assets

June 30, 2012

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and investments	\$ 10,013,443	\$ 4,813,474	\$ 14,826,917
Receivables	1,014,293	303,571	1,317,864
Internal balances	13,668	(13,668)	-
Prepaid items	159,985	80,884	240,869
Restricted assets			
Cash and investments	51,816	298,763	350,579
Capital assets			
Land, improvements, and construction in progress	860,855	2,294,547	3,155,402
Other capital assets, net of depreciation	7,275,570	25,316,574	32,592,144
Total assets	19,389,630	33,094,145	52,483,775
LIABILITIES			
Accounts payable	348,897	577,750	926,647
Retainage payable	7,500	23,370	30,870
Other accrued liabilities	100,073	8,965	109,038
Unearned revenue	385,945	-	385,945
Customer deposits	31,730	298,763	330,493
Long-term liabilities			
Due within one year			
Notes and loans payable	36,076	162,142	198,218
Compensated absences	84,560	13,230	97,790
Due in more than one year			
Notes and loans payable	201,598	4,667,142	4,868,740
Compensated absences	75,881	8,000	83,881
Total liabilities	1,272,260	5,759,362	7,031,622
NET ASSETS			
Invested in capital assets, net of related debt	7,898,751	22,781,837	30,680,588
Restricted for			
Capital projects	2,757,174	-	2,757,174
Confiscated assets	22,536	-	22,536
Unrestricted	7,438,909	4,552,946	11,991,855
Total net assets	\$ 18,117,370	\$ 27,334,783	\$ 45,452,153

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

Year ended June 30, 2012

	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
FUNCTIONS/PROGRAMS				
Governmental activities				
General government	\$ 475,923	\$ 3,225	\$ -	\$ -
Judiciary	131,614	-	-	-
Public safety	2,896,829	961,061	87,539	85,923
Public works	1,396,285	867,239	-	564,859
Culture and recreation	377,690	7,582	-	-
Housing and development	547,210	140,306	-	-
Interest on long-term debt	10,163	-	-	-
Total governmental activities	5,835,714	1,979,413	87,539	650,782
Business-type activities				
Water and sewer	3,127,749	2,417,521	-	346,073
Total business-type activities	3,127,749	2,417,521	-	346,073
Total	\$ 8,963,463	\$ 4,396,934	\$ 87,539	\$ 996,855

GENERAL REVENUES

Taxes

Property taxes, levied for general purpose

Sales taxes for general purposes

Selective sales and use taxes

Business taxes

Unrestricted investment earnings

Gain on disposition of capital assets

Miscellaneous

TRANSFERS

Total general revenues and transfers

Change in net assets

Net assets, beginning, restated

Net assets, ending

City of Port Wentworth, Georgia

Statement of Activities

Net (Expense) Revenue and Changes in Net Assets		
Governmental Activities	Business- Type Activities	Total
\$ (472,698)	\$ -	\$ (472,698)
(131,614)	-	(131,614)
(1,762,306)	-	(1,762,306)
35,813	-	35,813
(370,108)	-	(370,108)
(406,904)	-	(406,904)
(10,163)	-	(10,163)
(3,117,980)	-	(3,117,980)
-	(364,155)	(364,155)
-	(364,155)	(364,155)
(3,117,980)	(364,155)	(3,482,135)
1,892,546	-	1,892,546
1,047,670	-	1,047,670
785,188	-	785,188
344,275	-	344,275
13,071	17,903	30,974
15,840	-	15,840
29,612	83,841	113,453
(1,509,551)	1,509,551	-
2,618,651	1,611,295	4,229,946
(499,329)	1,247,140	747,811
18,616,699	26,087,643	44,704,342
\$ 18,117,370	\$ 27,334,783	\$ 45,452,153

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



FUND FINANCIAL STATEMENTS



City of Port Wentworth, Georgia

Balance Sheets

June 30, 2012

	General	Capital Projects	Hotel/Motel Tax Fund	Other Governmental Fund	Total Governmental Funds
ASSETS					
Cash and investments	\$ 7,247,479	\$ 2,674,312	\$ 91,652	\$ -	\$ 10,013,443
Receivables	867,862	94,593	51,838	-	1,014,293
Due from other funds	63,730	-	-	2,450	66,180
Prepaid items	159,985	-	-	-	159,985
Restricted cash and investments	31,730	-	-	20,086	51,816
Total assets	\$ 8,370,786	\$ 2,768,905	\$ 143,490	\$ 22,536	\$ 11,305,717
LIABILITIES AND FUND BALANCES					
Liabilities					
Accounts payable	\$ 251,238	\$ 4,231	\$ 93,428	\$ -	\$ 348,897
Retainage payable	-	7,500	-	-	7,500
Other accrued liabilities	100,073	-	-	-	100,073
Due to other funds	2,450	-	50,062	-	52,512
Customer deposits	31,730	-	-	-	31,730
Deferred revenue	848,401	-	-	-	848,401
Total liabilities	1,233,892	11,731	143,490	-	1,389,113
Fund balances					
Nonspendable					
prepaid items	159,985	-	-	-	159,985
Restricted					
Capital projects funds	-	2,757,174	-	-	2,757,174
Confiscated assets funds	-	-	-	22,536	22,536
Assigned					
Capital asset replacement	752,001	-	-	-	752,001
Subsequent year's budget	458,306	-	-	-	458,306
Unassigned	5,766,602	-	-	-	5,766,602
Total fund balances	7,136,894	2,757,174	-	22,536	9,916,604
Total liabilities and fund balances	\$ 8,370,786	\$ 2,768,905	\$ 143,490	\$ 22,536	\$ 11,305,717

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

City of Port Wentworth, Georgia

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

<i>Year ended June 30,</i>	2012
<i>Amounts reported for governmental activities on the Statement of Net Assets differ from the amounts reported on the Balance Sheets for governmental funds because:</i>	
Total fund balances for governmental activities	\$ 9,916,604
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 \$4,539,023)	8,136,425
Revenues (deferred taxes) in the statement of activities that do not provide current financial resources and are not reported as revenue in the funds: Property, sales and franchise taxes levied, but not yet earned and available for use	462,456
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: Capital leases Compensated absences	\$ (237,674) (160,441) (398,115)
Net assets of governmental activities	\$ 18,117,370

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

City of Port Wentworth, Georgia

Statement of Revenues, Expenditures, and Changes in Fund Balances

<i>Year ended June 30, 2012</i>					
	General	Capital Projects	Hotel/ Motel Tax Fund	Other Governmental Fund	Total Governmental Funds
REVENUES					
Taxes	\$ 3,491,850	\$ -	\$ 583,233	\$ -	\$ 4,075,083
Licenses and permits	129,921	-	-	-	129,921
Intergovernmental	163,977	556,939	-	-	720,916
Charges for services	1,049,629	-	-	-	1,049,629
Fines and forfeitures	803,388	-	-	9,485	812,873
Investment income	12,970	7,920	88	13	20,991
Miscellaneous	18,148	-	-	-	18,148
Total revenues	5,669,883	564,859	583,321	9,498	6,827,561
EXPENDITURES					
Current					
General government	490,693	-	-	-	490,693
Judiciary	147,739	-	-	-	147,739
Public safety	2,876,549	-	-	9,223	2,885,772
Public works	1,162,708	-	-	-	1,162,708
Culture and recreation	321,510	-	-	-	321,510
Housing and development	248,644	-	-	-	248,644
Capital outlay	-	164,332	-	-	164,332
Debt services					
Principal	34,779	-	-	-	34,779
Interest	10,163	-	-	-	10,163
Intergovernmental					
Assistance	40,670	-	291,602	-	332,272
Total expenditures	5,333,455	164,332	291,602	9,223	5,798,612
Excess of revenues over expenditures	336,428	400,527	291,719	275	1,028,949
OTHER FINANCING SOURCES (USES)					
Proceeds from sale of assets	15,840	-	-	-	15,840
Transfers in	291,719	-	-	-	291,719
Transfers out	-	(1,350,210)	(291,719)	-	(1,641,929)
Insurance recoveries	7,939	-	-	-	7,939
Total other financing sources (uses)	315,498	(1,350,210)	(291,719)	-	(1,326,431)
Net change in fund balances	651,926	(949,683)	-	275	(297,482)
Fund balances at beginning of year, restated	6,484,968	3,706,857	-	22,261	10,214,086
Fund balances at end of year	\$ 7,136,894	\$ 2,757,174	\$ -	\$ 22,536	\$ 9,916,604

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, 2012

Net change in Fund Balances - Total Governmental Funds \$ (297,482)

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives as depreciation expense.

Capital assets reported as capital outlay in governmental funds	\$ 261,904	
Depreciation expense reported in the statement of activities	<u>(630,654)</u>	
This is the amount by which capital outlays exceeded depreciation in the current period.		(368,750)

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		(5,404)
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Some expenses reported in the statement of activities do not require the use of current financial resources and therefore, are not reported as expenditures in governmental funds.

Change in capital leases	34,780	
Change in compensated absences	<u>137,527</u>	<u>172,307</u>

Change in net assets of governmental activities \$ (499,329)

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

City of Port Wentworth, Georgia

Water and Sewer Enterprise Fund Statement of Net Assets

June 30, 2012

ASSETS	
Current assets	
Cash and investments	\$ 4,813,474
Accounts receivable, net	280,887
Intergovernmental receivable	22,684
Prepaid items	80,884
Restricted cash and investments	298,763
Total current assets	5,496,692
Capital assets	
Land, improvements, and construction in progress	2,294,547
Other capital assets, net of depreciation	25,316,574
Total capital assets	27,611,121
Total assets	33,107,813
LIABILITIES	
Current liabilities	
Accounts payable	577,750
Retainage payable	23,370
Accrued interest	8,965
Due to other funds	13,668
Customer deposits	298,763
Compensated absences	13,230
Notes and loans payable	162,142
Total current liabilities	1,097,888
Non-current liabilities	
Compensated absences	8,000
Notes and loans payable	4,667,142
Total non-current liabilities	4,675,142
Total liabilities	5,773,030
NET ASSETS	
Invested in capital assets, net of related debt	22,781,837
Unrestricted	4,552,946
Total net assets	\$ 27,334,783

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

City of Port Wentworth, Georgia

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

Year ended June 30, 2012

OPERATING REVENUES	
Charges for services	\$ 2,395,559
Connection fees	21,962
Miscellaneous	83,841
Total operating revenues	2,501,362
OPERATING EXPENSES	
Sewer Department	
Personal services and employee benefits	159,995
Purchased and contracted services	827,945
Supplies	351,478
Depreciation	654,443
Total operating expenses, sewer	1,993,861
Water Department	
Personal services and employee benefits	206,135
Purchased and contracted services	113,334
Supplies	472,879
Depreciation	238,950
Total operating expenses, water	1,031,298
Total operating expenses	3,025,159
Operating loss	(523,797)
NON-OPERATING REVENUES (EXPENSES)	
Interest income	17,903
Interest expense	(102,590)
Total non-operating revenues, net	(84,687)
Loss before capital contributions and transfers	(608,484)
Transfer in	1,350,210
Capital contributions	505,414
Change in net assets	1,247,140
Net assets, beginning of year, restated	26,087,643
Net assets, end of year	\$ 27,334,783

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

City of Port Wentworth, Georgia

Water and Sewer Enterprise Fund Statement of Cash Flows

Year ended June 30, 2012

CASH FLOWS FROM OPERATING ACTIVITIES	
Cash received from customers	\$ 2,525,182
Cash payments to suppliers for goods and services	(1,531,649)
Cash payments to employees for services	(377,311)
Net cash provided by operating activities	616,222
CASH FLOW FROM NON-CAPITAL FINANCING ACTIVITIES	
Advances from other funds	14,721
Net cash provided by non-capital financing activities	14,721
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Proceeds from long-term debt	1,526,486
Principal paid on long-term debt	(108,781)
Interest paid on long-term debt	(103,248)
Proceeds from grant	131,614
Aid to construction	145,163
Acquisition and construction of capital assets	(1,600,645)
Net cash provided by capital and related financing activities	(9,411)
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest on investments	17,903
Net cash provided by investing activities	17,903
Net increase in cash and cash equivalents	639,435
Cash and cash equivalents, beginning of year	4,472,802
Cash and cash equivalents, end of year	\$ 5,112,237
RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED BY OPERATING ACTIVITIES	
Operating loss	\$ (523,797)
Adjustments to reconcile operating loss to net cash provided by operating activities	
Depreciation	893,393
Changes in assets and liabilities	
Increase in accounts receivable	(4,829)
Increase in prepaid items	(70,386)
Increase in accounts payable	304,373
Increase in customer deposits	28,649
Decrease in compensated absences	(11,181)
Total adjustments	1,140,019
Net cash provided by operating activities	\$ 616,222

City of Port Wentworth, Georgia

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

Year ended June 30, 2012

NON-CASH CAPITAL AND RELATED FINANCING ACTIVITIES

Capital assets transferred from SPLOST	\$	159,341
Capital assets acquired through capital contributions		46,612
Capitalized interest from asset construction		37,567
Principal paid on long-term debt from SPLOST		(1,350,210)

Total non-cash capital and related financing activities	\$	(1,106,690)
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The notes to the basic financial statements are an integral part of this statement.

City of Port Wentworth, Georgia

Fiduciary Fund - Agency Fund Statement of Fiduciary Assets and Liabilities

June 30, 2012

	Municipal Court Fund
ASSET	
Cash	\$ 24,083
Total asset	\$ 24,083
LIABILITY	
Due to others	\$ 24,083
Total liability	\$ 24,083

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



City of Port Wentworth, Georgia

Notes to the Basic Financial Statements

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City of Port Wentworth, Georgia

Notes to the Basic Financial Statements

1. Summary of Significant Accounting Policies

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

A. Financial Reporting Entity

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

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

The Port Wentworth Downtown Development Authority (the Authority), a component unit, was formed in March 2001, with the primary mission to promote the development of an economically viable business district as allowed by state statute. The Authority has a June 30 fiscal year end. At this time the Authority has no significant activity or assets and is in a dormant status and, as a result, is not reported in the government-wide financial statements.

B. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the nonfiduciary activities of the primary government and its component unit. As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Interfund services provided and used are not eliminated in the process of consolidation. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from its legally separate component unit for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or activity is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or activity. Program revenues include: 1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function or activity, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or activity. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

Notes to the Basic Financial Statements (cont.)

1. Summary of Significant Accounting Policies (cont.)

C. Measurement Focus and Basis of Accounting

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year of which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, revenues are considered to be available if they are collected within thirty (30) days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when the payment is due.

Property taxes, sales taxes, franchise taxes, licenses, and interest associated within the current period are all considered to be susceptible to accrual and so have been organized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the City.

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

The City reports the following major governmental funds:

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

The City reports the following major proprietary fund:

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

Notes to the Basic Financial Statements (cont.)

1. Summary of Significant Accounting Policies (cont.)

Additionally, the City reports the following fund type:

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

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

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

Amounts reported as program revenues include: 1) charges to customers, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the water and sewer enterprise fund are charges to customers for sales and services. The water and sewer fund also recognizes as revenue the portion of the tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for the water and sewer enterprise fund include the cost of sales and service, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

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

D. Assets, Liabilities, and Equities

1. Cash and investments - The City's cash and cash equivalents consist of cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. State statutes authorize the City to invest in obligations of or obligations guaranteed by the U.S. Government and agencies or corporations of the U.S. Government; obligations of any state; obligations of any political subdivision of any state; certificates of deposit or time deposits of any national state bank or savings and loan which have deposits insured by the FDIC and FSLIC; prime bankers acceptances, repurchase agreements; and the Local Government Investment Pool of the State of Georgia (Georgia Fund 1).

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

Notes to the Basic Financial Statements (cont.)

1. Summary of Significant Accounting Policies (cont.)

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

All trade receivables are shown net of an allowance for uncollectible accounts. Delinquent accounts receivables based on prior credit experience are provided for by an allowance for uncollectibles. The general fund sanitation allowance for uncollectibles is \$13,250 and the water and sewer enterprise fund allowance for uncollectibles is \$25,500 at June 30, 2012.

Property taxes are levied as of January 1 on property values assessed on the same day. A millage rate of 4.397 mills was adopted on June 23, 2011. The tax levy is divided into two billings: the first billing (mailed April 30th) is an estimate of the current year's levy based on the prior year's taxes; the second billing (mailed October 31st) reflects adjustments to the current year's actual levy. The billings are considered past due 60 days after the second tax billing date at which time the applicable property is subject to lien and penalties and interest are assessed.

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

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

5. *Capital assets* - Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets, other than infrastructure assets, are defined by the City as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. The amounts spent for the construction or acquisition of general infrastructure assets subsequent to July 1, 2003 are capitalized and reported in the government-wide financial statements regardless of their amount. The reported value excludes normal maintenance and repairs which are essentially amounts spent in relation to capital assets that do not increase the capacity or efficiency of the item or extend its useful life beyond the original estimate. General infrastructure assets acquired prior to July 1, 2003 are not reported in the government-wide financial statements.

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

Notes to the Basic Financial Statements (cont.)

1. **Summary of Significant Accounting Policies (cont.)**

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

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

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

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

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

8. *Fund equity* -

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

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

City of Port Wentworth, Georgia

Notes to the Basic Financial Statements (cont.)

1. Summary of Significant Accounting Policies (cont.)

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

City Council establishes (and modifies or rescinds) fund balance commitments by passage of an ordinance or resolution. This is typically done through adoption and amendment of the budget as approved by City Council. A fund balance commitment is further indicated in the budget document as a designation or commitment of the fund (such as for special incentives). Assigned fund balance is established by City Council through adoption or amendment of the budget as intended for specific purposes (such as the purchase of capital assets, construction, debt service, or for other purposes).

When both restricted and unrestricted amounts of fund balances are available for use for expenditures incurred, it is the City's policy to use restricted amounts first and then unrestricted amounts as they are needed. For unrestricted amounts of fund balance, it is the City's policy to use fund balance in the following order:

- Committed
- Assigned
- Unassigned

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

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

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

2. Detailed Notes on all Funds

A. Cash and Investments

As of June 30, 2012, the City had the following investments:

Investment	Maturities	Fair Value
Georgia Fund I (Local Government Investment Pool)	Less than 1 Year	\$ 5,900,959

City of Port Wentworth, Georgia

Notes to the Basic Financial Statements (cont.)

2. Detailed Notes on all Funds (cont.)

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

Credit risk – the risk that an issuer or counterparty to an investment will not fulfill its obligations. The City has no investment policy that would further limit its investment choices from those authorized and listed in Note 1.D.1. As of June 30, 2012, the City’s investment in the Georgia Fund I was rated AAAM by Standards & Poor’s.

The carrying amount of the City’s cash and investments totaled \$15,201,579 on June 30, 2012 as summarized below (by type and by balance sheet classification):

Accounts by Type	June 30, 2012
Deposits	\$ 9,299,820
Investments	5,900,959
Petty cash funds	800
Total carrying value of cash and cash equivalents	\$ 15,201,579

Accounts by Balance Sheet Classification	June 30, 2012
Cash and cash equivalents	\$ 14,826,917
Restricted cash and cash equivalents	350,579
Agency fund cash	24,083
Total carrying value of cash and cash equivalents	\$ 15,201,579

Custodial credit risk - the risk that in the event of a bank failure, the City's deposits may not be returned or the City will not be able to recover collateral securities in the possession of an outside party. Official Code of Georgia Annotated (O.C.G.A.) Section 45-8-12 provides that there shall not be on deposit at any time in any depository for a time longer than ten days a sum of money which has not been secured by a surety bond, by guarantee of insurance, or by collateral. The aggregate of the face value of such surety bond and the fair value of securities pledged shall be equal to not less than 110% of the public funds being secured after the deduction of insurance provided by the Federal Deposit Insurance Corporation (FDIC) in the amount of \$250,000 for interest bearing accounts and \$250,000 for non-interest bearing accounts. The City has no custodial credit risk policy that would require additional collateral requirements. At June 30, 2012, 100% of the City's deposits were insured or collateralized with securities held by the City, an agent in the name of the City, or securities pledged by financial institutions in the name of the City.

City of Port Wentworth, Georgia

Notes to the Basic Financial Statements (cont.)

2. Detailed Notes on all Funds (cont.)

B. Receivables

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

June 30, 2012	General	Capital Projects	Hotel/Motel Tax Fund	Water and Sewer	Total
Receivables					
Taxes	\$ 490,810	\$ -	\$ 51,838	\$ -	\$ 542,648
Accounts	153,753	-	-	306,387	460,140
Intergovernmental	236,549	94,593	-	22,684	353,826
Gross receivables	881,112	94,593	51,838	329,071	1,356,614
Allowance for uncollectibles	(13,250)	-	-	(25,500)	(38,750)
Total net receivables	\$ 867,862	\$ 94,593	\$ 51,838	\$ 303,571	\$ 1,317,864

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

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

June 30, 2012	Unavailable	Unearned	Total Deferred
2012 Property tax collection	\$ -	\$ 382,942	\$ 382,942
Delinquent property taxes receivable	186,164	-	186,164
Franchise taxes receivable	276,292	3,003	279,295
	\$ 462,456	\$ 385,945	\$ 848,401

City of Port Wentworth, Georgia

Notes to the Basic Financial Statements (cont.)

2. Detailed Notes on all Funds (cont.)

C. Capital Assets

Capital asset activity for the year ended June 30, 2012 was as follows:

	Beginning Balance, Restated	Increases	Decreases	Transfers	Ending Balance
Governmental activities					
<i>Non-depreciable assets</i>					
Land	\$ 538,858	\$ -	\$ -	\$ -	\$ 538,858
Construction in progress	352,804	187,299	-	(218,106)	321,997
Total capital assets not being depreciated	891,662	187,299	-	(218,106)	860,855
<i>Depreciable assets</i>					
Buildings and improvements	2,404,839	-	-	169,489	2,574,328
Machinery, equipment and vehicles	3,329,500	74,605	(110,084)	-	3,294,021
Infrastructure	5,897,627	-	-	48,617	5,946,244
Subtotals depreciable assets	11,631,966	74,605	(110,084)	218,106	11,814,593
<i>Accumulated depreciation</i>					
Buildings and improvements	(1,083,733)	(78,888)	-	-	(1,162,621)
Machinery, equipment and vehicles	(2,075,210)	(344,641)	110,084	-	(2,309,767)
Infrastructure	(859,510)	(207,125)	-	-	(1,066,635)
Subtotals accumulated depreciation	(4,018,453)	(630,654)	110,084	-	(4,539,023)
Total capital assets being depreciated, net	7,613,513	(556,049)	-	218,106	7,275,570
Governmental activities capital assets, net	\$ 8,505,175	\$ (368,750)	\$ -	\$ -	8,136,425
Less related long-term debt outstanding					(237,674)
Investment in capital assets, net of related debt					\$ 7,898,751

City of Port Wentworth, Georgia

Notes to the Basic Financial Statements (cont.)

2. Detailed Notes on all Funds (cont.)

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Business-type activities					
<i>Non-depreciable assets</i>					
Land	\$ 236,232	\$ -	\$ -	\$ -	\$ 236,232
Construction in progress	647,664	1,813,527	(45,000)	(357,876)	2,058,315
Total capital assets not being depreciated	883,896	1,813,527	(45,000)	(357,876)	2,294,547
<i>Depreciable assets</i>					
Buildings and improvements	37,808	-	-	-	37,808
Machinery, equipment and vehicles	283,244	7,336	-	-	290,580
Infrastructure	29,922,528	56,685	(222,280)	357,876	30,114,809
Subtotals depreciable assets	30,243,580	64,021	(222,280)	357,876	30,443,197
<i>Accumulated depreciation</i>					
Buildings and improvements	(15,419)	(1,489)	-	-	(16,908)
Machinery, equipment and vehicles	(165,213)	(36,886)	-	-	(202,099)
Infrastructure	(4,052,598)	(855,018)	-	-	(4,907,616)
Subtotals accumulated depreciation	(4,233,230)	(893,393)	-	-	(5,126,623)
Total capital assets being depreciated, net	26,010,350	(829,372)	(222,280)	357,876	25,316,574
Business-type activities capital assets, net	\$ 26,894,246	\$ 984,155	\$ (267,280)	\$ -	27,611,121
Less related long-term debt outstanding					<u>(4,829,284)</u>
Investment in capital assets, net of related debt					<u>\$ 22,781,837</u>

City of Port Wentworth, Georgia

Notes to the Basic Financial Statements (cont.)

2. Detailed Notes on all Funds (cont.)

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

June 30, 2012

Governmental activities			
General government	\$	26,054	
Public safety		264,361	
Public works (streets and sanitation)		255,585	
Culture and recreation		73,173	
Planning and zoning		11,481	
<hr/>			
Total governmental activities depreciation expense	\$	630,654	
<hr/>			
Business-type activities			
Sewer	\$	654,443	
Water		238,950	
<hr/>			
Total business-type activities depreciation expense	\$	893,393	

The City sold assets during the current fiscal year for \$15,840 resulting in a gain on sale of \$15,840.

During the current fiscal year, the City received a refund of \$222,280 in sales tax related to the construction of infrastructure in the Water and Sewer Fund. This repayment is reported as a decrease in infrastructure assets.

D. Interfund Receivables, Payables, and Transfers

Interfund receivable and payable balances as of June 30, 2012 are as follows:

Receivable Fund	Payable Fund		Amount
General Fund	Hotel/Motel Tax Fund	\$	50,062
Non-major Governmental Fund	General Fund		2,450
General Fund	Water and Sewer Fund		13,668
<hr/>			
Total interfund receivables and payables			\$ 66,180

These balances represent loans between the borrower fund and the lender fund. These balances resulted from the time lag between the dates that: 1) interfund goods and services are provided or reimbursable expenditures occur, 2) transactions are recorded in the accounting system, and 3) payments between funds are made. Interfund receivables and payables are reported in the fund financial statements; however, they are eliminated in the government-wide financial statements if the interfund loan is between governmental funds.

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

Transfer In	Transfer Out	Purpose		Amount
General Fund	Hotel/Motel Tax Fund	Distribution of tax revenue	\$	291,719
Water and Sewer Fund	SPLOST	Payment of capital debt		1,350,210
				<hr/>
				\$ 1,641,929

City of Port Wentworth, Georgia

Notes to the Basic Financial Statements (cont.)

2. Detailed Notes on all Funds (cont.)

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

E. Capital Leases

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

June 30, 2012	Governmental Activities
Machinery and equipment	\$ 376,000
Less accumulated depreciation	100,267
Total	\$ 275,733

The following is a schedule of the future minimum lease payments under the capital leases, the present value of the net minimum lease payments at June 30, 2012:

Year ending June 30,	Governmental Activities
2013	\$ 44,942
2014	44,942
2015	44,942
2016	44,942
2017	44,942
2018	44,939
Total minimum lease payments	269,649
Less amount representing interest	31,975
Present value of minimum lease payments	\$ 237,674

City of Port Wentworth, Georgia

Notes to the Basic Financial Statements (cont.)

2. Detailed Notes on all Funds (cont.) **F. Long-term Debt**
Notes and loans payable - business-type activities

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

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

Year ending June 30,	Business-Type Activities		
	Principal	Interest	Total
2013	\$ 112,905	\$ 68,024	\$ 180,929
2014	119,126	61,803	180,929
2015	125,691	55,238	180,929
2016	132,617	48,312	180,929
2017	139,924	41,005	180,929
2018 - 2022	671,305	82,955	754,260
	\$ 1,301,568	\$ 357,337	\$ 1,658,905

USDA Loan - During the year ended June 30, 2010, the City entered into a \$7,592,300 loan agreement with United States Department of Agriculture, Rural Development, Community Programs Division, for additional funding for construction of the new wastewater treatment plant and for other water and sewer capital improvements. As of June 30, 2012, the City had drawn down \$3,127,743 for the construction of the wastewater treatment plant and \$1,751,955 for other water and sewer capital improvement projects, and a repayment of principal of \$1,351,983. During the two year construction period, interest accrues at a rate equal to 67% of LIBOR plus 2.25% per annum. On June 18, 2012, the City converted the USDA loan detailed above to a 2.75% loan executed at \$3,527,716, with a maturity date of June 18, 2052.

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

Year ending June 30,	Business-Type Activities		
	Principal	Interest	Total
2013	\$ 49,237	\$ 96,395	\$ 145,632
2014	50,609	95,023	145,632
2015	52,018	93,614	145,632
2016	53,467	92,165	145,632
2017	54,956	90,676	145,632
2018 - 2022	298,606	429,554	728,160
2023 - 2027	342,567	385,593	728,160
2028 - 2032	393,000	335,160	728,160
2033 - 2037	450,858	277,302	728,160
2038 - 2042	517,234	210,926	728,160
2043 - 2047	593,382	134,778	728,160
2048 - 2052	671,782	47,420	719,202
	\$ 3,527,716	\$ 2,288,606	\$ 5,816,322

City of Port Wentworth, Georgia

Notes to the Basic Financial Statements (cont.)

2. **Detailed Notes on all Funds (cont.)** Construction period interest for the USDA loan totaling approximately \$37,600 has been capitalized during the year ended June 30, 2012 to infrastructure.

Changes in long-term liabilities:

	Outstanding 07/01/11	Issued	Retired	Outstanding 06/30/12	Due Within One Year
Governmental activities					
Capital leases	\$ 272,454	\$ -	\$ 34,780	\$ 237,674	\$ 36,076
Compensated absences	297,968	130,165	267,692	160,441	84,560
Total governmental activities	\$ 570,422	\$ 130,165	\$ 302,472	\$ 398,115	\$ 120,636
Business-type activities					
Loans payable	\$ 4,761,789	\$ 1,526,486	\$ 1,458,991	\$ 4,829,284	\$ 162,142
Compensated absences	32,411	11,891	23,072	21,230	13,230
Total business-type activities	\$ 4,794,200	\$ 1,538,377	\$ 1,482,063	\$ 4,850,514	\$ 175,372

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

3. **Other Information**

A. Defined Benefit Pension Plan

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

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

The following is the Plan membership at January 1, 2012:

Active Plan participants	57
Retirees and beneficiaries currently receiving benefits	25
Terminated Plan participants entitled to, but not yet receiving benefits	26
Total	108

City of Port Wentworth, Georgia

Notes to the Basic Financial Statements (cont.)

3. Other Information (cont.)

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

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

The City's funding policy is to contribute at least the minimum actuarially determined contribution in accordance with the State of Georgia's requirements. As of January 1, 2012, the most recent actuarial valuation date, the minimum City contribution rate is 12.44% of covered payroll. There are no legal or contractual maximum contributions to the Plan.

Funding status and funding progress - As of January 1, 2012, the actuarial value of assets was \$5,176,165 and the actuarial accrued liability for the benefits was \$4,632,875. The actuarial value of assets was in excess of the actuarial accrued liability by \$543,290. The actuarial accrued liability includes \$2,314,673 for pensioners and beneficiaries, \$435,167 for inactive participants with vested rights, and \$1,883,035 for active participants. The actuarial value of assets as a percentage of the actuarial accrued liability was 111.73% (funded ratio). The covered payroll (annual payroll of active employees covered by the Plan) was \$1.9 million and the ratio of the unfunded actuarial accrued liability to the covered payroll was zero.

The annual recommended contribution is the sum of the normal cost, the level dollar amortization of the unfunded actuarial accrued liability, and interest on these amounts from the valuation date to the date contributions are paid. The normal cost, including administrative expenses, was \$153,194.

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

The City's actuarial valuation information is as follows:

Current valuation date	January 1, 2012
Actuarial cost method	Project unit credit
Amortization method	Level percentage of pay, closed
Amortization period:	
Initial liability	30 years from 1981
Assumption change	30 years from 1981
Plan provisions	20 years from 1981
Actuarial gains and losses	15 years from 1981
Asset valuation method	Smoothed market value
Actuarial assumptions:	
Investment rate of return	7.75%
Projected salary increases	3.5% plus age and merit increases
Expected annual inflation	3.5%
Social security wage base increase	3.5%

City of Port Wentworth, Georgia

Notes to the Basic Financial Statements (cont.)

3. Other Information (cont.)

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

Fiscal Year Ending June 30,	Annual Pension Cost (APC)	Actual Contribution Made	Percentage of APC Contributed	Net Pension Obligations
2010	\$ 210,120	\$ 210,120	100%	\$ -
2011	\$ 237,934	\$ 237,934	100%	\$ -
2012	\$ 247,603	\$ 247,603	100%	\$ -

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

B. Defined Contribution Plan

Plan description - In April 2001, the City elected to participate in the Georgia Municipal Association (GMA) 401(a) Defined Contribution Plan (the Plan). The Plan is administered by GMA. One employee is eligible to participate in the Plan. The Plan requires the City to contribute 8.2% of the eligible participant's salary (employer portion). There are no required contributions by Plan members. Plan provisions are established in the Plan Adoption Agreement and may be amended by City Council, so long as the amendment is not inconsistent with the Plan, the Internal Revenue Code or other applicable law and is approved by the Trustees of the Plan. During the year ended June 30, 2012, the City paid \$5,480 to the Plan.

C. Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors or omissions, injuries to employees; and natural disasters. The City has joined together with other municipalities in the state as part of the Georgia Interlocal Risk Management Agency Property and Liability Insurance Fund and the Georgia Municipal Association Group Self-Insurance Workers' Compensation Fund, a public entity risk pool currently operating as a common risk management and insurance program for member local governments.

As part of these risk pools, the City is required to pay all contributions and assessments as prescribed by the pools, to cooperate with the pool's attorneys, to follow loss reduction procedures established by the funds and to report as promptly as possible, and in accordance with any coverage descriptions issued, all incidents which could result in the funds being required to pay any claim of loss. The City is also to allow the pool's agents and attorneys to represent the City in investigation, settlement discussions and all levels of litigation arising out of any claim against the City within the scope of loss protection furnished by the funds.

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

City of Port Wentworth, Georgia

Notes to the Basic Financial Statements (cont.)

3. Other Information (cont.)

D. Commitments and Contingencies

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

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

E. Membership in a Regional Commission

Under Georgia law, the City is a member of the Coastal Regional Commission (CRC) and is required to pay annual dues thereto. During its year ended June 30, 2012, the City paid \$5,359 in such dues. Membership in a Regional Commission is required by the Official Code of Georgia Annotated (O.C.G.A.) Section 50-8-34 which provides for the organizational structure of the CRC in Georgia. The CRC Board membership includes five members from the Chatham County governments: the Mayors of the Cities of Savannah, Pooler, and Tybee Island and two commissioners of Chatham County, Georgia. Therefore, the City of Port Wentworth has no direct representation on the Board. The total Board membership is 37. Other county representation is as follows: Bryan - 3, Bulloch - 5, Camden - 4, Effingham - 4, Glynn - 5, Liberty - 5, Long - 3, and McIntosh - 3. O.C.G.A. 50-8-39.1 provides that the member governments are liable for any debts or obligations of a CRC. Management believes that the CRC is currently accumulating sufficient financial resources to meet its financial obligations. Separate financial statements may be obtained from the Coastal Georgia Regional Development Center, P.O. Box 1917, Brunswick, Georgia 31521.

F. Restatement

Beginning General Fund fund balance has been restated by \$435,274 due to the following. Taxes of \$383,772 received in error over several prior years was discovered by the county taxing authorities and repaid by the City during the year ended June 30, 2012. A gain of \$51,502 on sale of a Water and Sewer Enterprise fund capital asset was inadvertently reported as a general governmental fund revenue during the year ended June 30, 2011 and fund balance has been restated to correctly report the sale in the appropriate fund.

Likewise, beginning Governmental Activities net assets are decreased by the same \$435,274, but are also increased by \$24,950 for a telephone system addition incorrectly reported as an expenditure in the prior year. Therefore, the net effect of the restatements to Governmental Activities net assets is \$410,324.

In addition, the Water and Sewer Enterprise Fund net assets are increased by \$51,502 to the restated sale of capital assets as noted above.

	General Fund	Governmental Activities	Water and Sewer
Ending balance, as reported June 30, 2011	\$ 6,920,242	\$ 19,027,023	\$ 26,036,141
Refunded prior year property tax revenue	(383,772)	(383,772)	-
Asset placed in service	-	24,950	-
Gain on sale of assets	(51,502)	(51,502)	51,502
Beginning balance as restated, July 1, 2011	\$ 6,484,968	\$ 18,616,699	\$ 26,087,643



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



City of Port Wentworth, Georgia

General Fund Budgetary Comparison Schedule

Year ended June 30, 2012

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
REVENUES				
Taxes	\$ 3,318,059	\$ 3,074,849	\$ 3,491,850	\$ 417,001
Licenses and permits	169,168	134,696	129,921	(4,775)
Intergovernmental revenues	247,991	170,227	163,977	(6,250)
Charges for services	1,052,724	1,072,756	1,049,629	(23,127)
Fines and forfeitures	869,403	803,388	803,388	-
Investment income	20,000	14,053	12,970	(1,083)
Miscellaneous revenue	41,672	19,727	18,148	(1,579)
Total revenues	5,719,017	5,289,696	5,669,883	380,187
EXPENDITURES				
Current				
General government				
City Council	67,354	67,354	50,149	17,205
Mayor	16,505	16,505	7,957	8,548
General administration	507,101	515,079	432,587	82,492
Judicial				
Municipal court	195,117	159,023	147,739	11,284
Public safety				
Police	2,256,364	2,095,942	1,943,118	152,824
Fire	1,300,192	1,073,019	933,431	139,588
Public works				
Highways and streets	485,073	574,538	310,338	264,200
Storm drainage	450,225	298,636	262,612	36,024
Sanitation	622,354	592,838	589,758	3,080
Culture and recreation				
Recreation	457,259	400,954	321,510	79,444
Housing and development				
Inspections	354,750	255,377	248,644	6,733
Debt service				
Principal	45,000	34,837	34,779	58
Interest	-	10,163	10,163	-
Intergovernmental				
Assistance	40,500	40,670	40,670	-
Total expenditures	6,797,794	6,134,935	5,333,455	801,480
(Deficiency) excess of revenues (under) over expenditures	(1,078,777)	(845,239)	336,428	1,181,667

City of Port Wentworth, Georgia

General Fund Budgetary Comparison Schedule (cont.)

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
OTHER FINANCING SOURCES				
(USES)				
Sales of capital assets	5,000	8,865	15,840	6,975
Transfers in	2,355,733	1,994,488	291,719	(1,702,769)
Transfers out	(1,281,956)	(1,166,054)	-	1,166,054
Insurance recoveries	-	7,940	7,939	(1)
Total other financing sources (uses)	1,078,777	845,239	315,498	(529,741)
Net change in fund balance	-	-	651,926	651,926
Fund balance, beginning of year, restated	6,484,968	6,484,968	6,484,968	-
Fund balance, end of year	\$ 6,484,968	\$ 6,484,968	\$ 7,136,894	\$ 651,926

City of Port Wentworth, Georgia

Special Revenue - Hotel/Motel Fund Budgetary Comparison Schedule

<i>Year ended June 30, 2012</i>				
	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
REVENUES				
Taxes	\$ 483,265	\$ 583,232	\$ 583,233	\$ 1
Investment income	100	89	88	(1)
Total revenues	483,365	583,321	583,321	-
EXPENDITURES				
Intergovernmental Assistance	241,635	291,602	291,602	-
Total expenditures	241,635	291,602	291,602	-
Excess (deficiency) of revenues over (under) expenditures	241,730	291,719	291,719	-
OTHER FINANCING SOURCES (USES)				
Transfers out	(241,730)	(291,719)	(291,719)	-
Total other financing (uses) sources	(241,730)	(291,719)	(291,719)	-
Net change in fund balance	-	-	-	-
Fund balance, beginning of year	-	-	-	-
Fund balance, end of year	\$ -	\$ -	\$ -	\$ -

City of Port Wentworth, Georgia

Notes to Required Supplementary Information

1. Budgetary Information

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

Supplemental appropriations and decreases in budget appropriations were properly approved by the City Council. For the year ended June 30, 2012, the following supplemental increase and decrease in appropriations were approved:

Fund Type	Original Appropriation	Supplemental Appropriations	Supplemental Decreases	Final Appropriation
General	\$ 6,797,794	\$ -	\$ (662,859)	\$ 6,134,935
Hotel/motel tax	241,635	49,967	-	291,602
Confiscated assets	-	9,223	-	9,223

City of Port Wentworth, Georgia

Required Supplementary Information Schedule of Funding Progress

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



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



City of Port Wentworth, Georgia

Special Revenue Fund - Confiscated Assets Budgetary Comparison Schedule

<i>Year ended June 30, 2012</i>					
	Budgeted Amounts			Actual	Variance with Final Budget Positive (Negative)
	Original	Final			
REVENUES					
Fines and forfeitures	\$ -	\$ 9,485	\$ 9,485	\$ -	
Investment income	-	13	13	-	
Total revenues	-	9,498	9,498	-	
EXPENDITURES					
Current					
Public safety	-	9,223	9,223	-	
Total expenditures	-	9,223	9,223	-	
Excess of revenues over expenditures	-	275	275	-	
Net change in fund balance	-	275	275	-	
Fund balance, beginning of year	22,261	22,261	22,261	-	
Fund balance, end of year	\$ 22,261	\$ 22,536	\$ 22,536	\$ -	

City of Port Wentworth, Georgia

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

Year ended June 30, 2012

	Balance July 1, 2011	Additions	Deletions	Balance June 30, 2012
ASSETS				
Cash and investments	\$ 40,757	\$ 909,803	\$ 926,477	\$ 24,083
Total assets	\$ 40,757	\$ 909,803	\$ 926,477	\$ 24,083
LIABILITIES				
Due to others	\$ 40,757	\$ 909,803	\$ 926,477	\$ 24,083
Total liabilities	\$ 40,757	\$ 909,803	\$ 926,477	\$ 24,083

City of Port Wentworth, Georgia

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

June 30, 2012

	Original Estimated Cost	Revised Estimated Cost	Prior Years	Current Year	Total Cost
1993 SPLOST EXPENDITURES					
City streets	\$ 937,934	\$ 937,934	\$ 916,823	\$ -	\$ 916,823
Various projects / capital replacements:	563,389	-	-	-	-
Water and sewer projects:					
O'Leary Road	-	25,758	25,758	-	25,758
Sleep Inn	-	17,144	17,144	-	17,144
Cargo Group	-	84,010	84,010	-	84,010
Relocation of utilities	-	212,176	212,176	-	212,176
US 21	-	26,195	26,195	-	26,195
Birkenhead	-	16,107	16,107	-	16,107
Aberfeldy	-	16,572	16,572	-	16,572
Cantyre	-	25,925	25,925	-	25,925
Crossgate	-	6,525	6,525	-	6,525
Falkirk	-	24,541	24,541	-	24,541
Pleasant	-	3,268	3,268	-	3,268
Phillips	-	2,410	2,410	-	2,410
Kaiser water and sewer study	-	1,482	1,482	-	1,482
I&D Water and supply interconnection	-	2,069	2,069	-	2,069
Bonnybridge	-	2,273	2,273	-	2,273
Senior Citizens facility	-	34,493	34,493	-	34,493
Debt service	-	49,643	49,643	-	49,643
Capital outlay – other	-	12,798	138,754	4,975	143,729
Total 1993 SPLOST expenditures	\$ 1,501,323	\$ 1,501,323	\$ 1,606,168	\$ 4,975	\$ 1,611,143
1998 SPLOST EXPENDITURES					
Drainage projects					
City drainage project	\$ 1,950,000	\$ -	\$ -	\$ -	\$ -
South Coastal Highway	-	125,000	-	-	-
Black Creek Road	-	102,260	60,000	-	60,000
Clifton Drive	-	130,000	-	-	-
Osteen Street	-	132,395	14,138	-	14,138
Grange Road	-	250,000	-	-	-
800 Block, Armadale Road	-	227,145	4,018	-	4,018
300 Block, Birkenhead Street	-	115,000	-	-	-
200 Block, Phillips Avenue	-	115,000	21,865	-	21,865
Falkirk Street	-	113,570	-	-	-
O'Leary Road at Black Creek	-	151,615	-	-	-
Gordon Street	-	113,570	-	-	-
Cantyre Street	-	113,570	-	-	-
Mobley Park	-	90,000	161,878	-	161,878
Gordon and Crossgate	-	7,000	6,732	-	6,732
Pine Forest	-	5,500	6,945	-	6,945
Saussy Road	-	5,500	5,210	-	5,210
Berrien Road	-	5,000	2,013	-	2,013
Drainage equipment	50,000	50,000	50,000	-	50,000
Capital outlay - other	-	147,875	-	147,610	147,610
Total drainage project	2,000,000	2,000,000	332,799	147,610	480,409

City of Port Wentworth, Georgia

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

<i>June 30, 2012</i>					
	Original Estimated Cost	Revised Estimated Cost	Prior Years	Current Year	Total Cost
1998 SPLOST EXPENDITURES (cont.)					
Other capital outlay	458,703	28,174	-	-	-
Black Creek flood study	-	79,448	79,448	-	79,448
Other equipment	-	284,888	330,425	-	330,425
Debt service	-	66,193	66,193	-	66,193
Total 1998 SPLOST expenditures	\$ 2,458,703	\$ 2,458,703	\$ 808,865	\$ 147,610	\$ 956,475
2003 SPLOST EXPENDITURES					
Fire safety	\$ 200,000	\$ 200,000	\$ 442,939	\$ -	\$ 442,939
Open space	20,078	20,078	60,686	-	60,686
Other capital outlay					
Wastewater treatment facilities	2,254,426	2,254,288	1,228,982	1,350,210	2,579,192
Miscellaneous capital outlay projects	-	138	138	15	153
Total other capital outlay	2,254,426	2,254,426	1,229,120	1,350,225	2,579,345
Total 2003 SPLOST Expenditures	\$ 2,474,504	\$ 2,474,504	\$ 1,732,745	\$ 1,350,225	\$ 3,082,970
2008 SPLOST EXPENDITURES					
Wastewater	\$ 3,000,000	\$ 3,000,000	\$ -	\$ -	\$ -
Total 2008 SPLOST Expenditures	\$ 3,000,000	\$ 3,000,000	\$ -	\$ -	\$ -

City of Port Wentworth, Georgia

Schedule of Required Expenditures Funded by the Hotel/Motel Tax

<i>Year ended June 30,</i>	<i>2012</i>
REVENUES	
Hotel/motel taxes	\$ 583,233
EXPENDITURES	
Tourism expenditures	\$ 291,602
Percentage of expenditures to revenues	50%



City of Port Wentworth, Georgia

Comments Relative to Statistical Section

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

Contents	Page
Financial Trends These schedules contain trend information to help the reader understand how the City's financial position has changed over time.	G - 2
Revenue Capacity These schedules contain information to help the reader understand and assess the factors affecting the City's ability to generate its most significant local revenue sources, the property tax and the sales tax.	G - 12
Debt Capacity These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.	G - 16
Demographic and Economic Information These schedules offer economic and demographic indicators to help the reader understand the environment within which the City's financial activities take place and to provide information that facilitates comparisons of financial information over time and among governments.	G - 20
Operating Information These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.	G - 22

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

Fiscal year ending June 30,

	2004	2005	2006	2007
Governmental activities				
Invested in capital assets, net of related debt	\$ 1,749,210	\$ 1,672,940	\$ 6,283,976	\$ 6,588,310
Restricted	2,932,652	3,504,174	4,279,736	4,914,622
Unrestricted	2,664,479	2,808,836	3,747,355	5,283,898
Total governmental activities, net assets	\$ 7,346,341	\$ 7,985,950	\$ 14,311,067	\$ 16,786,830
Business-type activities				
Invested in capital assets, net of related debt	\$ 1,741,545	\$ 3,178,303	\$ 9,383,905	\$ 10,289,924
Restricted	-	-	-	-
Unrestricted	174,620	1,857,053	4,057,772	5,930,614
Total business-type activities, net assets	\$ 1,916,165	\$ 5,035,356	\$ 13,441,677	\$ 16,220,538
Primary government				
Invested in capital assets, net of related debt	\$ 3,490,755	\$ 4,851,243	\$ 15,667,881	\$ 16,878,234
Restricted	2,932,652	3,504,174	4,279,736	4,914,622
Unrestricted	2,839,099	4,665,889	7,805,127	11,214,512
Total primary government, net assets	\$ 9,262,506	\$ 13,021,306	\$ 27,752,744	\$ 33,007,368

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

City of Port Wentworth, Georgia

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

	2008	2009 Restated	2010 Restated	2011 Restated	2012
\$	7,639,290	\$ 8,300,329	\$ 8,115,438	\$ 8,232,721	\$ 7,898,751
	5,565,904	4,313,697	3,441,702	3,729,118	2,779,710
	5,856,448	6,074,336	6,520,685	6,654,860	7,438,909
\$	19,061,642	\$ 18,688,362	\$ 18,077,825	\$ 18,616,699	\$ 18,117,370
\$	11,434,628	\$ 12,051,933	\$ 14,055,599	\$ 22,132,457	\$ 22,781,837
	-	-	-	-	-
	7,622,749	8,471,261	9,134,844	3,955,186	4,552,946
\$	19,057,377	\$ 20,523,194	\$ 23,190,443	\$ 26,087,643	\$ 27,334,783
\$	19,073,918	\$ 20,352,262	\$ 22,171,037	\$ 30,365,178	\$ 30,680,588
	5,565,904	4,313,697	3,441,702	3,729,118	2,779,710
	13,479,197	14,545,597	15,655,529	10,610,046	11,991,855
\$	38,119,019	\$ 39,211,556	\$ 41,268,268	\$ 44,704,342	\$ 45,452,153

Fiscal year ending June 30,

	2004	2005	2006	2007
Expenses				
Governmental activities				
General government	\$ 538,892	\$ 681,219	\$ 831,095	\$ 464,393
Judiciary	-	-	192,706	230,602
Public safety	1,380,613	1,511,063	1,927,765	2,465,579
Public works	648,680	1,122,288	868,218	1,052,322
Culture and recreation	176,313	175,893	180,555	276,871
Housing and development	270,056	280,216	298,304	757,988
Interest on long-term debt	303	-	-	-
Total governmental activities expenses	3,014,857	3,770,679	4,298,643	5,247,755
Business-type activities				
Water and sewer	933,487	986,714	818,420	1,208,012
Total business-type activities expenses	933,487	986,714	818,420	1,208,012
Total primary government expenses	\$ 3,948,344	\$ 4,757,393	\$ 5,117,063	\$ 6,455,767
Program revenues				
Governmental activities				
Charges for services				
General government	\$ 31,024	\$ 40,503	\$ 206,416	\$ -
Public safety	646,397	1,033,443	1,937,841	1,437,478
Public works	389,264	459,078	496,264	581,964
Culture and recreation	7,665	3,094	10,090	7,119
Housing and development	-	-	-	547,378
Operating grants and contributions	60,417	76,983	48,408	77,759
Capital grants and contributions	399,228	557,060	5,121,163	982,055
Total governmental activities program revenues	1,533,995	2,170,161	7,820,182	3,633,753
Business-type activities - water and sewer				
Charges for services	744,663	967,867	1,011,507	1,522,268
Capital grants and contributions	-	2,626,792	7,533,864	2,077,467
Total business-type activities program revenues	744,633	3,594,659	8,545,371	3,599,735
Total primary government program revenues	\$ 2,278,658	\$ 5,764,820	\$ 16,365,553	\$ 7,233,488
Net (expense)/revenue				
Governmental activities	\$ (1,480,862)	\$ (1,600,518)	\$ 3,521,539	\$ (1,614,002)
Business-type activities	(188,824)	2,607,945	7,726,951	2,391,723
Total primary government net expense	\$ (1,669,686)	\$ 1,007,427	\$ 11,248,490	\$ 777,721

City of Port Wentworth, Georgia

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

	2008	2009	2010	2011 Restated	2012
\$	445,468	\$ 376,953	\$ 349,632	\$ 434,261	\$ 475,923
	258,861	166,409	157,629	169,856	131,614
	2,624,698	2,521,272	2,675,030	2,952,985	2,896,829
	1,495,859	1,488,022	1,483,633	1,467,766	1,396,285
	354,264	403,290	405,422	401,481	377,690
	948,235	721,276	696,680	581,398	547,210
	463	8,100	12,619	11,413	10,163
	6,127,848	5,685,322	5,780,645	6,019,160	5,835,714
	1,699,013	1,656,483	1,800,387	2,398,358	3,127,749
	1,699,013	1,656,483	1,800,387	2,398,358	3,127,749
\$	7,826,861	\$ 7,341,805	\$ 7,581,032	\$ 8,417,518	\$ 8,963,463
\$	11,536	\$ 22,341	\$ 22,772	\$ 24,506	\$ 3,225
	1,195,313	889,814	947,048	1,020,838	961,061
	644,002	659,912	736,069	842,241	867,239
	11,088	7,923	4,539	6,984	7,582
	482,574	331,609	257,587	161,951	140,306
	87,449	95,509	93,630	96,768	87,539
	1,676,149	505,539	143,161	531,363	650,782
	4,108,111	2,512,647	2,204,806	2,684,651	2,717,734
	1,675,532	1,871,900	2,037,035	2,251,015	2,417,521
	2,602,707	337,888	1,580,581	2,889,074	346,073
	4,278,239	2,209,788	3,617,616	5,140,089	2,763,594
\$	8,386,350	\$ 4,722,435	\$ 5,822,422	\$ 7,824,740	\$ 5,481,328
\$	(2,019,737)	\$ (3,172,675)	\$ (3,575,839)	\$ (3,334,509)	\$ (3,117,980)
	2,579,226	553,305	1,817,229	2,741,731	(364,155)
\$	559,489	\$ (2,619,370)	\$ (1,758,610)	\$ (592,778)	\$ (3,482,135)

Fiscal year ending June 30,

	2004	2005	2006	2007
General revenues and other changes in net assets				
Governmental activities				
Property taxes levied for general purposes	\$ 300,233	\$ 553,815	\$ 475,054	\$ 1,205,990
Sales taxes levied for general purposes	872,003	872,003	1,031,077	1,254,159
Selective sales and use taxes	540,149	560,543	596,790	922,412
Business taxes	541,033	570,556	730,986	244,004
Contributions not restricted to specific programs	-	-	-	-
Unrestricted investment earnings	25,218	61,836	305,370	474,811
Gain on disposition of capital assets	-	-	-	11,061
Miscellaneous income	88,590	111,463	15,895	38,666
Special item	-	-	219,681	-
Transfers	-	(490,089)	(571,275)	(61,338)
Total governmental activities	2,367,226	2,240,127	2,803,578	4,089,765
Business-type activities - water and sewer				
Unrestricted investment earnings	4,307	21,157	108,095	270,369
Gain (loss) on disposition of capital assets	-	-	-	(3,127)
Miscellaneous income	119,051	-	-	58,558
Transfers	-	490,089	571,275	61,338
Total business-type activities	123,358	511,246	679,370	387,138
Total primary government	\$ 2,490,584	\$ 2,751,373	\$ 3,482,948	\$ 4,476,903
Change in net assets				
Governmental activities	\$ 886,364	\$ 639,609	\$ 6,325,117	\$ 2,475,763
Business-type activities	(65,466)	3,119,191	8,406,321	2,778,861
Total primary government	\$ 820,898	\$ 3,758,800	\$ 14,731,438	\$ 5,254,624

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

City of Port Wentworth, Georgia

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

	2008	2009 Restated	2010 Restated	2011 Restated	2012
\$	1,457,243	\$ 1,297,711	\$ 1,743,921	\$ 1,887,617	\$ 1,892,546
	1,146,816	1,069,983	898,418	974,303	1,047,670
	899,878	782,298	698,709	707,088	785,188
	250,270	263,939	257,665	247,391	344,275
	15,904	18,912	-	-	-
	355,226	109,222	19,780	17,259	13,071
	38,502	31,585	23,345	5,702	15,840
	130,710	34,551	66,153	29,759	29,612
	-	-	-	-	-
	-	(808,806)	(742,689)	4,264	(1,509,551)
	4,294,549	2,799,395	2,965,302	3,873,383	2,618,651
	196,769	50,895	23,135	27,778	17,903
	-	-	2,044	51,502	-
	60,844	84,061	82,152	80,453	83,841
	-	808,806	742,689	(4,264)	1,509,551
	257,613	943,762	850,020	155,469	1,611,295
\$	4,552,162	\$ 3,743,157	\$ 3,815,322	\$ 4,028,852	\$ 4,229,946
\$	2,274,812	\$ (373,280)	\$ (610,537)	\$ 538,874	\$ (499,329)
	2,836,839	1,497,067	2,667,249	2,897,200	1,247,140
\$	5,111,651	\$ 1,123,787	\$ 2,056,712	\$ 3,436,074	\$ 747,811



City of Port Wentworth, Georgia

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

<i>Fiscal year ending June 30,</i>					
	2003	2004	2005	2006	2007
General fund					
Reserved	\$ 364,947	\$ 99,059	\$ 117,109	\$ 118,640	\$ 167,161
Unreserved	1,684,094	2,573,987	2,705,579	3,665,031	5,006,275
Nonspendable					
Prepaid items	-	-	-	-	-
Assigned					
Capital asset replacement	-	-	-	-	-
Subsequent year's budget	-	-	-	-	-
Unassigned	-	-	-	-	-
Total general fund	\$ 2,049,041	\$ 2,673,046	\$ 2,822,688	\$ 3,783,671	\$ 5,173,436
All other governmental funds					
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved, reported in					
Special revenue fund	37,279	21,096	24,529	25,580	22,181
Capital projects fund	2,520,186	2,932,652	3,504,174	4,279,736	4,914,622
Restricted					
Capital project funds	-	-	-	-	-
Confiscated assets funds	-	-	-	-	-
Total all other governmental funds	\$ 2,557,465	\$ 2,953,748	\$ 3,528,703	\$ 4,305,316	\$ 4,936,803
<i>Fiscal year ending June 30,</i>					
	2008	2009 Restated	2010 Restated	2011 Restated	2012
General fund					
Reserved	\$ 90,070	\$ 11,664	\$ 10,769	\$ -	\$ -
Unreserved	5,470,772	5,873,879	6,310,402	-	-
Nonspendable					
Prepaid items	-	-	-	52,638	159,985
Assigned					
Capital asset replacement	-	-	-	771,666	752,001
Subsequent year's budget	-	-	-	1,901,374	458,306
Unassigned	-	-	-	3,759,290	5,766,602
Total general fund	\$ 5,560,842	\$ 5,885,543	\$ 6,321,171	\$ 6,484,968	\$ 7,136,894
All other governmental funds					
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved, reported in					
Special revenue fund	20,056	21,218	12,934	-	-
Capital projects fund	5,565,904	4,313,697	3,441,702	-	-
Restricted					
Capital project funds	-	-	-	3,706,857	2,757,174
Confiscated assets funds	-	-	-	22,261	22,536
Total all other governmental funds	\$ 5,585,960	\$ 4,334,915	\$ 3,454,636	\$ 3,729,118	\$ 2,779,710

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

Fiscal year ending June 30,

	2003	2004	2005	2006
Governmental funds				
Sales tax	\$ 860,866	\$ 872,003	\$ 932,272	\$ 1,031,077
Other taxes	1,260,863	1,394,261	1,631,373	1,805,696
Licenses and permits	98,621	31,252	212,688	418,776
Revenue from other governmental units	659,217	459,645	634,043	915,002
Charges for services	596,173	427,953	502,675	705,289
Fines and fees	443,642	615,145	820,755	1,499,111
Miscellaneous	106,229	113,808	173,299	329,808
Total revenue	4,025,611	3,914,067	4,907,105	6,704,759
Expenditures				
Current				
General government	494,436	528,878	669,742	797,103
Judiciary	-	-	-	192,706
Public safety	1,185,182	1,281,081	1,420,831	1,835,113
Public works	580,735	605,247	1,080,727	818,439
Culture and recreation	211,003	141,002	140,910	150,217
Housing and development	254,410	270,056	280,216	298,304
Intergovernmental assistance	-	-	-	-
Capital outlay	141,818	50,152	99,993	523,687
Debt service				
Principal	24,181	17,059	-	-
Interest and other charges	1,414	303	-	-
Total expenditures	2,893,179	2,893,778	3,692,419	4,615,569
Excess (deficiency) of revenues over (under) expenditures	1,132,432	1,020,289	1,214,686	2,089,190
Other financing sources (uses)				
Sale of capital assets	-	-	-	-
Capital leases	-	-	-	-
Transfers in	-	-	280,327	298,486
Transfers out	-	-	(770,416)	(869,761)
Insurance recoveries	-	-	-	-
Total other financing (uses) sources	-	-	(490,089)	(571,275)
Special item - sale of land	-	-	-	219,681
Net change in fund balances	\$ 1,132,432	\$ 1,020,289	\$ 724,597	\$ 1,737,596
Debt service as a percentage of non-capital expenditures	0.93%	0.61%	0.00%	0.00%

City of Port Wentworth, Georgia

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

	2007	2008	2009 Restated	2010 Restated	2011 Restated	2012
\$	1,170,273	\$ 1,058,720	\$ 1,004,980	\$ 963,421	\$ 974,303	\$ 1,047,670
	2,220,610	2,481,922	2,497,212	2,583,963	2,793,006	3,027,413
	352,830	361,355	323,016	265,129	173,596	129,921
	997,790	853,224	609,345	220,711	613,335	720,916
	857,559	887,856	791,509	860,491	1,076,544	1,049,629
	1,380,042	1,410,783	803,708	854,477	819,923	812,873
	559,009	402,324	131,696	60,186	45,294	39,139
	7,538,113	7,456,184	6,161,466	5,808,378	6,496,001	6,827,561
	446,091	415,163	344,377	320,565	423,623	490,693
	225,851	257,847	165,733	156,370	162,772	147,739
	2,619,855	2,634,642	2,270,400	2,361,627	3,046,652	2,885,772
	869,462	1,251,336	1,226,159	1,207,540	1,188,896	1,162,708
	244,753	320,338	861,526	348,192	517,169	321,510
	440,436	585,655	410,765	424,472	311,153	248,644
	-	390,209	338,919	311,450	302,384	332,272
	632,518	1,178,166	1,192,066	1,130,961	102,100	164,332
	-	6,163	152,677	32,323	33,528	34,779
	-	463	8,100	12,619	11,413	10,163
	5,478,966	7,039,982	6,970,722	6,306,119	6,099,690	5,798,612
	2,059,147	416,202	(809,256)	(497,741)	396,311	1,028,949
	11,061	40,981	31,585	23,345	38,991	15,840
	-	497,143	-	-	-	-
	629,399	350,837	297,985	258,855	257,829	291,719
	(678,355)	(350,837)	(455,216)	(258,855)	(257,829)	(1,641,929)
	-	82,237	8,558	29,745	2,977	7,939
	(37,895)	620,361	(117,088)	53,090	41,968	(1,326,431)
	-	-	-	-	-	-
\$	2,021,252	\$ 1,036,563	\$ (926,344)	\$ (444,651)	\$ 438,279	\$ (297,482)
	0.00%	0.11%	2.74%	0.76%	0.84%	0.74%

City of Port Wentworth, Georgia

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

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

Source: City records

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

City of Port Wentworth, Georgia

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

Calendar Year	Real Property		Personal Property		Utilities and Other Property		Total		Ratio of Total Assessed to Total Estimated Value	Total Direct Tax Rate
	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value		
2002	\$ 68,458,962	\$ 171,147,405	\$ 30,613,738	\$ 76,534,345	\$ 1,315,164	\$ 3,287,910	\$ 100,387,864	\$ 250,969,660	40.00%	2.618
2003	77,423,555	193,558,888	26,259,463	65,648,658	1,268,786	3,171,965	104,951,804	262,379,511	40.00%	2.525
2004	85,820,934	214,552,335	29,841,003	74,602,508	1,241,776	3,104,440	116,903,713	292,259,283	40.00%	4.500
2005	93,350,834	233,377,085	31,843,456	79,608,640	4,490,065	11,225,163	129,684,355	324,210,888	40.00%	4.498
2006	133,044,372	332,610,930	36,540,507	91,351,268	4,472,530	11,181,325	174,057,409	435,143,523	40.00%	4.498
2007	197,906,630	494,766,575	32,282,717	80,706,793	4,656,698	11,641,745	234,846,045	587,115,113	40.00%	4.498
2008	229,005,497	572,513,742	57,525,310	143,813,275	5,411,552	13,528,880	291,942,359	729,855,897	40.00%	4.397
2009	242,817,524	607,043,810	89,153,169	222,882,923	5,740,786	14,351,965	337,711,479	844,278,698	40.00%	4.397
2010	268,292,674	670,731,685	93,347,261	233,368,152	6,003,823	15,009,558	367,643,758	919,109,395	40.00%	4.397
2011	257,276,653	643,191,633	96,236,643	240,591,608	5,958,029	14,895,073	359,471,325	898,678,314	40.00%	4.397

Source: Chatham County Tax Assessor

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

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

City of Port Wentworth, Georgia

Direct and Overlapping Property Tax Rates - Last Ten Fiscal Years

<i>(Rate per \$1,000 of Assessed Value)</i>						
Tax Year	Operating		Overlapping Rates			Total
	City	School District	County	State		
2002	\$ 2.618	\$ 17.550	\$ 10.367	\$ 0.250	\$	30.785
2003	2.525	17.680	10.367	0.250		30.822
2004	4.500	17.600	10.367	0.250		32.717
2005	4.498	17.277	11.037	0.250		33.062
2006	4.498	15.817	10.837	0.250		31.402
2007	4.498	13.795	10.537	0.250		29.080
2008	4.397	13.404	10.537	0.250		28.588
2009	4.397	13.404	10.537	0.250		28.588
2010	4.397	14.131	10.537	0.250		29.315
2011	4.397	14.631	10.250	0.250		29.528

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

City of Port Wentworth, Georgia

Principal Property Taxpayers - Current Year and Nine Years Ago

	2011			2002		
	Taxable Assessed Value	Rank	% of Total District Net Assessed Value	Taxable Assessed Value	Rank	% of Total District Net Assessed Value
Duke Realty	\$ 28,468,360	1	8.88%	\$ -	-	-
VRH aka Village at Rice Hope	7,186,760	2	2.24%	-	-	-
Weyerhaeuser	7,040,061	3	2.20%	-	-	-
L-A Savannah	6,620,080	4	2.07%	-	-	-
Easlan	6,131,880	5	1.91%	-	-	-
SNF Chemtall	5,234,731	6	1.63%	-	-	-
Savannah Interest, LLC	4,258,564	7	1.33%	-	-	-
Crescent Investment	3,808,960	8	1.19%	-	-	-
NKG Automotive Ceramics	3,652,030	9	1.14%	-	-	-
DSI	3,324,914	10	1.04%	-	-	-
Noritake China Company, Inc.	-	-	-	4,398,686	1	4.38%
Georgia Pacific	-	-	-	2,851,664	2	2.84%
Anthony Crane Rental	-	-	-	2,808,802	3	2.80%
Savannah Inns, LLC	-	-	-	2,390,063	4	2.39%
American Isuzu, Inc.	-	-	-	2,359,776	5	2.36%
Cargo Group Limited	-	-	-	1,840,663	6	1.83%
2195 Group, Inc.	-	-	-	1,581,800	7	1.58%
2195 Group, Inc.	-	-	-	1,080,000	8	1.08%
Patel Hamlata N	-	-	-	814,800	9	0.81%
Koch Material Company	-	-	-	728,082	10	0.73%
Total	\$ 75,726,340		23.63%	\$ 20,854,336		20.80%

Source: Chatham County Tax Assessor

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

City of Port Wentworth, Georgia

Property Tax Levies and Collections - Last Ten Fiscal Years

Calendar Year ⁽¹⁾	Total Tax Levy ⁽²⁾	Adjustments	Total Adjusted Levy	Collected within the Fiscal Year of the Levy		Collections for Subsequent Years	Total Collections to Date	
				Amount	Percentage of Levy		Amount	Percentage of Levy
2002	\$ 197,358	\$ 3,433	\$ 200,791	\$ 183,000	92.72%	\$ 17,787	\$ 200,787	99.99%
2003	185,547	4,954	190,501	170,002	91.62%	20,493	190,495	99.99%
2004	379,435	18,977	398,412	292,107	76.98%	106,294	398,401	99.99%
2005	424,122	12,444	436,566	417,180	98.36%	19,375	436,555	99.99%
2006	554,497	(28,809)	525,688	528,540	95.32%	(2,864)	525,676	99.99%
2007	852,233	(21,065)	831,168	764,444	89.70%	66,630	831,074	99.99%
2008	1,040,381	(81,124)	959,257	1,006,653	96.76%	(47,782)	958,871	99.96%
2009	1,239,956	(178,029)	1,061,927	1,091,671	88.04%	(50,959)	1,040,712	98.00%
2010	1,376,737	(189,216)	1,187,521	1,267,982	92.10%	(113,681)	1,154,301	97.20%
2011	1,376,995	(182,843)	1,194,152	1,145,986	83.22%	-	1,145,986	95.97%

Source: Chatham County Tax Commissioner and City records.

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

City of Port Wentworth, Georgia

Ratios of Outstanding Debt by Type - Last Ten Fiscal Years

Fiscal Year Ended June 30,	Governmental Activities		Business-type Activities			Total Business-Type Activities	Total Primary Government	Percentage of Personal Income ^(a)	Per Capita ^(a)
	Capital Leases		Water and Sewer Revenue Bonds	Water and Sewer Notes	Capital Leases				
2003	\$ 17,059	\$ -	\$ -	\$ 2,573,660	\$ -	\$ 2,573,660	\$ 2,590,719	2.48%	\$ 740
2004	-	-	-	2,450,597	-	2,450,597	2,450,597	2.32%	700
2005	-	-	-	1,942,965	-	1,942,965	1,942,965	1.71%	555
2006	-	-	-	1,865,404	-	1,865,404	1,865,404	1.57%	533
2007	-	-	-	1,783,568	-	1,783,568	1,783,568	1.45%	510
2008	490,980	-	-	1,697,223	104,566	1,801,789	2,292,769	1.84%	655
2009	338,305	-	-	1,606,120	-	1,606,120	1,944,425	1.66%	432
2010	305,982	-	-	4,607,730	-	4,607,730	4,913,712	4.27%	1,092
2011	272,454	-	-	4,761,789	-	4,761,789	5,034,243	4.72%	916
2012	237,674	-	-	4,829,284	-	4,829,284	5,066,958	4.48%	923

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

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

City of Port Wentworth, Georgia

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

Fiscal Year Ended June 30,	General Bonded Debt Outstanding			Percentage of Actual Taxable Value of Property	Per Capita
	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding		
2003	\$ -	\$ -	\$ -	0.00%	\$ -
2004	-	-	-	0.00%	-
2005	-	-	-	0.00%	-
2006	-	-	-	0.00%	-
2007	-	-	-	0.00%	-
2008	-	-	-	0.00%	-
2009	-	-	-	0.00%	-
2010	-	-	-	0.00%	-
2011	-	-	-	0.00%	-
2012	-	-	-	0.00%	-

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, 2012

	Debt Outstanding	Estimated Percentage Applicable ⁽¹⁾	Estimated Share of Overlapping Debt
Overlapping debt repaid with property taxes			
Chatham County, Georgia			
DSA Chatham County Projects Series 2005	\$ 11,520,000	2.67%	\$ 307,584
Chatham County Public Health Facilities Projects	340,000	2.67%	9,078
DSA Chatham County Projects Series 2005A	4,950,000	2.67%	132,165
Mosquito Control	3,903,143	2.67%	104,214
DSA Union Mission Series 2009	2,230,000	2.67%	59,541
DSA Union Mission Series 2011	2,679,900	2.67%	71,553
Chatham-Savannah School Board			
General Obligation Bonded Debt	60,110,000	2.67%	1,604,937
Energy Management Project	6,763,080	2.67%	180,574
Overlapping other debt			
Chatham County, Georgia capital leases	57,898	2.02%	1,170
Chatham-Savannah School Board capital leases	2,218,923	1.38%	30,621
Subtotal, overlapping debt			2,501,437
City of Port Wentworth direct debt			-
Total direct and overlapping debt			\$ 2,501,437

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

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

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

City of Port Wentworth, Georgia

Legal Debt Margin Information - Last Ten Calendar Years

	Calendar Year				
	2002	2003	2004	2005	2006
Total assessed value of taxable property	\$ 100,387,864	\$ 104,951,804	\$ 116,903,713	\$ 129,684,355	\$ 174,057,409
Less exemption for bond purposes	2,464,032	2,345,399	3,246,167	5,242,676	18,210,198
Net assessed value for bond purposes	\$ 97,923,832	\$ 102,606,405	\$ 113,657,546	\$ 124,441,679	\$ 155,847,211
Debt limit percentage	10%	10%	10%	10%	10%
Debt limit	\$ 9,792,383	\$ 10,260,641	\$ 11,365,755	\$ 12,444,168	\$ 15,584,721
Total net debt applicable to limit general obligation bonds	-	-	-	-	-
Legal debt margin	\$ 9,792,383	\$ 10,260,641	\$ 11,365,755	\$ 12,444,168	\$ 15,584,721
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				
	2007	2008	2009	2010	2011
Total assessed value of taxable property	\$ 234,846,045	\$ 291,942,359	\$ 337,711,479	\$ 367,643,758	\$ 359,471,325
Less exemption for bond purposes	18,555,495	6,611,033	7,923,608	8,376,623	7,075,664
Net assessed value for bond purposes	\$ 216,290,550	\$ 285,331,326	\$ 329,787,871	\$ 359,267,135	\$ 352,395,661
Debt limit percentage	10%	10%	10%	10%	10%
Debt limit	\$ 21,629,055	\$ 28,533,133	\$ 32,978,787	\$ 35,926,714	\$ 35,239,566
Total net debt applicable to limit general obligation bonds	-	-	-	-	-
Legal debt margin	\$ 21,629,055	\$ 28,533,133	\$ 32,978,787	\$ 35,926,714	\$ 35,239,714
Total net debt applicable to the limit as a percentage of debt limit	0.00%	0.00%	0.00%	0.00%	0.00%

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

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

Source: Consolidation and Evaluation of Digest

City of Port Wentworth, Georgia

Demographic and Economic Statistics Last Ten Calendar Years

Year	Population in Thousands ⁽¹⁾	Personal Income ⁽²⁾	Per Capita Personal Income ⁽²⁾	Unemployment Rate ⁽³⁾
2002	3	\$ 104,272,000	\$ 29,792	5.2%
2003	3	105,535,500	30,153	5.6%
2004	3	113,900,500	32,543	3.9%
2005	3	118,520,500	33,863	4.6%
2006	3	123,172,000	35,192	4.1%
2007	3	124,404,000	35,544	4.1%
2008	4	117,315,000	26,070	5.6%
2009	4	115,141,500	25,587	8.3%
2010	5	106,727,500	19,405	9.1%
2011	5	113,014,500	20,578	9.2%

Sources:

(1) Chamber of Commerce and Metropolitan Planning Commission

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

(3) State Department of Labor

City of Port Wentworth, Georgia

Principal Employers Current and Nine Calendar Years Ago

Employer	2011			2002		
	Employees	Rank	Percentage of Total Municipal Employment	Employees	Rank	Percentage of Total Municipal Employment
Gulfstream Aerospace	6,500	1	5.42%	4,253	3	3.85%
Ft. Stewart/Hunter Army Airfield	4,719	2	3.93%	3,373	6	3.06%
Memorial Medical Center	4,643	3	3.87%	4,600	2	4.17%
Savannah-Chatham Board of Education	4,600	4	3.84%	4,784	1	4.34%
St. Joseph's/Candler Health System	3,170	5	2.64%	3,900	5	3.53%
Wal-mart	2,935	6	2.45%	-	-	-
City of Savannah	2,500	7	2.08%	1,537	8	1.39%
Savannah College of Art & Design	1,750	8	1.46%	-	-	-
Chatham County	1,500	9	1.25%	2,122	7	1.92%
Georgia Pacific	1,200	10	1.00%	-	-	-
Savannah International Airport	-	-	-	4,077	4	3.70%
State of Georgia	-	-	-	1,400	9	1.27%
International Paper	-	-	-	1,250	10	1.13%
	33,517		27.94%	31,296		28.36%

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

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

City of Port Wentworth, Georgia

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

Function/Program	Full-time and Part-time City Employees as of June 30,				
	2003	2004	2005	2006	2007
General government	13	14	14	14	6
Judiciary	-	-	-	-	3
Legislative	-	-	-	-	7
Protective inspections	-	-	-	-	2
Public safety	18	18	20	21	31
Public works	7	8	10	6	8
Culture and recreation	4	3	3	2	3
Water and sewer services	2	2	2	2	2
Total	44	45	49	45	62

Function/Program	Full-time and Part-time City Employees as of June 30,				
	2008	2009	2010	2011	2012
General government	5	3	2	3	3
Judiciary	3	2	2	2	3
Legislative	7	7	7	7	7
Protective inspections	3	4	3	4	1
Public safety	32	25	32	32	31
Public works	18	8	9	7	4
Culture and recreation	2	3	3	3	3
Water and sewer services	5	6	7	7	7
Total	75	58	65	65	59

City of Port Wentworth, Georgia

Operating Indicators by Function Last Ten Fiscal Years

	Fiscal Year				
	2003	2004	2005	2006	2007
Police					
Arrests	590	759	960	994	1,035
Fire					
Number of emergency calls	Unavailable	Unavailable	Unavailable	Unavailable	891
Inspections	Unavailable	Unavailable	Unavailable	Unavailable	212
Public works					
Street resurfacing (miles)	2	1	1	1	1
Parks and recreation					
Number of facility rentals	216	215	220	232	191
Water					
New connections	67	90	163	201	312
Average daily water use (thousands of gallons)	260	272	281	311	343
Sewer					
New connections	67	90	163	201	312
Average daily sewage treatment (thousands of gallons)	N/A	N/A	N/A	N/A	N/A
	Fiscal Year				
	2008	2009	2010	2011	2012
Police					
Arrests	1,108	994	1,023	1,093	1,063
Fire					
Number of emergency calls	954	235	573	833	812
Inspections	314	247	370	284	245
Public works					
Street resurfacing (miles)	1	1	1	< 1	< 1
Parks and recreation					
Number of facility rentals	180	250	327	223	296
Water					
New connections	368	392	585	612	389
Average daily water use (thousands of gallons)	308	310	322	387	353
Sewer					
New connections	368	392	585	612	389
Average daily sewage treatment (thousands of gallons)	N/A	N/A	N/A	N/A	458

Sources: City Records

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

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

City of Port Wentworth, Georgia

Capital Asset Statistics by Function Last Ten Fiscal Years

	Fiscal Year				
	2003	2004	2005	2006	2007
Police					
Stations	1	1	1	1	1
Fire					
Stations	2	2	2	2	2
Public works					
Streets (miles)	38	44	44	44	44
Streetlights	289	289	289	349	362
Traffic signals	6	6	9	9	9
Parks and recreation					
Parks	3	3	3	3	3
Community centers	1	1	1	1	1
Water					
Water mains (miles)	29	30	32	34	39
Maximum daily capacity (thousands of gallons)	2,600	2,600	2,600	2,600	2,600
Sewer					
Sanitary sewers (miles)	29	30	32	34	39
Maximum daily treatment capacity (thousands of gallons)	N/A	N/A	N/A	N/A	N/A
	Fiscal Year				
	2008	2009	2010	2011	2012
Police					
Stations	1	1	1	1	1
Fire					
Stations	2	2	2	2	2
Public works					
Streets (miles)	44	46	46	51	51
Streetlights	362	384	384	886	886
Traffic signals	9	8	8	10	10
Parks and recreation					
Parks	4	4	4	5	5
Community centers	3	4	4	4	4
Water					
Water mains (miles)	39	41	41	45	46
Maximum daily capacity (thousands of gallons)	2,600	2,600	2,600	2,600	2,600
Sewer					
Sanitary sewers (miles)	39	41	41	45	46
Maximum daily treatment capacity (thousands of gallons)	N/A	N/A	N/A	N/A	4

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

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



KARP, RONNING & TINDOL

CERTIFIED PUBLIC ACCOUNTANTS

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

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

We have audited 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, as of and for the year ended June 30, 2012, which collectively comprise the City of Port Wentworth, Georgia's basic financial statements and have issued our report thereon dated November 9, 2012. 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City of Port Wentworth, Georgia's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Port Wentworth, Georgia's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City of Port Wentworth, Georgia's internal control over financial reporting.

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 combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the City of Port Wentworth, Georgia's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Port Wentworth, Georgia's financial statements are free of 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*.

6600 ABERCORN STREET • SUITE 200 SAVANNAH, GEORGIA 31405

P.O. BOX 16149 SAVANNAH, GEORGIA 31416

912-232-0475 TEL 912-232-0478 FAX www.krtcpa.com

This report is intended solely for the information and use of management, City Council, federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

Karp, Ronning & Tindol, P.C.

Karp, Ronning & Tindol, P.C.

November 9, 2012

6600 ABERCORN STREET • SUITE 200 SAVANNAH, GEORGIA 31405

P.O. BOX 16149 SAVANNAH, GEORGIA 31416

912-232-0475 TEL 912-232-0478 FAX www.krtcpa.com

KARP, RONNING & TINDOL

CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

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

Compliance

We have audited City of Port Wentworth, Georgia's compliance with the types of compliance requirements described in the (OMB) *Circular A-133 Compliance Supplement* that could have a direct and material effect on each of City of Port Wentworth, Georgia's major federal programs for the year ended June 30, 2012. City of Port Wentworth, Georgia's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of City of Port Wentworth, Georgia's management. Our responsibility is to express an opinion on City of Port Wentworth, Georgia's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about City of Port Wentworth, Georgia's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of City of Port Wentworth, Georgia's compliance with those requirements.

In our opinion, City of Port Wentworth, Georgia complied, in all material respects, with the requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2012.

Internal Control Over Compliance

Management of the City of Port Wentworth, Georgia is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered City of Port Wentworth, Georgia's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of City of Port Wentworth, Georgia's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be *material weaknesses*, as defined above.

This report is intended solely for the information and use of management, City Council, federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

Karp, Ronning & Tindol, P.C.

Karp, Ronning & Tindol, P.C.

November 9, 2012

City of Port Wentworth, Georgia

Schedule of Findings and Questioned Costs

Section I – Summary of Auditors’ Results

Financial Statements

Type of auditors' report issued: **Unqualified**

Internal control over financial reporting:

Material weakness(es) identified? _____ yes X no

Significant deficiency(ies) identified? _____ yes X none reported

Non compliance material to financial statements noted? _____ yes X no

Federal Awards

Internal control over major programs:

Material weakness(es) identified? _____ yes X no

Significant deficiency(ies) identified? _____ yes X none reported

Type of auditors' report issued on compliance for major programs: **Unqualified**

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of OMB Circular A-133? _____ yes X no

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Clusters</u>
10.781	Water and Waste Disposal System for Rural Communities - ARRA

Dollar threshold used to distinguish between type A and type B programs: \$ 300,000

Auditee qualified as low-risk auditee? X yes _____ no

Summary Schedule of Prior Year Audit Findings

No findings were reported in the prior year.

City of Port Wentworth, Georgia

Schedule of Expenditures of Federal Awards

June 30, 2012

Federal Grantor/ Pass-Through Grantor/ Program or Cluster	Federal CFDA No.	Agency or Pass-Through Entity Identifying Number	Federal Expenditures
U.S. Department of Agriculture (ARRA)			
Direct Program			
Water and Waste Disposal System for Rural Communities	10.781	N/A	<u>\$ 1,526,486</u>
Department of Transportation, National Highway Traffic Safety Administration			
Pass-through program from:			
Governor's Office of Highway Safety State and Community Highway Safety	20.600	GA-2011-000-00520	<u>18,146</u>
U.S. Department of Homeland Security			
Direct Program			
Staffing for Adequate Fire and Emergency Response	97.083	N/A	<u>85,923</u>
U.S. Department of Housing and Urban Development			
Pass-through program from:			
Georgia Department of Community Affairs			
Community Development Block Grant	14.228	10p-x-025-2-5294	<u>154,298</u>
Total Expenditures of Federal Awards			<u>\$ 1,784,853</u>

See accompanying notes to schedule of expenditures of federal awards.

City of Port Wentworth, Georgia

Notes to Schedule of Expenditures of Federal Awards

-
- 1. Basis of Presentation** The accompanying schedule of expenditures of federal awards includes the federal grant activity of the City of Port Wentworth under programs of the federal government for the year ended June 30, 2012. This information is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.
 - 2. Summary of Significant Accounting Policies** The expenditures reported on this schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the principles in OMB Circular A-87, *Cost Principles for State, Local, and Indian Tribal Governments*, in which certain types of expenditures are not allowable or are limited due to reimbursement.
 - 3. Long-Term Debt** The U.S. Department of Agriculture (ARRA) federal funding is in relation to a loan. The balance of this loan at June 30, 2012, was \$3,527,715.