



CITY OF PORT WENTWORTH

Georgia

**ANNUAL
COMPREHENSIVE
FINANCIAL REPORT**

Fiscal Year Ended June 30, 2022

Prepared by: City Finance Department



City of Port Wentworth, Georgia

Table of Contents

	PAGE
<hr/>	
Introductory Section	
Letter of transmittal	A-1
List of principal officials	A-4
Organizational chart	A-5
Certificate of Achievement for Excellence in Financial Reporting	A-6
 Financial Section	
 Independent Auditors' Report	 B-1
 Management's Discussion and Analysis	 C-1
 Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of net position	D-1
Statement of activities	D-2
Fund Financial Statements:	
Governmental funds:	
Balance sheets	D-4
Reconciliation of total governmental fund balances to net position of governmental activities	D-5
Statement of revenues, expenditures, and changes in fund balances	D-6
Reconciliation of the statement of revenues, expenditures, and changes in fund balances of governmental funds to the statement of activities	D-8
Proprietary funds (water and sewer enterprise fund):	
Statement of net position	D-9
Statement of revenues, expenses, and changes in fund net position	D-10
Statement of cash flows	D-12
 Notes to the Basic Financial Statements	 D-13
 Required Supplementary Information other than MD&A:	
Budgetary comparison schedule - general fund	E-1
Budgetary comparison schedules - special revenue fund - hotel/motel and ARPA funds	E-3
Notes to required supplementary information	E-4
Required supplementary information:	
Schedule of changes in the net pension asset and related ratios	E-5
Schedule of contributions	E-6

City of Port Wentworth, Georgia

Table of Contents

	PAGE
Supplementary Data - Individual Fund Statements, Schedules, and State Mandated Program Information:	
Budgetary comparison schedules - nonmajor governmental fund:	
Budgetary comparison schedule - special revenue fund - confiscated assets	F-1
Schedule of projects constructed with special purpose local option sales tax proceeds	F-2
Schedule of required expenditures funded by the hotel/motel tax	F-3
Statistical Section	
Comments Relative to Statistical Section	G-1
Financial Trends:	
Net position by component - last ten fiscal years	G-2
Changes in net position - last ten fiscal years	G-4
Fund balances, governmental funds - last ten fiscal years	G-8
Changes in fund balances, governmental funds - last ten fiscal years	G-9
Revenue Capacity:	
Schedule of tax revenues and franchise fees - last ten fiscal years	G-11
Assessed value and actual value of taxable property - last ten calendar years	G-12
Direct and overlapping property tax rates - last ten calendar years	G-14
Principal property taxpayers - current and nine calendar years ago	G-15
Property tax levies and collections - last ten calendar years	G-16
Debt Capacity:	
Ratios of outstanding debt by type - last ten fiscal years	G-17
Ratios of net general bonded debt outstanding - last ten fiscal years	G-18
Direct and overlapping governmental activities debt	G-19
Legal debt margin information - last ten calendar years	G-20
Demographic and Economic Information:	
Demographic and economic statistics - last ten calendar years	G-21
Principal employers - current and nine calendar years ago	G-22
Operating Information:	
Full-time equivalent city employees by function/program - last ten fiscal years	G-23
Operating indicators by function - last ten fiscal years	G-24
Capital asset statistics by function - last ten fiscal years	G-25

City of Port Wentworth, Georgia

Table of Contents

Compliance Section

Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i>	H-1
Independent Auditor's Report on Compliance For Each Major Federal Program and on Internal Control Over Compliance Required by the Uniform Guidance	H-3
Schedule of Expenditures of Federal Awards	H-6
Notes to Schedule of Expenditures of Federal Awards	H-7
Schedule of Findings and Questioned Costs	H-8
Summary Schedule of Prior Year Findings	H-10

Introductory Section







CITY OF PORT WENTWORTH

7224 GA Highway 21
Port Wentworth, Georgia 31407
Phone|(912) 964-4379
Fax|(912) 966-7429
www.cityofportwentworth.com

MAYOR
Gary Norton

COUNCIL MEMBERS
Thomas Barbee
Jo Smith
Gabrielle Nelson
Mark Stephens
Rufus Bright
Glenn Jones

CITY MANAGER
Steve Davis

ASST. CITY MANAGERS
Thomas Kilmartin
Jason Stewart

December 21, 2022

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

It is my privilege to present the City of Port Wentworth's Annual Comprehensive Financial Report (ACFR) for fiscal year ending June 30, 2022.

The purpose of the report is to provide detailed information reflecting the City's financial condition to the public, City Council, management, staff, and stakeholders. Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the city. We believe the enclosed data is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds of the city.

The ACFR is organized into major sections to include Introductory, Financial Section, Statistical Section and Compliance Section. The Introductory Section contains this letter of transmittal, a list of principal City officials, an organizational chart and award for excellence in Financial Reporting. The Financial Section contains the Independent Auditors' Report, Management's Discussion and Analysis and Basic Financial Statements include Government-wide Financial Statements and Fund Financial Statements, Governmental and Proprietary. The Statistical Section, using tables, presents comparative economic and financial data to give readers of the report a perspective of the city's performance over a number of years. The last section is the Compliance Section which reports on the Internal Control over Financial Reporting, Compliance with standards and schedule of Findings and Responses.

All disclosures necessary to enable the reader to gain an understanding of the City's financial activities are included. Generally accepted accounting standards require management to provide a narrative introduction overview and analysis to accompany the basic financial statements in the form a Management Discussion and Analysis section (MD&A). MD&A has been required part of governmental financial statements since the Governmental Accounting Standards Board (GASB) 34 Statement was implemented 22 years ago, it established financial reporting requirements for state and local governments across the United States. The MD&A is a useful tool for financial statement users to understand the City's financial position and outlook and an excellent means for the municipality to tell its financial story. This letter of transmittal is designed to complement the MD&A that follows and should be read in conjunction with that section.

The City's financial statements have been audited by Mauldin & Jenkins, LLC, Certified Public Accountants. The goal of the independent audit is to provide reasonable assurance that the financial statements of the City for the year ended June 30, 2022, are free of material misstatements. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgement, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. The independent auditors rendered unmodified opinions that the City's financial statements for the year ending June 30, 2022, are fairly presented in conformity with Generally Accepted Accounting Principles (GAAP).

Profile of Government

The City of Port Wentworth, incorporated in 1957, is in the eastern part of the state, which is one of the top growth areas in both the state and the country. It currently occupies 15.6 square miles with a population of 11,746 as listed by the United State Census Bureau. The City of Port Wentworth is empowered to levy a property tax on real property located within its boundaries. It is empowered by state statute to extend its corporate limits by annexation, which it has done from time to time.

The City of Port Wentworth operates under the council - manager form of government. Policy and legislative authority are vested in the governing council consisting of the mayor and six members from four districts and two at-large. Council Members serve four-year terms, with members elected every two years. The Mayor is elected for a four-year term. The Mayor and Council appoint the City of Port Wentworth's City Manager and Clerk of Council. The City Manager is the Chief Executive Officer and is charged with all administrative affairs of the city. The Clerk of Council is the official custodian of the city records.

The City of Port Wentworth provides a full range of services, including police, fire, public works, solid waste management, water, sewer, wastewater treatment, building inspections, licenses, permits, zoning, code enforcement and recreation activities. The criteria used by the City for including activities preparing its financial statements are set forth in Governmental Accounting Standards Board (Statement No. 14). Based on these criteria, all municipal services listed above are included City's financial statements. There are no active entities considered to be component units, or legally separate entities, for which the City is financially responsible.

The Mayor and Council are required to adopt an initial budget for the fiscal year no later than June 30 preceding the beginning of the fiscal year on July 1. This annual budget serves as the foundation for the City of Port Wentworth's financial planning and control. The budget is prepared by fund, function (e.g., public safety), and department (e.g., police). Department Heads may transfer resources within a department as they see fit. Transfers between departments, personal services, and capital outlays, however, need approval from the City Manager. Any changes to the approved budget that exceed the original budget will require approval of the Governing Council.

Local Economy and Major Initiatives

The local economy shows continued improvement. Sales tax revenue has increased, and the tax digest has grown. The City's tourism industry continues to benefit from our proximity to Savannah. Hotel/motel tax revenue experienced an increase in the current year of approximately 65% as travel levels have returned to levels prior to the initial year of the COVID-19 pandemic. There has been steady growth in single family residential permits and development of multifamily units in the city. As the population has increased, the city has seen development in retail and expects this trend to continue. The median household income is \$77,093, which is a 65% increase from the year 2000 level. The average household size in Port Wentworth is increasing as young families are choosing Port Wentworth to live and raise families. The Savannah area enjoys a relatively low unemployment rate as of June 30, 2022, at 3.1%, down from 8.6% during the initial year of the COVID-19 pandemic.

Over time, there continues to be a decline in employment in manufacturing, health care, social assistance, and professional, scientific, and technical services industries for residents of the city, despite the growth of the GPA. The public administration, educational, and accommodation and food services industries have experienced the most dramatic increase according to the last decennial census.

The most common employment sectors for Port Wentworth residents are public administration (28.1%), transportation and warehousing (13.4%), and manufacturing (11.9%).

Approximately 42% of employed residents are in law enforcement and food preparation & other serving occupations; 29% are in management and professional occupations; 13% are in production and transportation occupations; 12 % are in sales and office occupations; 4% are on construction occupations.

The City's long-term goals are to encourage development or expansion of businesses and industries that are suitable for the community, include promoting economic development, attracting infill development and redevelopment, and supporting increased residential densities. Economic development in Port Wentworth is supported by the City and through several quasi-governmental organizations including the Savannah Economic Development Authority and the Georgia Ports Authority.

Long-term Financial Planning and Major Initiatives

The City's continuing mission of delivering cost efficient municipal services to residents, shaped by the vision of providing safe neighborhoods and public spaces in order to improve the quality of life that all residents can enjoy.

The City continues to maintain a relatively low property tax rate, 4.160 mills for the fiscal year ended June 30, 2022, and high homestead exemption of \$40,000.

The City continued to plan for the design of a new Recreational Park complex, Fire Department Headquarters and Administrative facility. Purchase of land and construction of the multi-facility complex is anticipated to begin during the next fiscal year. Planning has begun for the design and construction which is projected to require multiyear projects spanning 2 to 3 fiscal years.

During the year ended June 30, 2022, the city completed several capital projects totaling \$3.465 million. Every city five service departments shaped the projects which improved services to the community funded by governmental and business activity funds. Improvements were targeted to aid the Police, Fire, Leisure Services, Public Works, and Development Services. Specific projects completed include improvements to Antrim Road, Force Main upgrades. Public works provides oversight of road construction, delivery of public water, public sewers, sewer treatment, stormwater, and solid waste services. Funds were also expended to enhance training and operational capabilities for the police and fire department such as the upgrade of the Police firing range and replacement of police and fire vehicles to include a new class A Fire Engine. Additionally, the city purchased a new mobile crime laboratory to aid in evidence collection and processing, purchased of a new audio detector system, capable of tri-angulating gun fire and glass noise breakage to reduce emergency response times to crime scenes and upgraded its taser equipment. The fire department also added a new burn room for enhanced training and new forceable entry tools for operations. Leisure Services also replaced a service vehicle and improved facilities and equipment supporting public sports programs. Development Services issued nearly 500 permits to include commercial and industrial development, apartment, and single-family housing construction, with permit revenue exceeding \$5.3 million or 41 percent of the annual budget.

Relevant Financial Policies

The City of Port Wentworth's policy to adopt a balanced budget and conservative financial planning has allowed the City to maintain an unassigned General Fund Balance of \$10,690,535 and a total General Fund Balance of \$16,697,429. Unassigned fund balance represents approximately 88% of total General Fund expenditures and total fund balance represents 138% of expenditures.

Awards and Acknowledgements

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Port Wentworth for its annual comprehensive finance report (ACFR) for the fiscal year ended June 30, 2021. This was the twentieth consecutive year that the government achieved this prestigious award. To be awarded a Certificate of Achievement, the government had to publish an easily readable and efficiently organized ACFR that satisfied both generally accepted accounting principles and applicable program requirements.

The preparation of this report would not have been possible without the skill, efforts, and dedication of the entire City of Port Wentworth Administrative and Department Staff. We wish to thank all government departments for their assistance in providing the data necessary to prepare this report. Credit also is due to the mayor and Council Members for their unfailing support for maintaining the highest standards of professionalism in the management of the City of Port Wentworth's finances.

Sincerely,



Steve Davis
City Manager



City of Port Wentworth, Georgia

List of Principal Officials

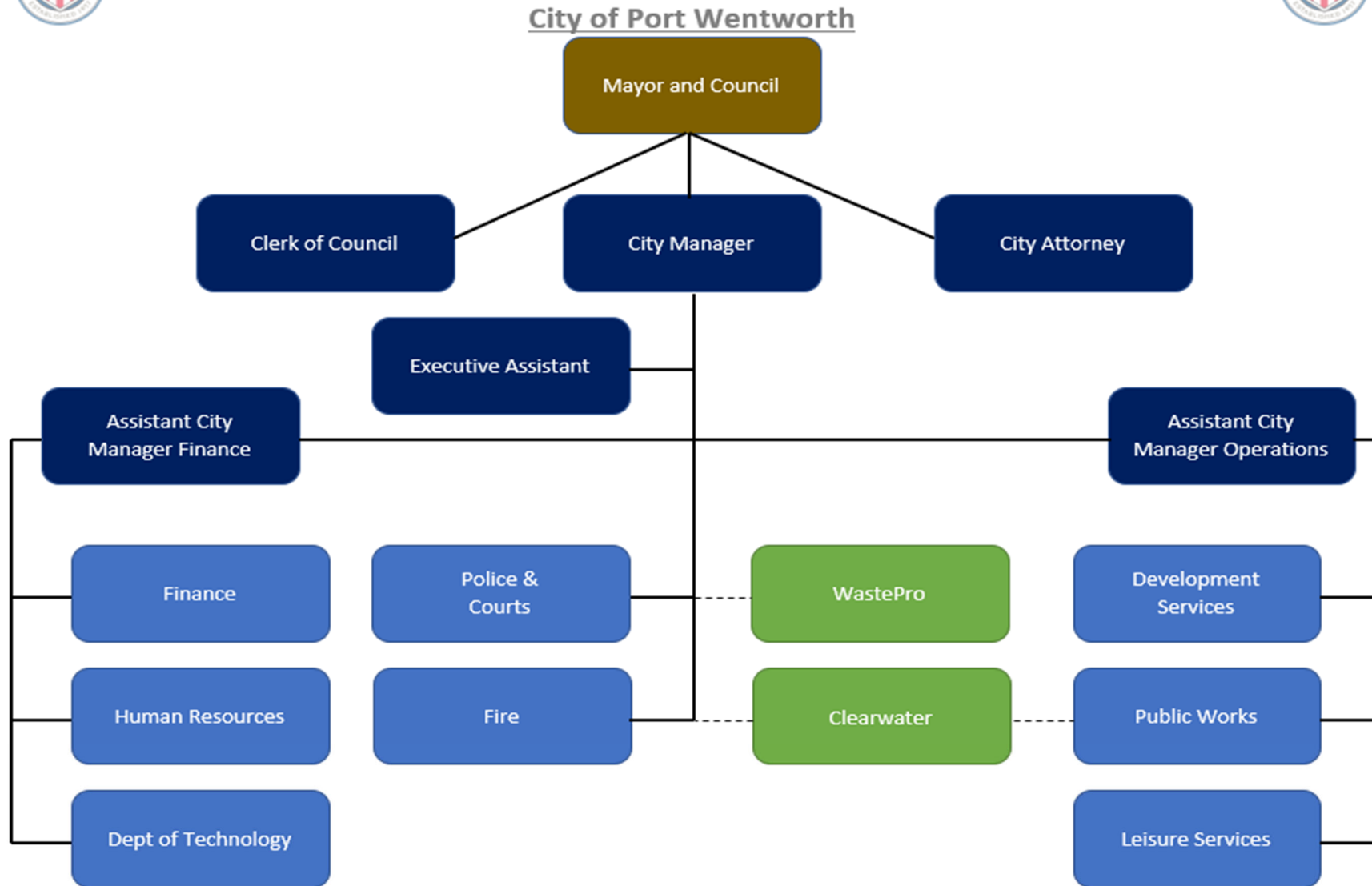
Mayor	Gary Norton
City Manager	Steve Davis
Assistant City Manager	Thomas Kilmartin
Assistant City Manager	Jason Stewart
City Attorney	Scott Robichaux
Clerk of Council	Zahnay Smoak
Director of Public Safety	Matthew Libby
Director of Development Services	Brian Harvey
Director of Leisure Services	Tiffany Lancaster
Director of Wastewater Treatment	ClearWater Solutions (Contractor)

City Council Members

Mayor Pro-Tem Appointed by Council	Thomas Barbee
Council Member At Large	Jo Smith
Council Member At Large, Mayor Pro-Tem Appointed by Council	Thomas Barbee
Council Member, District 1	Gabrielle Nelson
Council Member, District 2	Mark Stephens
Council Member, District 3	Rufus Bright
Council Member, District 4	Glenn Jones

City of Port Wentworth

Organizational Chart





Government Finance Officers Association

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

Presented to

**City of Port Wentworth
Georgia**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2021

Christopher P. Morill

Executive Director/CEO



Financial Section







INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the **City of Port Wentworth, Georgia** (the "City"), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of June 30, 2022, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter

The City implemented Governmental Accounting Standards Board ("GASB") Statement No. 87, *Leases*, as of July 1, 2021. This standard significantly changed the accounting for the City's leases and the related disclosures. See Note I. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and, therefore, is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis (on pages C-1 through C-8), the Budgetary Comparison Schedule – General Fund (on page E-1), the Budgetary Comparison Schedule – ARPA Fund and the Budgetary Comparison Schedule – Hotel/Motel Fund (on page E-3), the Notes to the Required Supplementary Information (on page E-4), the Schedule of Changes in the Net Pension Liability (Asset) and Related Ratios (on page E-5), and the Schedule of Contributions (on page E-6), be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The accompanying Budgetary Comparison Schedule – Nonmajor Governmental Fund, Schedule of Required Expenditures Funded by the Hotel/Motel Tax, the Schedule of Expenditures of Special Purpose Local Option Sales Tax Proceeds as required by the Official Code of Georgia Annotated ("O.C.G.A.") §48-8-121, and the Schedule of Expenditures of Federal Awards as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* are presented for the purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Budgetary Comparison Schedule – Nonmajor Governmental Fund, the Schedule of Required Expenditures Funded by the Hotel/Motel Tax, the Schedule of Expenditures of Special Purpose Local Option Sales Tax Proceeds, and the Schedule of Expenditures of Federal Awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory section and statistical section but does not include the basic financial statements and our auditor's report thereon. Our opinion on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required By Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 21, 2022, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Port Wentworth, Georgia's internal control over financial reporting and compliance.

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

Savannah, Georgia
December 21, 2022



City of Port Wentworth, Georgia

Management's Discussion and Analysis

This discussion and analysis (MD&A) is designed to assist readers in understanding the City of Port Wentworth's basic financial statements, for the period ending June 30, 2022, the relationship of different types of statements, and the significant differences in the information they provide. This discussion is designed to also assist the reader in focusing on significant financial issues, provide an overview of the City's current financial activity and identify changes in the City's financial position. Lastly, the discussion will also identify any material deviations from the approved budget for the fiscal year and identify individual fund issues or concerns. The MD&A is best understood if read in conjunction with the Transmittal Letter and the City's basic financial statements.

Financial Highlights

- The assets of the City exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$74,082,500 (*net position*). Of this amount, \$31,476,689 represents unrestricted net position, which may be used to meet the City's ongoing obligations to citizens and creditors.
- At the close of the current fiscal year, the City's governmental funds reported combined fund balances of \$22,196,535, an increase of \$2,032,531 in comparison with the prior year. Approximately 48% of this amount, \$10,690,535, is available for spending at the government's discretion (*unassigned fund balance*).
- At the end of the current fiscal year, unrestricted fund balance (the total of the committed, assigned, and unassigned components of fund balance) for the General Fund was \$16,592,438.

Overview of the Financial Statements

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

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

The *statement of net position* presents financial information on all of the City's assets, liabilities, and deferred inflows/outflows of resources, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The *statement of activities* presents information showing how the City's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused personal time off).

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the City include general government, judiciary, public safety (police and fire), public works (streets and roads, storm water and sanitation), culture and recreation, and housing and development. The business-type activities of the City include water, sewer and wastewater treatment.

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

City of Port Wentworth, Georgia

Management's Discussion and Analysis

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

Governmental Funds. *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on the *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in assessing a government's near-term financing requirements.

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

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

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

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

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

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The basic proprietary fund financial statements can be found on pages D-9 – D-12.

Notes to the Financial Statements. The notes provide additional information that is necessary to acquire a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages D-13 – D-36.

City of Port Wentworth, Georgia

Management's Discussion and Analysis

Other Information. In addition to the basic financial statements and accompanying notes, this report also presents required supplementary information concerning the City's progress in funding its obligation to provide pension benefits to its employees. The schedules related to net pension asset can be found on pages E-5 – E-6.

Government-wide Overall Financial Analysis

As noted earlier, net position over time may serve as a useful indicator of a government's financial position. In the case of the City, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$74,082,500, at the close of the most recent fiscal year.

City of Port Wentworth's Net Position

	Governmental activities		Business-type activities		Total	
	2022	2021	2022	2021	2022	2021
Assets						
Current and other assets	\$ 27,670,106	\$ 22,606,794	\$ 14,931,744	\$ 13,093,321	\$ 42,601,850	\$ 35,700,115
Lease assets, net	222,285	-	-	-	222,285	-
Capital assets, net	20,816,353	19,128,927	23,717,995	24,677,655	44,534,348	43,806,582
Total assets	48,708,744	41,735,721	38,649,739	37,770,976	87,358,483	79,506,697
Deferred outflows of resources						
Pension related	423,604	497,020	6,233	4,869	429,837	501,889
Liabilities						
Current liabilities	4,376,739	2,591,617	992,528	1,123,022	5,369,267	3,714,639
Long-term liabilities	2,610,468	2,856,902	4,318,057	4,469,417	6,928,525	7,326,319
Total liabilities	6,987,207	5,448,519	5,310,585	5,592,439	12,297,792	11,040,958
Deferred inflows of resources						
Lease revenue receivable	-	-	271,493	-	271,493	-
Pension related	1,120,054	107,051	16,481	1,049	1,136,535	108,100
Net position						
Net investment in capital assets	17,805,493	15,994,864	19,248,797	20,061,857	37,054,290	36,056,721
Restricted	5,551,521	3,736,585	-	-	5,551,521	3,736,585
Unrestricted	17,668,073	16,945,722	13,808,616	12,120,500	31,476,689	29,066,222
Total net position	\$ 41,025,087	\$ 36,677,171	\$ 33,057,413	\$ 32,182,357	\$ 74,082,500	\$ 68,859,528

By far, the largest portion of the City's net position (50%) reflects its investment in capital assets (e.g., land, buildings, machinery, equipment, vehicles, and infrastructure), less any related outstanding debt that was used to acquire those assets. The City uses these capital assets to provide a variety of services to its citizens. Accordingly, these assets are not available for future spending. Although the City's investment in capital assets is reported net of related debt, it should be noted that the resources to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

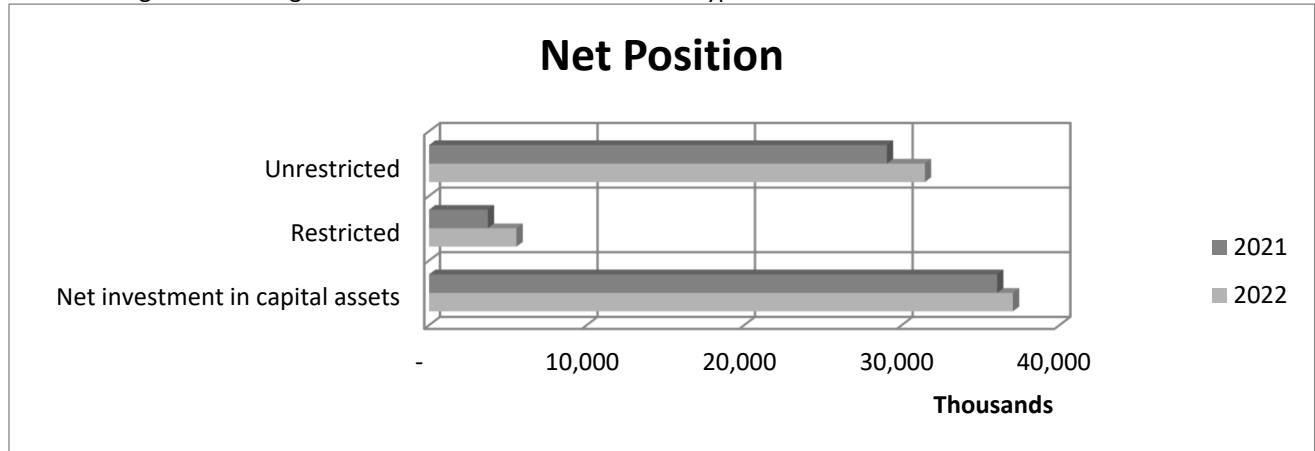
An additional portion of the City's net position (7%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$31,476,689 is unrestricted and may be used to meet the government's ongoing obligations to its citizens and creditors.

City of Port Wentworth, Georgia

Management's Discussion and Analysis

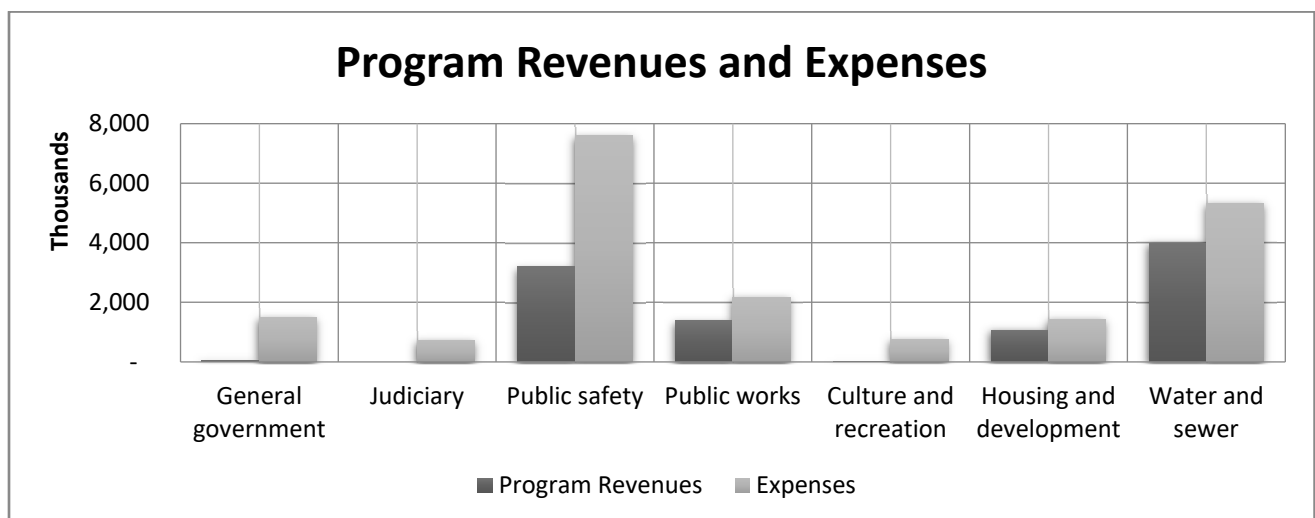
At the end of the current fiscal year, the City was able to report positive balances in all reported categories of net position, both for the government as a whole, as well as for its separate governmental and business-type activities.

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



Governmental Activities. During the current fiscal year, net position for the governmental activities increased \$4,347,916 from the prior year for an ending balance of \$41,025,087. The positive change in net position was a direct result of growth in tax, population, and business.

Business-type Activities. For the City's business-type activities, the change in net position of \$875,056 was an overall increase with revenues outpacing expenses. The City's commercial and residential growth during the year was 6.5 and 12 percent, respectively. The city has not adjusted the Water and Sewer rate structure since 2019 because of the COVID-19 pandemic. This usage led to an increase in the water department's water and sewer charges of \$225,650. The change in net position also had the effect of an increase of aid to construction collections of \$517,689 and an increased maintenance of the water department. In addition, there was a capital contribution from the capital projects fund of \$147,241 in fiscal year 2022.



City of Port Wentworth, Georgia

Management's Discussion and Analysis

City of Port Wentworth's Change in Net Position

	Governmental activities		Business-type activities		Total	
	2022	2021	2022	2021	2022	2021
Revenues:						
Program revenues						
Charges for services	\$ 5,712,551	\$ 4,728,104	\$ 3,986,428	\$ 3,788,815	\$ 9,698,979	\$ 8,516,919
Operating grants and contributions	1,963,491	504,804	-	-	1,963,491	504,804
Capital grants and contributions	2,352,260	1,951,516	1,928,772	1,396,950	4,281,032	3,348,466
General revenues						
Property taxes	3,576,942	3,137,620	-	-	3,576,942	3,137,620
Sales taxes	2,672,105	2,216,865	-	-	2,672,105	2,216,865
Selective sales and use taxes	1,717,885	1,121,841	-	-	1,717,885	1,121,841
Business taxes	610,682	597,958	-	-	610,682	597,958
Unrestricted investment earnings	29,909	14,368	15,728	10,770	45,637	25,138
Gain on disposition of capital assets	28,972	71,417	5,550	-	34,522	71,417
Miscellaneous	32,402	17,877	107,249	110,877	139,651	128,754
Total revenues	18,697,199	14,362,370	6,043,727	5,307,412	24,740,926	19,669,782
Expenses:						
General government	1,484,807	1,062,812	-	-	1,484,807	1,062,812
Judiciary	712,082	669,141	-	-	712,082	669,141
Public safety	7,598,840	6,338,718	-	-	7,598,840	6,338,718
Public works	2,173,847	2,150,734	-	-	2,173,847	2,150,734
Culture and recreation	748,951	637,904	-	-	748,951	637,904
Housing and development	1,416,150	707,955	-	-	1,416,150	707,955
Interest	67,365	70,845	129,216	133,606	196,581	204,451
Water and sewer	-	-	5,186,696	4,769,553	5,186,696	4,769,553
Total expenses	14,202,042	11,638,109	5,315,912	4,903,159	19,517,954	16,541,268
Increase in net position	4,495,157	2,724,261	727,815	404,253	5,222,972	3,128,514
Other financing sources (uses)						
Transfers, net	(147,241)	-	147,241	-	-	-
Total other financing sources (uses)	(147,241)	-	147,241	-	-	-
Net position, beginning	36,677,171	33,952,910	32,182,357	31,778,104	68,859,528	65,731,014
Net position, ending	\$ 41,025,087	\$ 36,677,171	\$ 33,057,413	\$ 32,182,357	\$ 74,082,500	\$ 68,859,528

Financial Analysis of Governmental Funds

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

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

City of Port Wentworth, Georgia

Management's Discussion and Analysis

At June 30, 2022, the City's governmental funds reported combined fund balances of \$22,196,535, an increase of \$2,032,531 in comparison with the prior year. Approximately, 48% of this amount, \$10,690,535, constituted *unassigned fund balance*, which is available for spending at the government's discretion. The remainder of the fund balance was either *nonspendable*, *restricted*, *committed*, or *assigned* to indicate that it is 1) not in spendable form \$104,991, 2) legally required to be maintained intact (none), 3) restricted for particular purposes \$5,499,106, 4) committed for particular purposes \$1,194,838, or 5) assigned for particular purposes \$4,707,065.

The General Fund is the chief operating fund of the City. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$10,690,535, while total fund balance increased to \$16,697,429. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total General Fund expenditures. Unassigned fund balance represented approximately 88% of total General Fund expenditures, while total fund balance represented approximately 138% of that same amount.

The fund balance of the City's General Fund increased by \$270,010 during the current fiscal year. Increased transfers-in from Hotel Motel Tax Fund and an increase in tax collections accounted for most of the net increase in fund balance. The ARPA Fund fund balance increased by \$1,800,150. The fund balance of the Hotel Motel Tax Fund decreased by \$192,578 as tourism expenditure contract was re-awarded.

The Capital Projects Fund, a major fund, had a \$118,314 increase in fund balance during the current fiscal year resulting in an ending restricted fund balance of \$3,657,374. The restriction to fund balance was due to the spending constraints placed on uses of SPLOST revenues. The increase in fund balance resulted from SPLOST revenues exceeding SPLOST capital outlays. Major projects incurred in the Capital Projects Fund included road paving, drainage improvements, sewer force main upgrade, sewer project rehabilitation, boat ramp repair, vehicle purchases, and engineer consulting related to a future recreational facility.

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

Unrestricted net position of the Water and Sewer Enterprise Fund at the end of the year was \$13,808,616 and net position for net investment in capital assets was \$19,248,797. As of June 30, 2022, the Water and Sewer Enterprise Fund's net position had increased by \$875,056. The City previously reported that the Water and Sewer rate structure has not been adjusted since 2019 because of the COVID-19 pandemic. The City's growth increased the water and sewer usage charges revenue by \$197,613. Also, the positive net position was impacted by the effect of an increase in aid to construction revenue and increased fund maintenance. Investment income decreased from amounts earned in the prior year.

Capital Assets and Debt Administration

Capital assets. The City's investment in capital assets for its governmental and business-type activities as of June 30, 2022, totaled \$44,534,348 (net of accumulated depreciation). This investment in capital assets included land, buildings, machinery, equipment, vehicles, park facilities, streets and roads, infrastructures, and the wastewater treatment plant. The total net increase in capital assets for the current fiscal year was approximately \$728,000 (net of accumulated depreciation).

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

- Fire and Police vehicle purchases
- Public safety equipment upgrades to include Police drone and Fire forceable entry tools
- Completion of the Police firing range
- Renovation and expansion to Fire training facility
- Leisure Services vehicle and recreation equipment purchase
- Public Works vehicle purchase

City of Port Wentworth, Georgia

Management's Discussion and Analysis

- Public Works Road and street improvements
- Sewer system improvements
- Wastewater Treatment Plant equipment upgrades

Additional information on the City's capital assets can be found in Note IIC on pages D-23 – D-25.

Long-term Debt. At the end of the current fiscal year, the City had total debt outstanding of \$7,442,584. The changes in long-term debt were due to a net increase of \$234,989 to leases and \$542,266 of debt retirement on existing debt. Additional information on the City's long-term debt can be found in Note IIG on pages D-31 – D-34.

General Fund Budgetary Highlights

Original budget compared to final budget. The overall operations of the City are similar to directing a large multi-million dollar business. Budget amendments are approved throughout the year to more accurately reflect the ongoing changes and to abide by state laws. The original budget was adopted on June 24, 2021, for the fiscal year ended June 30, 2022.

During the year, there were supplemental appropriation increases of \$1,388,816 and decreases of \$0 between the original and final amended budget.

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

Final budget compared to actual results. Total revenues exceeded final budgeted amounts by approximately \$1,908,000. The largest variance was due to fines and forfeitures which exceeded expectations by about \$769,000 and taxes revenues which exceeded expectations by about \$745,000.

The objective of the City's budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the City Council. The City requires expenditures be subject to an annual appropriation. Strict controls are in place to ensure that expenditures do not exceed these appropriations at either the departmental or the fund level. Departmental expenditures compared to the appropriations in the final budget were \$1,072,865 under budget. Nearly every department experienced a favorable variance, except for the Municipal Court and the Debt Service. The two unfavorable variances were impacted by the adoption of GASB No. 84 (Municipal Court) and GASB No. 87 (Debt Service). The favorable variances were the result of aggressive budgetary controls resulting in lower than projected personal service and employee benefits, purchased/contracted services and materials and supplies. Reallocations throughout the year fund operational needs as necessary in each City department.

Economic Factors and Next Year's Budgets and Rates

General Fund. The City has adopted a General Fund budget of \$20,614,966 for the fiscal year ending June 30, 2023. The budget was based on the following expectations:

- Property taxes and local option sales tax are expected to be the largest sources of operating revenue budgeted at \$2,979,404 and \$2,250,000, respectively.
- Property taxes are expected to increase as City population continues to grow. Projected tax revenue is based on growth.
- \$4,193,527 from unassigned fund balance and \$2,567,000 from unassigned fund balance from the water and sewer enterprise fund will be used in fiscal year ending June 30, 2023, to fund major road repairs, other capital projects, and economic development initiatives.

City of Port Wentworth, Georgia

Management's Discussion and Analysis

Water and Sewer Enterprise Fund. Although not required to budget enterprise fund activity, the City also adopted a \$6,942,000 Water and Sewer Enterprise Fund budget. Charges for services are the largest sources of revenue for the fund. There was a 4.03 percent increase in new residential and commercial customers during the fiscal year ending June 30, 2022, with new growth projected to continue to in the next fiscal year.

The budget included the following expenditure expectations:

- Improvements to infrastructure primarily funded by Special Lost Option Sales Tax Revenue (SPLOST)
- The City extended the third-party contract to manage, operate and maintain the City's Water System, Wastewater Treatment Facility, Sewer System, Lift Stations, and Public Works maintenance with an estimated budget of \$1.8 million.

Requests for Information

This financial report is designed to provide a general overview of 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 Manager, 7224 GA Highway 21, Port Wentworth, Georgia 31407.

Basic Financial Statements





Government-wide Financial Statements





City of Port Wentworth, Georgia

Statement of Net Position

June 30, 2022

	Governmental Activities	Business- Type Activities	Total
ASSETS			
Cash and investments	\$ 22,611,153	\$ 13,356,689	\$ 35,967,842
Receivables	3,552,015	507,112	4,059,127
Internal balances	(3,672)	3,672	-
Prepaid items	104,991	8,056	113,047
Lease revenue receivable	-	271,493	271,493
Restricted assets			
Cash and investments	141,930	766,127	908,057
Lease asset, net	222,285	-	222,285
Capital assets			
Land, improvements, and construction in progress	2,231,539	406,580	2,638,119
Other capital assets, net of depreciation	18,584,814	23,311,415	41,896,229
Net pension asset	1,263,689	18,595	1,282,284
Total assets	48,708,744	38,649,739	87,358,483
DEFERRED OUTFLOWS OF RESOURCES			
Pension related	423,604	6,233	429,837
LIABILITIES			
Accounts payable	963,765	36,914	1,000,679
Other accrued liabilities	165,245	38,346	203,591
Unearned revenue	2,579,257	-	2,579,257
Customer deposits	50,474	766,127	816,601
Long-term liabilities			
Due within one year	617,998	151,141	769,139
Due in more than one year	2,610,468	4,318,057	6,928,525
Total liabilities	6,987,207	5,310,585	12,297,792
DEFERRED INFLOWS OF RESOURCES			
Lease revenue receivable	-	271,493	271,493
Pension related	1,120,054	16,481	1,136,535
Total deferred inflows of resources	1,120,054	287,974	1,408,028
NET POSITION			
Net investment in capital assets	17,805,493	19,248,797	37,054,290
Restricted for:			
ARPA	1,800,150	-	1,800,150
Capital projects	3,657,374	-	3,657,374
Confiscated assets	41,582	-	41,582
Hotel Motel	52,415	-	52,415
Unrestricted	17,668,073	13,808,616	31,476,689
Total net position	\$ 41,025,087	\$ 33,057,413	\$ 74,082,500

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

D-1

City of Port Wentworth, Georgia

Statement of Activities Year ended June 30, 2022

		Program Revenues		
		Charges for	Operating	Capital
	Expenses	Services	Grants and	Grants and
			Contributions	Contributions
FUNCTIONS/PROGRAMS				
Governmental activities				
General government	\$ 1,484,807	\$ 56,068	\$ 1,800,150	\$ -
Judiciary	712,082	-	-	-
Public safety	7,598,840	3,189,011	163,341	-
Public works	2,173,847	1,377,109	-	2,352,260
Culture and recreation	748,951	23,024	-	-
Housing and development	1,416,150	1,067,339	-	-
Interest	67,365	-	-	-
Total governmental activities	14,202,042	5,712,551	1,963,491	2,352,260
Business-type activity				
Water and sewer	5,315,912	3,986,428	-	1,928,772
Total	\$ 19,517,954	\$ 9,698,979	\$ 1,963,491	\$ 4,281,032

GENERAL REVENUES

Taxes

Property taxes, levied for general purposes

Sales taxes for general purposes

Selective sales and use taxes

Business taxes

Unrestricted investment earnings

Gain on disposition of capital assets

Miscellaneous

Transfers

Total general revenues and transfers

Change in net position

Net position, beginning

Net position, ending

City of Port Wentworth, Georgia

Statement of Activities Year ended June 30, 2022

Net (Expense) Revenue and Changes in Net Position		
Governmental Activities	Business- Type Activities	Total
\$ 371,411	\$ -	\$ 371,411
(712,082)	-	(712,082)
(4,246,488)	-	(4,246,488)
1,555,522	-	1,555,522
(725,927)	-	(725,927)
(348,811)	-	(348,811)
(67,365)	-	(67,365)
<u>(4,173,740)</u>	<u>-</u>	<u>(4,173,740)</u>
-	599,288	599,288
<u>(4,173,740)</u>	<u>599,288</u>	<u>(3,574,452)</u>
3,576,942	-	3,576,942
2,672,105	-	2,672,105
1,717,885	-	1,717,885
610,682	-	610,682
29,909	15,728	45,637
28,972	5,550	34,522
32,402	107,249	139,651
(147,241)	147,241	-
<u>8,521,656</u>	<u>275,768</u>	<u>8,797,424</u>
4,347,916	875,056	5,222,972
<u>36,677,171</u>	<u>32,182,357</u>	<u>68,859,528</u>
\$ <u>41,025,087</u>	\$ <u>33,057,413</u>	\$ <u>74,082,500</u>



Fund Financial Statements





City of Port Wentworth, Georgia

Balance Sheets Governmental Funds June 30, 2022

	General	ARPA Fund	Capital Projects	Hotel/Motel Tax Fund	Nonmajor Governmental Fund	Total Government Funds
ASSETS						
Cash and investments	\$ 17,207,093	\$ 1,800,150	\$ 3,562,851	\$ 41,059	\$ -	\$ 22,611,153
Receivables, net	1,140,897	1,800,150	425,412	185,556	-	3,552,015
Due from other funds	134,044	-	-	-	-	134,044
Prepaid items	104,991	-	-	-	-	104,991
Restricted cash and investments	100,348	-	-	-	41,582	141,930
Total assets	\$ 18,687,373	\$ 3,600,300	\$ 3,988,263	\$ 226,615	\$ 41,582	\$ 26,544,133
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES						
Liabilities						
Accounts payable	\$ 596,392	\$ -	\$ 259,759	\$ 107,614	\$ -	\$ 963,765
Other accrued liabilities	165,245	-	-	-	-	165,245
Due to other funds	-	-	71,130	66,586	-	137,716
Customer deposits	50,474	-	-	-	-	50,474
Unearned revenue	-	1,800,150	-	-	-	1,800,150
Total liabilities	812,111	1,800,150	330,889	174,200	-	3,117,350
Deferred inflows of resources						
Unavailable revenue	1,177,833	-	-	52,415	-	1,230,248
Total deferred inflows of resources	1,177,833	-	-	52,415	-	1,230,248
Fund balances						
Nonspendable prepaid items	104,991	-	-	-	-	104,991
Restricted						
ARPA funds		1,800,150				1,800,150
Capital projects funds	-		3,657,374	-	-	3,657,374
Confiscated assets funds	-		-	-	41,582	41,582
Hotel Motel funds				-		-
Committed						
Public safety technology	1,194,838					1,194,838
Assigned						
Capital asset replacement	513,538		-	-	-	513,538
Subsequent year's budget	4,193,527		-	-	-	4,193,527
Unassigned	10,690,535		-	-	-	10,690,535
Total fund balances	16,697,429	1,800,150	3,657,374	-	41,582	22,196,535
Total liabilities, deferred inflows of resources, and fund balances	\$ 18,687,373	\$ 3,600,300	\$ 3,988,263	\$ 226,615	\$ 41,582	\$ 26,544,133

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

City of Port Wentworth, Georgia

Reconciliation of Total Governmental Fund Balances To Net Position of Governmental Activities June 30, 2022

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

Total fund balances for governmental funds	\$ 22,196,535
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 \$13,020,573)	20,816,353
Lease assets (net of accumulated amortization of \$22,995)	222,285
Revenues (deferred taxes) in the statement of activities that do not provide current financial resources and are not reported as revenue in the funds: Property, sales and franchise taxes levied, but unavailable for use	451,141
The net pension asset is not an available resource and, therefore, is not reported in the funds.	1,263,689
Long-term and related liabilities are not due and payable in the current period and therefore, are not reported in the governmental funds balance sheet: Compensated absences	(255,080)
Financed purchases, direct borrowings, and leases	(2,973,386)
Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the funds: Deferred outflows related to pensions	423,604
Deferred inflows related to pensions	(1,120,054)
Net position of governmental activities	\$ 41,025,087

City of Port Wentworth, Georgia
Statement of Revenues, Expenditures, and Changes in Fund Balances (cont.)
Governmental Funds
Year ended June 30, 2022

	<u>General</u>	<u>ARPA Fund</u>	<u>Capital Projects</u>	<u>Hotel/ Motel Tax Fund</u>	<u>Nonmajor Governmental Fund</u>	<u>Total Governmental Funds</u>
REVENUES						
Taxes	\$ 7,210,071	\$ -	\$ -	\$ 1,303,083	\$ -	\$ 8,513,154
Licenses and permits	829,030	-	-	-	-	829,030
Intergovernmental	232,252	1,800,150	2,244,605	-	-	4,277,007
Charges for services	2,470,934	-	-	-	-	2,470,934
Fines and forfeitures	2,412,587	-	-	-	36,932	2,449,519
Investment income	29,722	-	1,812	187	-	31,721
Miscellaneous	27,295	-	-	-	-	27,295
Total revenues	<u>13,211,891</u>	<u>1,800,150</u>	<u>2,246,417</u>	<u>1,303,270</u>	<u>36,932</u>	<u>18,598,660</u>
EXPENDITURES						
Current						
General government	1,618,645	228,825	-	-	-	1,847,470
Judiciary	665,350	47,850	-	-	-	713,200
Public safety	6,463,733	1,267,758	-	-	297	7,731,788
Public works	1,619,862	34,330	-	-	-	1,654,192
Culture and recreation	573,841	127,890	-	-	-	701,731
Housing and development	694,280	93,497	-	-	-	787,777
Intergovernmental assistance	-	-	-	844,082	-	844,082
Capital outlay	-	-	2,128,103	-	-	2,128,103
Debt service						
Principal	405,957	-	-	-	-	405,957
Interest	86,232	-	-	-	-	86,232
Total expenditures	<u>12,127,900</u>	<u>1,800,150</u>	<u>2,128,103</u>	<u>844,082</u>	<u>297</u>	<u>16,900,532</u>
Excess of revenues over expenditures	1,083,991	-	118,314	459,188	36,635	1,698,128

City of Port Wentworth, Georgia
Statement of Revenues, Expenditures, and Changes in Fund Balances (cont.)
Governmental Funds
Year ended June 30, 2022

**OTHER FINANCING SOURCES
(USES)**

Transfers in	651,766	1,800,150	-	-	-	2,451,916
Transfers out	(1,800,150)	-	-	(651,766)	-	(2,451,916)
Sale of capital assets	84,016	-	-	-	-	84,016
Insurance recoveries	5,107	-	-	-	-	5,107
Lease proceeds	245,280	-	-	-	-	245,280
Total other financing sources						
(uses)	(813,981)	1,800,150	-	(651,766)	-	334,403
Net change in fund balances	270,010	1,800,150	118,314	(192,578)	36,635	2,032,531
Fund balances, beginning of year	16,427,419	-	3,539,060	192,578	4,947	20,164,004
Fund balances, end of year	\$ 16,697,429	\$ 1,800,150	\$ 3,657,374	\$ -	\$ 41,582	\$ 22,196,535

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, 2022

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

Net change in fund balance – total governmental funds	\$	2,032,531
---	----	-----------

Governmental funds report capital outlays as expenditures.
However, in the statement of activities the cost of those assets is
allocated over their estimated useful lives as depreciation
expense. This is the amount by which capital outlays exceeded
depreciation in the current period.

Capital assets reported as capital outlay in governmental funds	\$	3,230,506	
Depreciation expense reported in the statement of activities		(1,488,036)	1,742,470
Lease assets reported as capital outlay in governmental funds		245,280	
Amortization expense reported in the statement of activities		(22,995)	222,285

The effect of miscellaneous transactions involving capital assets,
lease assets, and debt:

Financed purchases payments	160,983
Direct borrowings payments	234,683
Lease issuance	(245,280)
Leases payments	10,291
Sale of capital assets	(55,044)

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	64,460
----------------	--------

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

Change in compensated absences	(40,596)
--------------------------------	----------

Governmental funds report pension contributions as expenditures.
However, in the statement of activities, the cost of pension
benefits earned net of employee contributions is reported as
pension expense.

Pension expense	221,133
-----------------	---------

Change in net position – statement of activities	\$	4,347,916
--	----	-----------

City of Port Wentworth, Georgia

Water and Sewer Enterprise Fund

Statement of Net Position

June 30, 2022

ASSETS		
Current assets		
Cash and investments	\$	13,356,689
Accounts receivable, net		507,112
Due from other funds		25,000
Prepaid items		8,056
Lease receivable		87,619
Restricted cash and investments		766,127
Total current assets		14,750,603
Capital assets		
Land, improvements, and construction in progress		406,580
Other capital assets, net of depreciation		23,311,415
Total capital assets		23,717,995
Non-current assets		
Lease receivable		183,874
Net pension asset		18,595
Total non-current assets		202,469
Total assets		38,671,067
DEFERRED OUTFLOWS OF RESOURCES		
Pension related		6,233
LIABILITIES		
Current liabilities		
Accounts payable		36,914
Accrued expenses		38,346
Due to other funds		21,328
Customer deposits		766,127
Notes payable		151,141
Total current liabilities		1,013,856
Non-current liabilities		
Notes payable		4,318,057
Total non-current liabilities		4,318,057
Total liabilities		5,331,913
DEFERRED INFLOWS OF RESOURCES		
Lease revenue receivable		271,493
Pension related		16,481
Total deferred inflows of resources		287,974
NET POSITION		
Net investment in capital assets		19,248,797
Unrestricted		13,808,616
Total net position	\$	33,057,413

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

D-9

City of Port Wentworth, Georgia

Water and Sewer Enterprise Fund

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

Year ended June 30, 2022

OPERATING REVENUES	
Charges for services	\$ 3,918,417
Connection fees	68,011
Miscellaneous	107,249
	<hr/>
Total operating revenues	4,093,677
OPERATING EXPENSES	
Sewer Department	
Personal services and employee benefits	36,072
Purchased and contracted services	847,954
Supplies	143,738
Depreciation	507,786
	<hr/>
Total operating expenses, Sewer	1,535,550
Water Department	
Personal services and employee benefits	39,628
Purchased and contracted services	996,966
Supplies	1,168,946
Depreciation	271,785
	<hr/>
Total operating expenses, Water	2,477,325
Wastewater Treatment Department	
Purchased and contracted services	638,857
Supplies	120,460
Depreciation	414,504
	<hr/>
Total operating expenses, Wastewater Treatment	1,173,821
Total operating expenses	5,186,696
	<hr/>
Operating loss	(1,093,019)
NON-OPERATING REVENUES (EXPENSES)	
Interest income	15,728
Sale of capital assets	5,550
Interest expense	(129,216)
	<hr/>
Total non-operating expenses, net	\$ (107,938)

City of Port Wentworth, Georgia
Water and Sewer Enterprise Fund
Statement of Revenues, Expenses, and Changes in Fund Net Position (cont.)
Year ended June 30, 2022

Loss before capital contributions and transfers	\$ (1,200,957)
Capital contributions	<u>2,076,013</u>
Change in net position	875,056
Net position, beginning of year	<u>32,182,357</u>
Net position, end of year	\$ <u>33,057,413</u>

City of Port Wentworth, Georgia

Water and Sewer Enterprise Fund

Statement of Cash Flows

Year ended June 30, 2022

CASH FLOWS FROM OPERATING ACTIVITIES	
Cash received from customers	\$ 4,053,436
Cash payments to suppliers for goods and services	(4,077,379)
Cash payments to employees for services	(89,658)
Net cash used by operating activities	(113,601)
CASH FLOW FROM NON-CAPITAL FINANCING ACTIVITIES	
Decrease in interfund payables	(12,002)
Net cash used by non-capital financing activities	(12,002)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Principal paid on long-term debt	(146,600)
Interest paid on long-term debt	(129,425)
Aid to construction	1,928,772
Lease interest	9,511
Acquisition and construction of capital assets	(87,174)
Proceeds from sale of capital assets	5,550
Net cash provided by capital and related financing activities	1,580,634
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest on investments	6,217
Net cash provided by investing activities	6,217
Net increase in cash and cash equivalents	1,461,248
Cash and cash equivalents, beginning of year	12,661,568
Cash and cash equivalents, end of year	\$ 14,122,816
RECONCILIATION TO THE STATEMENT OF NET POSITION	
Cash and investments	\$ 13,356,689
Restricted cash and investments	766,127
	\$ 14,122,816
RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED BY OPERATING ACTIVITIES	
Operating loss	\$ (1,093,019)
Adjustments to reconcile operating loss to net cash used by operating activities	
Depreciation	1,194,075
Pension	(4,957)
Changes in assets and liabilities	
Increase in accounts receivable	(67,125)
Increase in prepaid items	(7,961)
Decrease in accounts payable	(160,458)
Increase in customer deposits	26,884
Increase in compensated absences	(1,040)
Total adjustments	979,418
Net cash used by operating activities	\$ (113,601)
NON-CASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES	
Capital assets transferred from governmental activities	\$ 147,241
Net non-cash investing, capital, and financing activities	\$ 147,241



City of Port Wentworth, Georgia

Notes to the Basic Financial Statements

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of Government-wide Financial Statements

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

B. Reporting Entity

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

C. Basis of Presentation – Government-wide Financial Statements

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental funds, while business-type activities incorporate data from the government's enterprise funds. Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements.

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

D. Basis of presentation – Fund Financial Statements

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

City of Port Wentworth, Georgia

Notes to the Basic Financial Statements

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

The government reports the following major governmental funds:

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

The *American Rescue Plan Act ("ARPA") Fund* accounts for the revenue and expenditures associated with the U.S. Department of Treasury's Coronavirus State and Local Recovery Fund established by the American Rescue Plan Act of 2021.

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

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

The government reports the following major enterprise fund:

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

Additionally, the government reports the following fund types:

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

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

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

City of Port Wentworth, Georgia

Notes to the Basic Financial Statements

E. Measurement Focus and Basis of Accounting

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

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

The governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 30 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, including lease liabilities, as well as expenditures related to compensated absences, and claims and judgments, are recorded only when payment is due. General capital asset acquisitions, including entering into contracts giving the City the right to use leases assets, are reported as expenditures in governmental funds. Issuance of long-term debt, financing through leases, and acquisitions under financed purchase agreements are reported as other financial sources.

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

The proprietary fund is reported using the *economic resources measurement focus* and the *accrual basis of accounting*.

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

1. Cash and investment

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

City of Port Wentworth, Georgia

Notes to the Basic Financial Statements

1. Cash and investment (cont.)

agreements; and the Local Government Investment Pool of the State of Georgia (Georgia Fund 1). Investments for the City are reported at fair value. The City invested funds in Georgia Fund 1, a local government investment pool. Georgia Fund 1 is managed by the office of the State Treasurer under Georgia Law (OCGA 36-83-8). The pool is not registered with the SEC as an investment company. The fair value of the City's position in the pool is the same as the value of pool shares (\$1 per share value).

2. Receivables and payables

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

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

3. Prepaid items

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

4. Restricted assets

Assets are reported as restricted when limitations on their uses change the nature or normal understanding of the availability of the asset. Such constraints are either externally imposed by creditors, contributors, grantors, or laws of other governments, or are imposed by law through constitutional provisions or enabling legislation. When both restricted and non-restricted assets are available for use, it is the government's policy to use restricted resources first, then non-restricted resources, as they are needed.

5. Capital assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. General infrastructure assets acquired prior to July 1, 2003 are not reported in the government-wide financial statements. No long-term capital assets or depreciation are shown in the governmental fund financial statements. All capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Capital assets are recorded at cost or estimated historical cost if purchased or constructed and updated for additions and retirements during the year. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. Donated capital assets, donated works of art and similar items, and capital assets received in a service concession arrangement are reported at acquisition value.

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

City of Port Wentworth, Georgia

Notes to the Basic Financial Statements

5. Capital assets (cont.)

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

Assets	Years
Buildings and improvements	20 - 50
Infrastructure	20 - 50
Machinery and equipment	05 - 20
Vehicles	03 - 10
Right-to-use leased office space	05 - 07

6. Leases

Lessee and Lessor

The City is a lessee for noncancellable lease of office space. The City recognizes a lease liability and an intangible right-to-use lease asset in the government-wide financial statements.

The City is a lessor for noncancellable leases of premises for telecommunications.

The City recognizes lease liabilities with an initial, individual value of \$5,000 or more.

At the commencement of a lease, the City initially measures the lease receivable and lease liability at the present value of payments expected to be received / made during the lease term. Subsequently, the lease receivable / liability is reduced by the principal portion of lease payments received / made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

Key estimates and judgments related to leases include how the City determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments:

- The City uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the City generally uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option prices that the City is reasonably certain to exercise.

The City monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability. Lease assets are reported with other capital assets and lease liabilities are reported with long-term debt on the statement of net position.

City of Port Wentworth, Georgia

Notes to the Basic Financial Statements

7. Long-term obligations

In the government-wide financial statements and proprietary fund type in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, or business-type activities statement of net position. Bond premiums and discounts are deferred and amortized over the life of bonds using the straight-line method.

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

8. Deferred outflows/inflows of resources

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

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

The government-wide statements and proprietary fund type in the fund financial statements have additional deferred outflows of resources and deferred inflows of resources not reported on the modified accrual basis. These deferred outflows of resources and deferred inflows of resources related to lease revenue receivable and pensions result from the deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement and changes in net pension liability not included in pension expense due to effects in actuarial differences, changes in assumptions, and differences between actual and projected earnings on plan investments.

9. Net Position Flow Assumption

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

10. Fund Balance Flow Assumption

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

City of Port Wentworth, Georgia

Notes to the Basic Financial Statements

11. Equity Classification

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

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

Restricted net position consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws and regulations of other governments; or (2) law through constitutional provisions or enabling legislation.

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

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

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

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

Committed fund balance can only be used for specific purposes pursuant to constraints imposed by formal resolutions of the City Council, the government’s highest level of decision-making authority. Those committed amounts cannot be used for any other purpose unless the City Council removes the specified use by taking the same type of action imposing the commitment. This classification also includes contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

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

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

City of Port Wentworth, Georgia

Notes to the Basic Financial Statements

11. Equity Classification (cont.)

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

12. Use of estimates

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

G. Revenues and Expenditures/Expenses

1. Program Revenues

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

2. Property Taxes

Property taxes attach as an enforceable lien on real property and are levied as of January 1 on property values assessed on the same date. Tax bills were rendered September 15, 2021 and were due November 15, 2021. The billings are considered past due 60 days after the respective tax billing date at which time the applicable property is subject to lien and penalties and interest are assessed. A millage rate of 4.160 mills was adopted on June 30, 2021.

3. Compensated Absences

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

4. Proprietary Funds Operating and Nonoperating Revenues and Expenses

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the water and sewer fund are charges to customers for services provided. Operating expenses of the enterprise fund include the cost of services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

City of Port Wentworth, Georgia

Notes to the Basic Financial Statements

II. DETAILED NOTES ON ALL FUNDS

A. Cash and Investments

As of June 30, 2022, the City had the following investments:

Investment	Maturities	Fair Value
Georgia Fund I (Local Government Investment Pool)	Weighted average 43 days	\$ 12,530,430

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

Credit risk – the risk that an issuer or counterparty to an investment will not fulfill its obligations. The City has no investment policy that would further limit its investment choices from those authorized and listed in Note 1.F.1. As of June 30, 2022, the City's investment in the Georgia Fund I was rated AA+ by Standards & Poor's.

The carrying amount of the City's cash and investments totaled \$36,874,898 on June 30, 2022 as summarized below (by type and by balance sheet classification):

Accounts by Type		June 30, 2022
Deposits	\$	24,345,469
Investments		12,530,430
Total carrying value of cash and cash equivalents	\$	36,875,899
Accounts by Balance Sheet Classification		
Cash and cash equivalents	\$	35,967,842
Restricted cash and cash equivalents		908,057
Total carrying value of cash and cash equivalents	\$	36,875,899

Custodial credit risk - the risk that in the event of a bank failure, the City's deposits may not be returned, or the City will not be able to recover collateral securities in the possession of an outside party. Official Code of Georgia Annotated (O.C.G.A.) Section 45-8-12 provides that there shall not be on deposit at any time in any depository for a time longer than ten days a sum of money which has not been secured by a surety bond, by guarantee of insurance, or by collateral.

The aggregate of the face value of such surety bond and the fair value of securities pledged shall be equal to not less than 110% of the public funds being secured after the deduction of insurance provided by the Federal Deposit Insurance Corporation (FDIC) in the amount of \$250,000. The City has no custodial credit risk policy that would require additional collateral requirements. At June 30, 2022, 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

B. Receivables

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

June 30, 2022	General	ARPA Fund	Capital Projects	Hotel/ Motel Tax Fund	Water and Sewer	Total
Receivables						
Taxes	\$ 512,171	\$ -	\$ -	\$ 185,556	\$ -	\$ 697,727
Accounts	155,924	-	-	-	622,317	778,241
Intergovernmental	517,831	1,800,150	425,412	-	-	2,743,393
Gross receivable	1,185,926	1,800,150	425,412	185,556	622,317	4,219,361
Allowance for uncollectibles	(45,029)	-	-	-	(115,205)	(160,234)
Total net receivables	\$ 1,140,897	\$ 1,800,150	\$ 425,412	\$ 185,556	\$ 507,112	\$ 4,059,127

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

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

June 30, 2022	Unavailable	Unearned	Total Unearned and Unavailable
2022 Property tax collection	\$ 779,107	\$ -	\$ 779,107
Grant receivable	-	1,800,150	1,800,150
Delinquent property taxes receivable	16,676	-	16,676
Hotel motel taxes receivable	52,415	-	52,415
Franchise taxes receivable	382,050	-	382,050
	\$ 1,230,248	\$ 1,800,150	\$ 3,030,248

City of Port Wentworth, Georgia

Notes to the Basic Financial Statements

C. Capital Assets

Capital asset activity for the year ended June 30, 2022 was as follows:

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Governmental activities					
<u>Non-depreciable assets</u>					
Land	\$ 1,188,889	\$ 294,502	\$ -	\$ -	\$ 1,483,391
Construction in progress	752,641	1,605,156	-	(1,609,649)	748,148
Total capital assets not being depreciated	<u>1,941,530</u>	<u>1,899,658</u>	<u>-</u>	<u>(1,609,649)</u>	<u>2,231,539</u>
<u>Depreciable assets</u>					
Building and improvements	5,923,306	105,871	-	-	6,029,177
Machinery, equipment and vehicles	7,983,343	1,372,218	(125,160)	-	9,230,401
Infrastructure	14,883,401	-	-	1,462,408	16,345,809
Subtotals depreciable assets	<u>28,790,050</u>	<u>1,478,089</u>	<u>(125,160)</u>	<u>1,462,408</u>	<u>31,605,387</u>
<u>Accumulated depreciation</u>					
Building and improvements	(2,181,152)	(193,219)	-	-	(2,374,371)
Machinery, equipment and vehicles	(5,374,134)	(713,061)	70,116	-	(6,017,079)
Infrastructure	(4,047,367)	(581,756)	-	-	(4,629,123)
Subtotals accumulated depreciation	<u>(11,602,653)</u>	<u>(1,488,036)</u>	<u>70,116</u>	<u>-</u>	<u>(13,020,573)</u>
Total capital assets being depreciated, net	<u>17,187,397</u>	<u>(9,947)</u>	<u>(55,044)</u>	<u>1,462,408</u>	<u>18,584,814</u>
Governmental activities capital assets, net	<u>\$ 19,128,927</u>	<u>\$ 1,889,711</u>	<u>\$ (55,044)</u>	<u>\$ (147,241)</u>	20,816,353
Lease assets, net					222,285
Less related long-term debt outstanding					(2,973,386)
Less capital accounts payable and retainage					<u>(259,759)</u>
Net investment in capital assets					<u>\$ 17,805,493</u>

City of Port Wentworth, Georgia

Notes to the Basic Financial Statements

C. Capital Assets (cont.)

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Business-type activities					
<u>Non-depreciable assets</u>					
Land	\$ 240,232	\$ -	\$ -	\$ -	\$ 240,232
Construction in progress	-	19,107	-	147,241	166,348
Total capital assets not being depreciated	240,232	19,107	-	147,241	406,580
<u>Depreciable assets</u>					
Building and improvements	168,941	10,887	-	-	179,828
Machinery, equipment and vehicles	547,324	-	(36,733)	-	510,591
Infrastructure	38,440,476	57,180	-	-	38,497,656
Subtotals depreciable assets	39,156,741	68,067	(36,733)	-	39,188,075
<u>Accumulated depreciation</u>					
Building and improvements	(39,642)	(11,369)	-	-	(51,011)
Machinery, equipment and vehicles	(500,503)	(55,296)	36,733	-	(519,066)
Infrastructure	(14,179,173)	(1,127,410)	-	-	(15,306,583)
Subtotals accumulated depreciation	(14,719,318)	(1,194,075)	36,733	-	(15,876,660)
Total capital assets being depreciated, net	24,437,423	(1,126,008)	-	-	23,311,415
Business-type activities capital assets, net	\$ 24,677,655	\$ (1,106,901)	\$ -	\$ 147,241	23,717,995
Less related long-term debt outstanding					(4,469,198)
Net investment in capital assets					\$ 19,248,797

City of Port Wentworth, Georgia

Notes to the Basic Financial Statements

C. Capital Assets (cont.)

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

	<u>June 30, 2022</u>
<i>Governmental activities</i>	
General government	\$ 136,562
Judiciary	2,910
Public safety	642,965
Public works	565,240
Culture and recreation	106,152
Housing and development	<u>34,207</u>
Total governmental activities	
depreciation expense	\$ <u>1,488,036</u>
 <i>Business-type activities</i>	
Sewer	\$ 507,786
Water	271,785
Wastewater treatment	<u>414,504</u>
Total business-type activities	
depreciation expense	\$ <u>1,194,075</u>

D. Lease Assets

A summary of lease asset activity for the City for the year ended June 30, 2022, is as follows:

Governmental activities					
	Beginning Balance	Additions	Deletions	Remeasurements	Ending Balance
Lease asset	\$ -	\$ 245,280	\$ -	\$ -	<u>\$ 245,280</u>
	<u>-</u>	<u>245,280</u>	<u>-</u>	<u>-</u>	<u>245,280</u>
Accumulated Amortization	-	(22,995)	-	-	(22,995)
	<u>-</u>	<u>(22,995)</u>	<u>-</u>	<u>-</u>	<u>(22,995)</u>
Lease asset, net	<u>\$ -</u>	<u>\$ 222,285</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 222,285</u>

City of Port Wentworth, Georgia

Notes to the Basic Financial Statements

E. Defined Benefit Pension Plan and Net Pension Liability

Plan description – The City's defined benefit pension plan, City of Port Wentworth Retirement Plan (the Plan), provides pensions for all full-time employees of the City eligible for participation in the Plan. The Plan is affiliated with the Georgia Municipal Employees Benefit System (GMEBS), a state-wide, agent multiple-employer pension plan administrated by the Georgia Municipal Association. The Georgia Municipal Association issues a publicly available financial report that includes financial statements and required supplementary information for the Plan. That report may be obtained by writing to Georgia Municipal Employees Benefit System, 201 Pryor Street, SW, Atlanta, Georgia 30303.

Benefits provided – The Plan provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to vested employees. Employees become vested after five years of service to the City. Officials are vested immediately and will receive a retirement benefit of \$10 per month per year. These benefit provisions and all other requirements are established by local ordinance.

Employees covered by benefit terms – At January 1, 2022, the date of the latest actuarial valuation, the plan membership included the following categories of participants:

Inactive employees (or their beneficiaries) currently receiving benefits	51
Inactive employees entitled to, but not yet receiving benefits	63
Active employees	82
Active elected officials	6
Total	<u>202</u>

Contributions – The GMEBS board of Trustees has adopted an actuarial funding policy for determination of annual contributions and the systematic funding of liabilities arising under the Plan. The annual minimum contribution is the sum of 1) the normal cost (including administrative expenses), 2) the closed level dollar amortization of the unfunded actuarial accrued liability over a period that ranges from 10 to 30 years based on the funding policy adopted by the GMEBS Board of Trustees, and 3) interest on these amounts from the valuation date to the date contributions are paid (assumed monthly). The GMEBS Board of Trustees has adopted an actuarial funding policy that requires a different funding level than the state estimated minimum annual contribution in an effort to minimize fluctuations in annual contribution amounts and to accumulate sufficient funds to secure benefits under the plan. If the employer contributes the recommended contribution developed under the actuarial funding policy each year, the Plan will meet applicable state funding standards. The estimated minimum annual contribution under these standards is \$166,147.

City of Port Wentworth, Georgia

Notes to the Basic Financial Statements

E. Defined Benefit Pension Plan and Net Pension Asset (cont.)

Net pension liability – The City’s net pension liability was measured as of September 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2022.

Actuarial assumptions – The total pension liability in the January 1, 2022 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Net investment rate of return	7.375%
Projected salary increases	2.25%, plus service-based merit increases
Cost of living adjustments	2.25%

Source of mortality assumptions are as follows:

Healthy	Sex-distinct Pri-2012 headcount weighted Healthy Retiree Mortality Table with rates x 1.25
Disabled	Sex-distinct Pri-2012 headcount weighted Disabled Retiree Mortality Table with rates x 1.25
Active participants, terminated vested participants, and deferred beneficiaries:	Sex-distinct Pri-2012 head-count weighted Employee Mortality Table
Plan termination basis (all lives)	1994 Group Annuity Reserving Unisex Table

The mortality and economic actuarial assumptions used in the January 1, 2022 valuation were based on the results of an actuarial experience study for the period January 1, 2015 through June 30, 2020.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The difference between the resulting rate and the rate on the ongoing basis is a margin for adverse deviation.

Best estimates of arithmetic real rates of return for each major asset class included in the pension plan’s target asset allocation as of March 31, 2020 are summarized in the following table:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Domestic equity	45%	6.55%
International equity	20%	7.30%
Domestic fixed income	20%	.40%
Global fixed income	5%	.50%
Real estate	10%	3.65%
	100%	

City of Port Wentworth, Georgia

Notes to the Basic Financial Statements

E. Defined Benefit Pension Plan and Net Pension Asset (cont.)

Discount rate – The discount rate used to measure the total pension liability was 7.375%. The projection of cash flows used to determine the discount rate assumed that City contributions will be made at the current contribution rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in net pension (asset) liability are as follows:

	Total Pension Liability (TPL)	Fiduciary Net Position (FNP)	Net Pension (Asset) Liability (NPA) NPL
Balances at September 30, 2020	\$ 8,441,031	\$ 8,396,738	\$ 44,293
Changes for the year:			
Service cost	192,814	-	192,814
Interest	622,681	-	622,681
Differences between expected and actual experience	24,179	-	24,179
Contributions, employer	-	166,466	(166,466)
Net investment income	-	2,020,809	(2,020,809)
Benefit payments, including refunds	(381,413)	(381,413)	-
Administrative expense	-	(21,024)	21,024
Net changes	458,261	1,784,838	(1,326,577)
Balances at September 30, 2021	\$ 8,899,292	\$ 10,181,576	\$ (1,282,284)

The balances as of September 30, 2020 and 2021 include entry age normal liabilities calculated using ages and service amounts as of January 1, 2021 and 2022, respectively, and constitute measurements of the net pension (asset) liability for the fiscal years ending June 30, 2021 and 2022, respectively.

Sensitivity of the net pension liability (asset) to changes in the discount rate – The following represents the net pension liability (asset) of the City calculated using the discount rate of 7.375%, as well as what the City's net pension liability (asset) would be if it were calculated using a discount rate that is 1.00% point lower (6.375%) or 1.00% higher (8.375%) than the current discount rate.

	1.00% Decrease (6.375%)	Current Discount Rate (7.375%)	1.00% Increase (8.375%)
City's net pension liability (asset)	\$ 86,638	\$ (1,282,284)	\$ (2,383,184)

City of Port Wentworth, Georgia

Notes to the Basic Financial Statements

E. Defined Benefit Pension Plan and Net Pension Asset (cont.)

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

Pension expense for the year ended June 30, 2022:

Service cost	\$	192,814
Interest on Total Pension Liability (TPL)		622,681
Administrative expenses		20,896
Expected return on assets		(610,562)
Expensed portion of current year period differences between expected and actual experience in TPL		6,044
Expensed portion of current year period differences between projected and actual investment earnings		(282,051)
Current year recognition of deferred inflows and outflows established in prior years		49,794
Total pension expense	\$	(384)

At June 30, 2022, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflow of Resources	Deferred Inflow of Resources
Differences between expected and actual experience	\$ 187,482	\$ -
Changes of assumptions	-	(4,720)
Net difference between projected and actual earnings on pension plan investments	-	(1,131,815)
The City’s contribution to the pension plan subsequent to the measurement date	242,355	-
Total deferred outflows/(inflows)	\$ 429,837	\$ (1,136,535)

City of Port Wentworth, Georgia

Notes to the Basic Financial Statements

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

The amount of deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date, \$242,355, will be recognized as a reduction of the net pension liability in the year ended June 30, 2023. Other amounts reported as pension expense and deferred outflows/inflows of resources related to pensions are projected to be recognized currently and in future years as follows:

	Year Established	Outstanding Balance at July 1, 2021	Amount Recognized during Year ended June 30, 2022	Outstanding Balance at June 30, 2022
Outflows:				
Demographic	2019	\$ 47,821	\$ 47,821	\$ -
Demographic	2020	67,786	33,893	33,893
Investment	2020	209,991	69,997	139,994
Demographic	2021	203,181	67,727	135,454
Demographic	2022	24,179	6,044	18,135
		<u>552,958</u>	<u>225,482</u>	<u>327,476</u>
Inflows:				
Investment	2018	(93,408)	(93,408)	-
Investment	2019	(70,824)	(35,412)	(35,412)
Investment	2021	(144,416)	(36,106)	(108,312)
Investment	2022	(1,410,247)	(281,948)	(1,128,085)
Assumption change	2020	(9,440)	(4,720)	(4,720)
Total Inflows		<u>(1,728,335)</u>	<u>(451,594)</u>	<u>(1,276,529)</u>
Total Outflows		\$ <u>(1,175,377)</u>	\$ <u>(226,112)</u>	\$ <u>(949,053)</u>

Deferred (Inflows)/Outflows Recognized in Future Years:

	Year Established	2023	2024	2025	2026
Outflows:					
Demographic	2020	\$ 33,893	\$ -	\$ -	\$ -
Investment	2020	69,997	69,997	-	-
Demographic	2021	67,727	67,727	-	-
Demographic	2022	6,045	6,045	6,045	-
		<u>177,662</u>	<u>143,769</u>	<u>6,045</u>	<u>-</u>
Inflows:					
Investment	2019	(35,301)	-	-	-
Assumption change	2020	(4,720)	-	-	-
Investment	2021	(36,104)	(36,104)	(36,104)	-
Investment	2022	(282,049)	(282,049)	(282,049)	(282,049)
Total Inflows		<u>(358,174)</u>	<u>(318,153)</u>	<u>(318,153)</u>	<u>(282,049)</u>
Total (Inflows)/Outflows/		\$ <u>(180,512)</u>	\$ <u>(174,384)</u>	\$ <u>(312,108)</u>	\$ <u>(282,049)</u>

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

City of Port Wentworth, Georgia

Notes to the Basic Financial Statements

F. Defined Contribution Plan

Plan description - In April 2001, the City elected to participate in the Georgia Municipal Association (GMA) 401(a) Defined Contribution Plan (the Plan). The Plan is administered by GMA. The Plan requires the City to contribute 8.2% of the eligible participant's salary (employer portion). No employees were eligible to participate in the Plan during the current fiscal year. There are no required contributions by Plan members. Contributions are 100% vested from the time credited to the participant's account and therefore, upon a participant's separation from service, there are no forfeitures of employer contributions. Plan provisions are established in the Plan Adoption Agreement and may be amended by City Council, so long as the amendment is not inconsistent with the Plan, the Internal Revenue Code or other applicable law and is approved by the trustees of the Plan. During the year ended June 30, 2022, the City made contributions of \$7,118 to the Plan.

G. 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.

H. Financed Purchases

The City has a finance purchase agreement with Truist Bank. The agreement was executed in August 2017 with a ten-year term of 120 monthly payments to acquire a fire truck. The loan has an annual interest rate of 2.48% and maturity date of February 17, 2027.

The City has a finance purchase agreement with Truist Bank. The agreement was executed in December 2018 with a ten-year term of 40 quarterly payments to acquire a mobile command vehicle. The vehicles have ten-year estimated useful lives. The loan has an annual interest rate of 3.60% and maturity date of March 5, 2029.

Accumulated amortization for assets recorded under capital leases is included with depreciation expense. These lease agreements qualify as financed purchases for accounting purposes and, therefore, have been recorded at the present value of future minimum lease payments as of the inception date. The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2022, were as follows:

City of Port Wentworth, Georgia

Notes to the Basic Financial Statements

H. Financed Purchases (cont.)

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

Year ending June 30,	Governmental-Type Activities		
	Principal	Interest	Total
2023	\$ 166,200	\$ 28,734	\$ 194,934
2024	171,582	23,350	194,932
2025	177,142	17,789	194,931
2026	182,884	12,048	194,932
2027	149,597	6,173	155,770
2028-2030	97,313	3,088	100,401
	<u>\$ 944,718</u>	<u>\$ 91,182</u>	<u>\$ 1,035,900</u>

I. Long-term Debt

Loans payable from direct borrowings – Governmental activities

City Hall Loan – The City has a loan agreement with the JPMorgan Chase Bank. This loan was executed on May 10, 2019 in the amount of \$2,500,000. The loan has an annual interest rate of 2.5% and maturity date of May 10, 2029. As of June 30, 2022, the loan balance was \$1,793,679.

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

Year ending June 30,	Governmental-Type Activities		
	Principal	Interest	Total
2023	\$ 241,259	\$ 42,072	\$ 283,331
2024	247,360	35,970	283,330
2025	253,615	29,715	283,330
2026	260,029	23,302	283,331
2027	266,605	16,726	283,331
2028-2030	524,811	13,067	537,878
	<u>\$ 1,793,679</u>	<u>\$ 160,852</u>	<u>\$ 1,954,531</u>

Leases payable from lease agreements – Governmental activities

In January 2022, the City entered into a 64-month lease agreement as lessee for the use of office space. An initial lease liability was recorded in the amount of \$245,280. As of June 30, 2022, the value of the lease liability was \$234,989. The City is required to make monthly principal and interest payments in the amount of \$1,976 for four months, increasing to \$4,000 for the next 12 months with a 5% increase annually for the remaining lease term. The lease has an interest rate of 3.60%, the City's incremental borrowing rate. The office space has a five-year estimated useful life and the value of the right-to-use asset as of the end of the current fiscal year was \$245,280 and had accumulated amortization of \$22,995.

City of Port Wentworth, Georgia

Notes to the Basic Financial Statements

I. Long-term Debt (cont.)

Annual debt service requirements to maturity for the City's leases are as follows:

Year ending June 30,	Business-Type Activities		
	Principal	Interest	Total
2023	\$ 40,600	\$ 7,800	\$ 48,400
2024	44,546	6,274	50,820
2025	48,759	4,602	53,361
2026	53,256	2,773	56,029
2027	47,828	792	48,620
	<u>\$ 234,989</u>	<u>\$ 22,241</u>	<u>\$ 257,230</u>

Loans payable from direct borrowings – business-type activities

GEFA Loan - The City has a loan with the Georgia Environmental Finance Authority (GEFA), a state agency. The GEFA makes low interest long-term loans to fund improvements to publicly owned water and sewer systems. The loan proceeds were used to fund construction of a 500,000-gallon elevated water tank. This loan was executed on August 1, 2016 in the amount of \$1,953,990. The loan has an annual interest rate of 3.03% and maturity date of August 1, 2036. As of June 30, 2022, the loan balance was \$1,500,375.

USDA Loan - The City has a loan with the United States Department of Agriculture, Rural Development, Community Programs Division (USDA). This loan provided funding for construction of the City's wastewater treatment plant and other water and sewer capital improvements. On June 18, 2012, the 2.75% loan was executed at \$3,527,716, with a maturity date of June 18, 2052. A sinking fund account is set up for the loan to hold the required reserved as established by USDA. This amount is accounted for in the Water and Sewer Enterprise Fund cash and investments balance. As of June 30, 2022, the loan balance was \$2,968,823.

Annual debt service requirements to maturity for the City's loans are as follows:

Year ending June 30,	Business-Type Activities		
	Principal	Interest	Total
2023	\$ 151,141	\$ 124,885	\$ 276,026
2024	155,599	120,427	276,026
2025	160,188	115,838	276,026
2026	164,912	111,114	276,026
2027	169,777	106,249	276,026
2028-2032	927,037	453,092	1,380,129
2033-2037	958,146	309,516	1,267,662
2038-2042	517,234	210,926	728,160
2043-2047	593,382	134,778	728,160
2048-2052	671,782	47,420	719,202
	<u>\$ 4,469,198</u>	<u>\$ 1,734,245</u>	<u>\$ 6,203,443</u>

City of Port Wentworth, Georgia

Notes to the Basic Financial Statements

I. Long-term Debt (cont.)

Changes in long-term liabilities:

	Outstanding July 1, 2021	Increase	Decrease	Outstanding June 30, 2022	Due within One Year
<i>Governmental activities</i>					
Financed purchases	\$ 1,105,701	\$ -	\$ 160,983	\$ 944,718	\$ 166,200
Direct borrowings	2,028,362	-	234,683	1,793,679	241,259
Leases	-	245,280	10,291	234,989	40,600
Compensated absences	214,484	212,036	171,440	255,080	169,939
Total governmental activities	\$ <u>3,348,547</u>	\$ <u>457,316</u>	\$ <u>577,397</u>	\$ <u>3,228,466</u>	\$ <u>617,998</u>
<i>Business-type activities</i>					
Direct borrowings	\$ 4,615,798	\$ -	\$ 146,600	\$ 4,469,198	\$ 151,141
Compensated absences	1,040	329	1,369	-	-
Total business-type activities	\$ <u>4,616,838</u>	\$ <u>329</u>	\$ <u>147,969</u>	\$ <u>4,469,198</u>	\$ <u>151,141</u>

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

The legal debt limit is \$53,329,773 at June 30, 2022. Refer to page G-20 for further details on debt limitations.

City of Port Wentworth, Georgia

Notes to the Basic Financial Statements

J. Interfund Receivables, Payables, and Transfers

Interfund receivable and payable balances as of June 30, 2022 are as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Hotel/Motel Fund	\$ 66,586
General Fund	Water and Sewer Enterprise Fund	21,328
General Fund	Capital Projects Fund	46,130
Total interfund receivables		<u>\$ 134,044</u>

<u>Payable Fund</u>	<u>Receivable Fund</u>	<u>Amount</u>
Hotel/Motel Fund	General Fund	\$ 66,586
Capital Projects Fund	General Fund	46,130
Capital Projects Fund	Water and Sewer Enterprise Fund	25,000
		<u>137,716</u>
Total interfund receivables and payables (net)		<u>\$ 3,672</u>

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

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

<u>Transfers in</u>	<u>Transfers Out</u>	<u>Purpose</u>	<u>Amount</u>
General Fund	Hotel/Motel Tax Fund	Tax revenue distribution	\$ 651,766
ARPA Fund	General Fund	Grant revenue	1,800,150

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.

K. 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. There are no commitments or contingencies related to the construction in progress activity at June 30, 2022.

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

City of Port Wentworth, Georgia

Notes to the Basic Financial Statements

L. Budgetary Information

Budgets and budgetary accounting – Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America for the general and special revenue funds. The level of legal budgetary control (the level at which expenditures may not exceed appropriations) is at the department level. Supplemental appropriations and decreases in budget appropriations were properly approved by the City Council. Department heads, with the approval of the city manager, may transfer appropriations within their department. Interdepartmental transfers require the approval of the city manager. The effect of the application of GASB No. 84 increased municipal court expenditures and resulted in the material variance within the general municipal court department. Hotel Motel collections exceeded budgeted revenues due to the improvement in the travel by the economy in 2022 thus the amount paid to the contracted intergovernmental assistance company and transferred to General Fund was higher than budgeted.

M. Membership in a Regional Commission

Under Georgia law, the City is a member of the Coastal Regional Commission of Georgia (CRC) and is required to pay annual dues thereto. During its year ended June 30, 2022, the City paid \$6,967 in such dues. Membership in a Regional Commission is required by the Official Code of Georgia Annotated (O.C.G.A.) Section 50-8-34 which provides for the organizational structure of the CRC in Georgia. Membership in the commission currently consists of 45 members from Bryan, Bulloch, Camden, Chatham, Effingham, Glynn, Liberty, Long, McIntosh and Screven counties. Membership includes prominent elected officials from each of these counties, plus state appointed and ex-officio members. O.C.G.A. 50-8-39.1 provides that the member governments are liable for any debts or obligations of a CRC. Management believes that the CRC is currently accumulating sufficient financial resources to meet its financial obligations. Separate financial statements may be obtained from the Coastal Georgia Regional Development Center, 1181 Coastal Drive SW, Darien, GA 31305.

N. Tax Abatements

The City has entered into tax abatement agreements to promote economic development in Chatham County through the Savannah Economic Development Authority (SEDA). SEDA can enter into agreements for industrial projects to encourage the creation of jobs and new capital investment through an “Investment Assistance Program”. Georgia case law and statutory provisions, including the Development Authorities Law (Title 36 Chapter 62 of the Georgia Code Annotated), provide SEDA with the power to enter into such agreements with businesses. The City has determined that these agreements will promote and expand industry and trade within the City and reduce unemployment to the greatest extent possible, in furtherance of the public purposes for which they were created. For the year ended June 30, 2022, the City abated property taxes of \$80,981.



Required Supplementary Information Other Than Management's Discussion & Analysis



City of Port Wentworth, Georgia

General Fund

Budgetary Comparison Schedule

Year ended June 30, 2022

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget Positive (Negative)
REVENUES				
Taxes	\$ 6,029,074	\$ 6,464,972	\$ 7,210,071	\$ 745,099
Licenses and permits	453,720	602,720	829,030	226,310
Intergovernmental revenues	104,129	104,129	232,252	128,123
Charges for services	2,131,686	2,410,555	2,470,934	60,379
Fines and forfeitures	1,582,177	1,643,147	2,412,587	769,440
Investment income	18,054	18,054	29,722	11,668
Miscellaneous	60,735	60,735	27,295	(33,440)
Total revenues	10,379,575	11,304,312	13,211,891	1,907,579
EXPENDITURES				
Current				
General government				
City Council	116,548	108,098	100,664	7,434
Mayor	38,998	57,413	49,703	7,710
General administration	1,075,952	1,598,509	1,468,278	130,231
Judicial				
Municipal court	307,566	292,566	665,350	(372,784)
Public safety				
Police	4,434,441	4,547,410	3,781,436	765,974
Fire	2,579,260	2,648,260	2,588,883	59,377
Emergency management	117,598	105,598	93,414	12,184
Public works				
Highways and streets	258,143	484,090	283,401	200,689
Storm drainage	59,700	91,453	88,979	2,474
Sanitation	804,850	1,248,475	1,247,482	993
Culture and recreation				
Recreation	845,086	845,086	573,841	271,245
Housing and development				
Inspections	695,765	695,765	694,280	1,485
Debt service				
Principal	396,046	396,046	405,957	(9,911)
Interest	81,996	81,996	86,232	(4,236)
Total expenditures	11,811,949	13,200,765	12,127,900	1,072,865
(Deficiency) surplus of revenues				
(under) over expenditures	(1,432,374)	(1,896,453)	1,083,991	2,980,444
OTHER FINANCING SOURCES (USES)				
Transfers in	1,432,374	1,896,453	651,766	(1,244,687)
Transfers out	-	(1,800,150)	(1,800,150)	-
Lease proceeds	-	-	245,280	245,280
Sale of capital assets	-	-	84,016	84,016
Insurance proceeds	-	-	5,107	5,107
Total other financing sources (uses)	1,432,374	96,303	(813,981)	(910,284)

City of Port Wentworth, Georgia

General Fund

Budgetary Comparison Schedule (cont.)

Year ended June 30, 2022

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Net change in fund balance	-	(1,800,150)	270,010	2,070,160
Fund balance, beginning of year	16,427,419	16,427,419	16,427,419	-
Fund balance, end of year	\$ 16,427,419	\$ 14,627,269	\$ 16,697,429	\$ 2,070,160

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

City of Port Wentworth, Georgia
Special Revenue – Hotel/Motel and ARPA Funds
Budgetary Comparison Schedules
Year ended June 30, 2022

HOTEL/MOTEL	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
REVENUES				
Taxes	\$ 473,872	\$ 833,833	\$ 1,303,083	\$ 469,250
Investment income	-	-	187	187
Total revenue	473,872	833,833	1,303,270	469,437
EXPENDITURES				
Intergovernmental assistance	236,889	416,833	844,082	(427,249)
Total expenditures	236,889	416,833	844,082	(42,188)
Excess of revenues over expenditures	236,983	417,000	459,188	234,766
OTHER FINANCING USES				
Transfers out	(236,983)	(417,000)	(651,766)	234,766
Total other financing uses	(236,983)	(417,000)	(651,766)	234,766
Net change in fund balance	-	-	(192,578)	192,578
Fund balance, beginning of year	192,578	-	192,578	-
Fund balance, end of year	\$ 192,578	\$ -	\$ -	\$ -

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

ARPA	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
REVENUES				
Intergovernmental	\$ -	\$ 1,800,150	\$ 1,800,150	\$ -
Total revenue	-	1,800,150	1,800,150	-
EXPENDITURES				
Current				
General government		228,825	228,825	-
Judiciary		47,850	47,850	-
Public safety		1,267,758	1,267,758	-
Public works	-	34,330	34,330	-
Culture and recreation		127,890	127,890	-
Housing and development		93,497	93,497	-
Total expenditures	-	1,800,150	1,800,150	-
Net change in fund balance	-	-	-	-
Fund balance, beginning of year	-	-	-	-
Fund balance, end of year	\$ -	\$ -	\$ -	\$ -

City of Port Wentworth, Georgia

Notes to Required Supplementary Information

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

Supplemental appropriations and decreases in budget appropriations were properly approved by the City Council. For the year ended June 30, 2022, the following supplemental increase and decrease in appropriations were approved:

<u>Fund Type</u>	<u>Original Appropriations</u>	<u>Supplemental Appropriations</u>	<u>Supplemental Decreases</u>	<u>Final Appropriations</u>
General	\$ 11,811,949	\$ 1,388,816	\$ -	\$ 13,200,765
Hotel/motel tax	473,872	833,833	-	833,833
ARPA	-	1,800,150	-	1,800,150

The following departments incurred expenses in excess of final budget:

<u>Fund</u>	<u>Department</u>	<u>Variance</u>
General	Municipal Court	\$ 372,784
General	Debt service	14,147
Hotel Motel	Intergovernmental assistance	427,249
Hotel Motel	Transfers out	234,766

Department heads, with the approval of the city manager, may transfer appropriations within their department. Interdepartmental transfers require the approval of the city manager. The effect of the application of GASB No. 84 increased municipal court expenditures and resulted in the material variance within the general municipal court department. Hotel Motel collections exceeded budgeted revenues due to the improvement in the travel by the economy in 2022 thus the amount paid to the contracted intergovernmental assistance company and transferred to General Fund was higher than budgeted. The effect of GASB No. 87 increased debt service expenditures and resulted in the material variance.

City of Port Wentworth, Georgia

Required Supplementary Information

Schedule of Changes in the Net Pension Liability (Asset) and Related Ratios Last Ten Fiscal Years

<i>Fiscal year ended June 30,</i>	2013*	2014*	2015*	2016*	2017*
TOTAL PENSION LIABILITY					
Service cost	\$ -	\$ -	\$ -	\$ 97,877	\$ 115,559
Interest	-	-	-	439,379	453,854
Differences between expected & actual experience	-	-	-	(89,257)	134,050
Changes of assumptions	-	-	-	-	-
Changes of benefit terms	-	-	-	-	-
Benefit payments, including refunds of employee contributions	-	-	-	(253,230)	(269,196)
Net change in total pension liability	-	-	-	194,769	434,267
Total pension liability, beginning	-	-	-	5,796,016	5,990,785
Total pension liability, ending (a)	\$ -	\$ -	\$ -	\$ 5,990,785	\$ 6,425,052
PLAN FIDUCIARY NET POSITION					
Contributions, employer	\$ -	\$ -	\$ -	\$ 127,043	\$ 127,716
Contributions, employee	-	-	-	-	-
Net investment income	-	-	-	73,858	657,890
Benefit payments, including refunds of employee contributions	-	-	-	(253,230)	(269,196)
Administrative expense	-	-	-	(13,055)	(11,637)
Net change in fiduciary net position	-	-	-	(65,384)	504,773
Plan fiduciary net position, beginning	-	-	-	6,021,324	5,955,940
Plan fiduciary net position, ending (b)	\$ -	\$ -	\$ -	\$ 5,955,940	\$ 6,460,713
NET PENSION LIABILITY (ASSET), ending (a) – (b)	\$ -	\$ -	\$ -	\$ 34,845	\$ (35,661)
Plan's fiduciary net position as a percentage of the total pension liability	-	-	-	99.42%	100.56%
Covered-employee payroll	\$ -	\$ -	\$ -	\$ 1,870,923	\$ 2,054,379
Net pension liability (asset) as a percent of covered-employee payroll	-	-	-	(14.06%)	(1.74%)
<i>Fiscal year ended June 30,</i>	2018	2019	2020	2021	2022
TOTAL PENSION LIABILITY					
Service cost	\$ 136,548	\$ 165,255	\$ 168,952	\$ 186,803	\$ 192,814
Interest	493,644	508,526	548,377	574,328	622,681
Differences between expected & actual experience	(96,982)	191,283	135,573	270,908	24,179
Changes of assumptions	-	-	(18,881)	-	-
Changes of benefit terms	83,834	-	-	-	-
Benefit payments, including refunds of employee contributions	(273,935)	(306,135)	(368,710)	(383,409)	(381,413)
Net change in total pension liability	343,109	558,929	465,311	648,630	458,261
Total pension liability, beginning	6,425,052	6,768,161	7,327,090	7,792,401	8,441,031
Total pension liability, ending (a)	\$ 6,768,161	\$ 7,327,090	\$ 7,792,401	\$ 8,441,031	\$ 8,899,292
PLAN FIDUCIARY NET POSITION					
Contributions, employer	\$ 140,218	\$ 150,949	\$ 204,475	\$ 196,073	\$ 166,466
Contributions, employee	-	-	-	-	-
Net investment income	961,697	715,476	228,654	751,971	2,020,809
Benefit payments, including refunds of employee contributions	(273,935)	(306,135)	(368,710)	(383,409)	(381,413)
Administrative expense	(22,401)	(19,652)	(19,285)	(19,961)	(21,024)
Net change in fiduciary net position	805,579	540,638	45,134	544,674	1,784,838
Plan fiduciary net position, beginning	6,460,713	7,266,292	7,806,930	7,852,064	8,396,738
Plan fiduciary net position, ending (b)	\$ 7,266,292	\$ 7,806,930	\$ 7,852,064	\$ 8,396,738	\$ 10,181,576
NET PENSION LIABILITY (ASSET), ending (a) – (b)	\$ (498,131)	\$ (479,840)	\$ (59,663)	\$ 44,293	\$ (1,282,284)
Plan's fiduciary net position as a percentage of the total pension liability (asset)	107.36%	106.55%	100.77%	99.48%	114.41%
Covered payroll	\$ 2,617,570	\$ 2,594,412	\$ 3,082,614	\$ 3,664,175	\$ 4,160,964
Net pension liability (asset) as a percent of covered payroll	(19.03%)	(18.50%)	(1.94%)	1.21%	(30.82)%

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

City of Port Wentworth, Georgia

Required Supplementary Information

Schedule of Contributions

Last Ten Fiscal Years

<i>Fiscal year ended June 30,</i>	2013*	2014*	2015	2016	2017
Actuarially determined contribution	\$ -	\$ -	\$ 127,203	\$ 126,561	131,182
Contributions in relation to the actuarially determined contribution	-	-	140,178	126,561	134,932
Contribution deficiency (excess)	\$ -	\$ -	\$ (12,975)	\$ -	(3,750)
Covered payroll	\$ -	\$ -	\$ 2,315,288	\$ 2,555,161	3,068,766
Contributions as a percentage of covered payroll	-	-	6.05%	4.95%	4.40%
<i>Fiscal year ended June 30,</i>	2018	2019	2020	2021	2022**
Actuarially determined contribution	\$ 159,728	\$ 186,916	\$ 194,845	\$ 199,745	\$ 225,909
Contributions in relation to the actuarially determined contribution	159,728	186,916	194,845	183,101	225,909
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ 16,644	\$ -
Covered payroll	\$ 3,380,772	\$ 3,230,688	\$ 3,584,441	\$ 3,954,625	\$ 4,707,465
Contributions as a percentage of covered payroll	4.72%	5.79%	5.44%	4.63%	4.24%

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

**2022 Information is estimated. This information will be finalized after the current fiscal year end and included in the 2022 GMEBS actuarial report.

NOTES:

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

2021 covered payroll is based on data collected as of September 30, 2020 for the 2021 actuarial valuation.

The actuarially determined contribution rate was determined as of January 1, 2022, with an interest adjustment to the fiscal year. Contributions in relation to this actuarially determined contribution rate will be reported for the fiscal year ending June 30, 2023. The following methods and assumptions are used to determine contribution rates:

Actuarial cost method	Projected Unit Credit Cost Method which takes into consideration normal cost and actuarial accrued liability calculated on an individual basis and allocated by service. (NOTE: The Entry Age Actuarial Cost Method was used to measure Total Pension Liability.)
Amortization method	Closed level dollar for remaining unfunded liability
Remaining amortization period	N/A
Asset valuation method	Sum of actuarial value at the beginning of the year and the cash flow during the year plus the assumed investment return, adjusted by 10% of the amount that the value exceeds or is less than the fair value at the end of the year. The actuarial value is adjusted, if necessary, to be within 20% of fair value.
Actuarial Assumptions:	
Net Investment rate of return	7.375%
Projected salary increases	2.25% plus service-based merit increases
Cost of living adjustments	2.25%
Retirement age and mortality	See notes to the basic financial statements, page D-25



Supplementary Data – Individual Fund Statements, Schedules and State Mandated Program Information





City of Port Wentworth, Georgia

Special Revenue –Confiscated Assets

Budgetary Comparison Schedule

Year ended June 30, 2022

CONFISCATED ASSETS	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
REVENUES				
Fines and forfeitures	\$ -	\$ -	\$ 36,932	\$ 36,932
Total revenue	-	-	36,932	36,932
EXPENDITURES				
Current				
Public safety	-	-	297	(297)
Total expenditures	-	-	297	(297)
Net change in fund balance	-	-	36,635	36,635
Fund balance, beginning of year	4,947	4,947	4,947	-
Fund balance, end of year	\$ 4,947	\$ 4,947	\$ 41,582	\$ 36,635

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

City of Port Wentworth, Georgia
Schedule of Projects Constructed with
Special Purpose Local Option Sales Tax Proceeds
Year ended June 30, 2022

	<u>Original Estimated Cost</u>	<u>Revised Estimated Cost</u>	<u>Prior Years</u>	<u>Current Year</u>	<u>Total Cost</u>
2014 SPLOST EXPENDITURES					
Streets and roads	\$ 2,002,600	\$ 2,260,960	\$ 1,858,897	\$ 402,063	\$ 2,260,960
Recreation	998,200	998,200	828,712	19,407	848,119
Sewer systems	3,000,800	2,742,440	1,712,777	171,557	1,884,334
Downtown redevelopment	198,400	198,400	4	-	4
Total 2014 SPLOST expenditures	<u>\$ 6,200,000</u>	<u>\$ 6,200,000</u>	<u>\$ 4,400,390</u>	<u>\$ 593,027</u>	<u>\$ 4,993,417</u>
2021 SPLOST EXPENDITURES					
Roads and drainage	\$ 3,000,000	\$ 3,000,000	\$ -	\$ 733,527	\$ 733,527
Recreation	4,000,000	4,000,000	-	1,830	1,830
Sewer	1,500,000	1,500,000	-	-	-
Police and Fire Vehicle and Equipment	1,800,000	1,800,000	296,779	799,719	1,096,498
Total 2021 SPLOST expenditures	<u>\$ 10,300,000</u>	<u>\$ 10,300,000</u>	<u>\$ 296,779</u>	<u>\$ 1,535,076</u>	<u>\$ 1,831,855</u>

City of Port Wentworth, Georgia
Schedule of Required Expenditures Funded by the Hotel/Motel Tax
Year ended June 30, 2022

REVENUES

Hotel/motel taxes	\$	1,303,083
-------------------	----	-----------

EXPENDITURES

Tourism expenditures	\$	844,082
----------------------	----	---------

Percentage of expenditures to revenues		65.0%
--	--	-------

City of Port Wentworth, Georgia

Comments Relative to Statistical Section

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

Contents	Page
Financial Trends These schedules contain trend information to help the reader understand how the City's financial position has changed over time.	G-2
Revenue Capacity These schedules contain information to help the reader understand and assess the factors affecting the City's ability to generate its most significant local revenue sources, the property tax and the sales tax.	G-11
Debt Capacity These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue debt in the future.	G-17
Demographic and Economic Information These schedules offer economic and demographic indicators to help the reader understand the environment within which the City's financial activities take place and to provide information that facilitates comparisons of financial information over time and among governments.	G-21
Operating Information These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.	G-23

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

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

<i>Fiscal year ended June 30,</i>	2013	2014 Restated	2015	2016
Governmental activities				
Net investment in capital assets	\$ 8,301,163	\$ 8,477,481	\$ 8,797,563	\$ 9,135,801
Restricted	2,731,952	3,201,828	2,117,207	2,975,435
Unrestricted	8,516,292	10,103,337	12,228,494	13,614,295
Total governmental activities, net position	\$ 19,549,407	\$ 21,782,646	\$ 23,143,264	\$ 25,725,531
Business-type activities				
Net investment in capital assets	\$ 22,331,549	\$ 21,748,916	\$ 23,279,528	\$ 22,607,526
Restricted	-	-	-	-
Unrestricted	4,993,883	6,583,724	6,951,289	8,425,775
Total business-type activities, net position	\$ 27,325,432	\$ 28,332,640	\$ 30,230,817	\$ 31,033,301
Primary government				
Net investment in capital assets	\$ 30,632,712	\$ 30,226,397	\$ 32,077,091	\$ 31,743,327
Restricted	2,731,952	3,201,828	2,117,207	2,975,435
Unrestricted	13,510,175	16,687,061	19,179,783	22,040,070
Total primary government, net position	\$ 46,874,839	\$ 50,115,286	\$ 53,374,081	\$ 56,758,832

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

	2017	2018	2019	2020 Restated	2021	2022
\$	10,914,871	\$ 11,627,601	\$ 12,884,726	\$ 15,111,230	\$ 15,994,864	\$ 18,065,252
	3,057,708	4,222,296	3,823,848	2,551,493	3,736,585	5,551,521
	<u>14,485,879</u>	<u>14,500,180</u>	<u>16,026,973</u>	<u>16,290,187</u>	<u>16,945,722</u>	<u>17,408,314</u>
\$	<u>28,458,458</u>	\$ <u>30,350,077</u>	\$ <u>32,735,547</u>	\$ <u>33,952,910</u>	\$ <u>36,677,171</u>	\$ <u>41,025,087</u>
\$	22,116,290	\$ 22,045,154	\$ 21,051,718	\$ 20,274,557	\$ 20,061,857	\$ 19,248,797
	-	-	-	-	-	-
	<u>8,825,703</u>	<u>8,820,412</u>	<u>10,600,998</u>	<u>11,503,547</u>	<u>12,120,500</u>	<u>13,808,616</u>
\$	<u>30,941,993</u>	\$ <u>30,865,566</u>	\$ <u>31,652,716</u>	\$ <u>31,778,104</u>	\$ <u>32,182,357</u>	\$ <u>33,057,413</u>
\$	33,031,161	\$ 33,672,755	\$ 33,936,444	\$ 35,385,787	\$ 36,056,721	\$ 37,314,049
	3,057,708	4,222,296	3,823,848	2,551,493	3,736,585	5,551,521
	<u>23,311,582</u>	<u>23,320,592</u>	<u>26,627,971</u>	<u>27,793,734</u>	<u>29,066,222</u>	<u>31,216,930</u>
\$	<u>59,400,451</u>	\$ <u>61,215,643</u>	\$ <u>64,388,263</u>	\$ <u>65,731,014</u>	\$ <u>68,859,528</u>	\$ <u>74,082,500</u>

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

<i>Fiscal year ended June 30,</i>	2013	2014	2015	2016
EXPENSES				
Governmental activities				
General government	\$ 490,656	\$ 539,215	\$ 588,291	\$ 625,503
Judiciary	124,347	136,874	144,817	180,179
Public safety	2,775,757	2,787,198	2,764,086	3,123,784
Public works	1,304,589	1,315,206	1,507,712	1,693,976
Culture and recreation	427,733	454,501	540,278	605,843
Housing and development	504,696	481,375	552,204	772,566
Interest on long-term debt	9,931	-	-	-
Total governmental activities, expenses	5,637,709	5,714,369	6,097,388	7,001,851
Business-type activities				
Water and sewer	3,139,537	3,086,475	3,279,096	3,321,289
Total business-type activities, expenses	3,139,537	3,086,475	3,279,096	3,321,289
Total primary government, expenses	\$ 8,777,246	\$ 8,800,844	\$ 9,376,484	\$ 10,323,140
PROGRAM REVENUES				
Governmental activities				
Charges for services				
General government	\$ 24,140	\$ 29,803	\$ 33,749	\$ 39,836
Public safety	1,007,248	1,104,821	1,577,991	1,379,388
Public works	871,759	937,730	956,050	1,040,913
Culture and recreation	10,198	13,876	16,357	23,931
Housing and development	148,685	208,181	184,435	275,555
Operating grants and contributions	51,864	62,588	52,943	112,032
Capital grants and contributions	772,510	646,579	1,008,942	1,168,316
Total governmental activities program revenues	2,886,404	3,003,578	3,830,467	4,039,971
Business-type activities				
Charges for services	2,510,901	2,711,568	2,640,802	2,863,568
Capital grants and contributions	231,795	1,206,031	490,881	945,908
Total business-type activities program revenues	2,742,696	3,917,599	3,131,683	3,809,476
Total primary government program revenues	\$ 5,629,100	\$ 6,921,177	\$ 6,962,150	\$ 7,849,447
NET (EXPENSE)/REVENUE				
Governmental activities	\$ (2,751,305)	\$ (2,710,791)	\$ (2,266,921)	\$ (2,961,880)
Business-type activities	(396,841)	831,124	(147,413)	488,187
Total primary government net (expense)/revenue	\$ (3,148,146)	\$ (1,879,667)	\$ (2,414,334)	\$ (2,473,693)

City of Port Wentworth, Georgia

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

	2017	2018	2019	2020	2021	2022
\$	632,190	\$ 897,340	\$ 821,532	\$ 1,167,153	\$ 1,062,812	\$ 1,484,807
	185,659	220,545	236,265	202,130	669,141	712,082
	3,815,367	4,626,874	5,335,417	5,617,234	6,338,718	7,598,840
	1,969,308	1,876,454	1,374,086	1,802,457	2,150,734	2,173,847
	677,741	767,938	765,043	653,378	637,904	748,951
	724,877	729,097	886,931	725,738	707,955	1,416,150
	-	-	-	77,721	70,845	67,365
	8,005,142	9,118,248	9,419,274	10,245,811	11,638,109	14,202,042
	3,731,195	4,005,541	4,631,080	4,916,788	4,903,159	5,315,912
	3,731,195	4,005,541	4,631,080	4,916,788	4,903,159	5,315,912
\$	<u>11,736,337</u>	<u>13,123,789</u>	<u>14,050,354</u>	<u>15,162,599</u>	<u>16,541,268</u>	<u>19,517,954</u>
\$	37,331	\$ 34,477	\$ 50,297	\$ 50,920	\$ 48,125	\$ 56,068
	1,312,118	1,502,420	1,862,753	2,093,858	2,665,947	3,189,011
	1,117,330	1,136,205	1,152,822	1,225,842	1,323,327	1,377,109
	36,741	45,048	44,733	18,364	8,489	23,024
	206,863	272,502	443,791	537,463	682,216	1,067,339
	291,784	202,841	75,158	92,324	504,804	1,963,491
	1,498,119	1,414,816	1,452,810	932,199	1,951,516	2,352,260
	4,500,286	4,608,309	5,082,364	4,950,970	7,184,424	10,028,302
	3,229,680	3,243,713	3,473,649	3,575,193	3,788,815	3,986,428
	270,902	570,800	1,786,381	1,315,222	1,396,950	1,928,772
	3,500,582	3,814,513	5,260,030	4,890,415	5,185,765	5,915,200
\$	<u>8,000,868</u>	<u>8,422,822</u>	<u>10,342,394</u>	<u>9,841,385</u>	<u>12,370,189</u>	<u>14,143,352</u>
\$	(3,504,856)	\$ (4,509,939)	\$ (4,352,093)	\$ (5,294,841)	\$ (4,453,685)	\$ (4,173,740)
	(230,613)	(191,028)	644,133	(26,373)	(282,606)	599,288
\$	<u>(3,735,469)</u>	<u>(4,700,967)</u>	<u>(3,707,960)</u>	<u>(5,321,214)</u>	<u>(4,171,079)</u>	<u>(3,574,452)</u>

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

<i>Fiscal year ended June 30,</i>	2013	2014	2015	2016
GENERAL REVENUES AND OTHER				
CHANGES IN NET POSITION				
Governmental activities				
Property taxes levied for general purposes	\$ 1,985,150	\$ 2,137,730	\$ 2,417,026	\$ 2,498,357
Sales taxes levied for general purposes	1,195,077	1,536,698	1,650,713	1,623,704
Selective sales and use taxes	833,058	882,654	1,044,873	1,101,673
Business taxes	357,172	358,333	375,991	404,683
Contributions not restricted to specific programs	-	-	-	-
Unrestricted investment earnings	13,196	11,766	15,954	24,434
Gain on disposition of capital assets	59,633	-	-	-
Miscellaneous income	26,008	27,153	66,840	108,563
Special item	-	-	-	-
Transfers	(285,952)	(70,696)	(1,943,858)	(217,267)
Total governmental activities	4,183,342	4,883,638	3,627,539	5,544,147
Business-type activities – water and sewer				
Unrestricted investment earnings	13,474	14,438	17,087	15,969
Gain on disposition of capital assets	10,463	-	-	-
Miscellaneous income	77,601	76,568	84,645	81,061
Transfers	285,952	70,696	1,943,858	217,267
Total business-type activities	387,490	161,702	2,045,590	314,297
Total primary government	\$ 4,570,832	\$ 5,045,340	\$ 5,673,129	\$ 5,858,444
CHANGE IN NET POSITION				
Governmental activities	\$ 1,432,037	\$ 2,172,847	\$ 1,360,618	\$ 2,582,267
Business-type activities	(9,351)	992,826	1,898,177	802,484
Total primary government	\$ 1,422,686	\$ 3,165,673	\$ 3,258,795	\$ 3,384,751

City of Port Wentworth, Georgia

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

	2017	2018	2019	2020	2021	2022
\$	2,656,996	\$ 2,654,232	\$ 2,793,069	\$ 2,970,095	\$ 3,137,620	\$ 3,576,942
	1,708,494	1,807,387	1,986,251	1,905,373	2,216,865	2,672,105
	1,194,761	1,176,980	1,165,574	924,531	1,121,841	1,717,885
	452,408	463,214	513,360	543,057	597,958	610,682
	-	-	-	-	-	-
	51,568	103,972	164,616	120,464	14,368	29,909
	1,750	110,221	29,943	15,350	71,417	28,972
	171,806	85,552	84,750	19,896	17,877	32,402
	-	-	-	-	-	-
	-	-	-	-	-	-
	<u>6,237,783</u>	<u>6,401,558</u>	<u>6,737,563</u>	<u>6,498,766</u>	<u>7,177,946</u>	<u>8,668,897</u>
	28,753	32,098	38,145	34,849	10,770	15,728
	-	-	-	-	-	5,550
	110,552	82,503	104,872	116,912	110,877	107,249
	-	-	-	-	-	-
	<u>139,305</u>	<u>114,601</u>	<u>143,017</u>	<u>151,761</u>	<u>121,647</u>	<u>128,527</u>
\$	<u>6,377,088</u>	\$ <u>6,516,159</u>	\$ <u>6,880,580</u>	\$ <u>6,650,527</u>	\$ <u>7,299,593</u>	\$ <u>8,797,424</u>
	2,732,927	1,891,619	2,385,470	1,203,925	2,724,261	4,347,916
	(91,308)	(76,427)	787,150	125,388	404,253	875,056
\$	<u>2,641,619</u>	\$ <u>1,815,192</u>	\$ <u>3,172,620</u>	\$ <u>1,329,313</u>	\$ <u>3,128,514</u>	\$ <u>5,222,972</u>



City of Port Wentworth, Georgia
Fund Balances, Governmental Funds – Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)

<i>Fiscal year ended June 30,</i>	2013	2014	2015	2016	2017
GENERAL FUND					
Nonspendable					
Prepaid items	\$ 152,342	\$ 164,344	\$ 162,343	\$ 170,596	\$ 210,781
Assigned					
Capital asset replacement	655,746	617,092	619,096	498,436	503,686
Subsequent year's budget	88,716	277,901	1,694,853	867,592	1,600,950
Unassigned	<u>7,291,745</u>	<u>8,709,129</u>	<u>9,389,661</u>	<u>11,693,257</u>	<u>11,774,380</u>
Total General Fund	<u>\$ 8,188,549</u>	<u>\$ 9,768,466</u>	<u>\$ 11,865,953</u>	<u>\$ 13,229,881</u>	<u>\$ 14,089,797</u>
ALL OTHER GOVERNMENTAL FUNDS					
Restricted					
Capital projects funds	\$ 2,708,001	\$ 3,197,301	\$ 2,113,761	\$ 2,926,624	\$ 3,055,408
Hotel Motel funds	-	-	-	-	-
Confiscated assets funds	<u>23,951</u>	<u>4,527</u>	<u>3,446</u>	<u>48,811</u>	<u>2,300</u>
Total all other governmental funds	<u>\$ 2,731,952</u>	<u>\$ 3,201,828</u>	<u>\$ 2,117,207</u>	<u>\$ 2,975,435</u>	<u>\$ 3,057,708</u>
 <i>Fiscal year ended June 30,</i>	 2018	 2019	 2020	 2021	 2022
GENERAL FUND					
Nonspendable					
Prepaid items	\$ 47,880	\$ 126,355	\$ 371,118	\$ 60,618	\$ 104,991
Committed					
Public safety technology	-	-	-	-	1,194,838
Assigned					
Capital asset replacement	505,706	522,271	524,023	524,501	513,538
Subsequent year's budget	1,652,509	203,388	1,153,673	1,114,953	4,193,527
Unassigned	<u>11,963,324</u>	<u>14,729,700</u>	<u>13,731,036</u>	<u>14,727,347</u>	<u>10,690,535</u>
Total General Fund	<u>\$ 14,169,419</u>	<u>\$ 15,581,714</u>	<u>\$ 15,779,850</u>	<u>\$ 16,427,419</u>	<u>\$ 16,697,429</u>
ALL OTHER GOVERNMENTAL FUNDS					
Restricted					
ARPA funds	\$ -	\$ -	\$ -	\$ -	\$ 1,800,150
Capital projects funds	4,195,436	3,801,265	2,546,666	3,539,060	3,657,374
Hotel Motel funds	-	-	-	192,578	-
Confiscated assets funds	<u>26,860</u>	<u>22,583</u>	<u>4,827</u>	<u>4,947</u>	<u>41,582</u>
Total all other governmental funds	<u>\$ 4,222,296</u>	<u>\$ 3,823,848</u>	<u>\$ 2,551,493</u>	<u>\$ 3,736,585</u>	<u>\$ 5,499,106</u>

NOTE: The City of Port Wentworth implemented GASB 84 for the fiscal year ended June 30, 2021.

City of Port Wentworth, Georgia

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

(Modified Accrual Basis of Accounting)

<i>Fiscal year ended June 30,</i>	2013	2014	2015	2016
REVENUES				
Sales tax	\$ 1,195,077	\$ 1,536,698	\$ 1,650,713	\$ 1,623,704
Other taxes	3,182,601	3,436,638	3,866,502	4,005,208
Licenses and permits	145,103	225,523	193,111	267,807
Revenue from other governmental units	813,260	701,206	1,047,724	1,219,179
Charges for services	1,219,463	1,255,770	1,294,050	1,421,776
Fines and forfeitures	703,265	813,268	1,288,390	1,126,326
Miscellaneous	40,484	46,730	73,776	109,062
Total revenue	<u>7,299,253</u>	<u>8,015,833</u>	<u>9,414,266</u>	<u>9,773,062</u>
EXPENDITURES				
Current				
General government	524,294	524,475	604,937	617,328
Judiciary	115,971	137,515	147,796	181,709
Public safety	2,748,663	2,809,182	2,676,000	3,125,259
Public works	1,474,231	1,438,783	1,920,379	2,020,697
Culture and recreation	401,379	507,690	484,626	564,132
Housing and development	201,704	144,477	150,319	359,926
Intergovernmental assistance	346,489	333,222	401,602	418,573
Capital outlay	450,768	70,696	2,031,951	292,100
Debt service				
Principal	237,674	-	-	-
Interest	9,931	-	-	-
Total expenditures	<u>6,511,104</u>	<u>5,966,040</u>	<u>8,417,610</u>	<u>7,579,724</u>
Excess (deficiency) of revenues over (under) expenditures	<u>788,149</u>	<u>2,049,793</u>	<u>996,656</u>	<u>2,193,338</u>
OTHER FINANCING SOURCES (USES)				
Sale of capital assets	371,165	-	-	-
Capital leases	-	-	-	-
Transfers in	310,039	333,384	401,808	418,740
Transfers out	(469,489)	(333,384)	(401,808)	(418,740)
Insurance recoveries	4,033	-	16,210	28,818
Long term issuance of debt	-	-	-	-
Total other financing (uses) sources	<u>215,748</u>	<u>-</u>	<u>16,210</u>	<u>28,818</u>
Net change in fund balances	<u>\$ 1,003,897</u>	<u>\$ 2,049,793</u>	<u>\$ 1,012,866</u>	<u>\$ 2,222,156</u>
Debt service as a percentage of non-capital expenditures	4.57%	0.00%	0.00%	0.00%

City of Port Wentworth, Georgia

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

(Modified Accrual Basis of Accounting)

	2017	2018	2019	2020	2021	2022
\$	1,708,494	\$ 1,807,387	\$ 1,986,251	\$ 1,905,373	\$ 2,216,865	\$ 2,672,105
	4,306,907	4,298,031	4,475,498	4,406,815	4,856,971	5,841,049
	183,783	237,838	377,429	439,427	537,048	829,030
	1,776,475	1,371,743	1,631,040	941,170	2,453,509	4,277,007
	1,528,625	1,601,632	1,722,797	1,904,843	2,072,608	2,470,934
	1,001,273	1,175,742	1,454,170	1,654,808	2,118,568	2,449,519
	176,631	290,938	266,234	151,082	33,903	59,016
	<u>10,682,188</u>	<u>10,783,311</u>	<u>11,913,419</u>	<u>11,406,518</u>	<u>14,289,472</u>	<u>18,598,660</u>
	630,250	781,951	3,149,617	1,510,460	1,116,827	1,847,470
	197,842	215,131	236,924	217,668	663,611	713,200
	4,591,347	5,398,434	5,308,910	5,311,548	6,305,250	7,731,788
	2,294,638	2,543,064	1,308,331	1,373,029	1,640,162	1,654,192
	616,920	866,871	679,121	565,726	549,511	701,731
	253,370	286,177	677,404	612,880	720,003	787,777
	468,670	460,240	449,640	317,292	196,763	844,082
	1,036,322	90,684	1,741,832	2,082,669	836,081	2,128,103
	145,554	247,134	395,129	413,090	421,377	405,957
	<u>5,577</u>	<u>28,375</u>	<u>49,615</u>	<u>105,163</u>	<u>93,493</u>	<u>86,232</u>
	<u>10,240,490</u>	<u>10,918,061</u>	<u>13,996,523</u>	<u>12,509,525</u>	<u>12,543,078</u>	<u>16,900,532</u>
	<u>441,698</u>	<u>(134,750)</u>	<u>(2,083,104)</u>	<u>(1,103,007)</u>	<u>1,746,394</u>	<u>1,698,128</u>
	1,750	18,500	36,951	15,350	85,235	84,016
	441,868	1,258,928	560,000	-	-	245,280
	468,857	460,424	449,854	317,421	402,268	2,451,916
	(468,857)	(460,424)	(449,854)	(317,421)	(402,268)	(2,451,916)
	56,873	101,532	-	-	1,033	5,107
	<u>-</u>	<u>-</u>	<u>2,500,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>500,491</u>	<u>1,378,960</u>	<u>3,096,951</u>	<u>15,350</u>	<u>86,267</u>	<u>334,403</u>
\$	<u>942,189</u>	<u>1,244,210</u>	<u>1,013,847</u>	<u>(1,087,657)</u>	<u>1,832,661</u>	<u>2,032,531</u>
	2.07%	3.41%	4.98%	5.48%	4.84%	3.60%

City of Port Wentworth, Georgia

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

Fiscal Year Ending June 30,	Property Tax	Local Option Sales Tax	Business & Insurance Premium Tax	Malt & Alcohol Beverage Tax	Hotel/ Motel Tax	Utility & Cablevision Franchise Fees	Annual Totals
2013	1,452,767	1,195,077	357,172	212,719	619,860	540,083	4,377,678
2014	1,558,786	1,536,698	358,333	208,500	666,557	644,462	4,973,336
2015	1,728,076	1,650,713	375,991	225,844	803,357	733,234	5,517,215
2016	1,764,914	1,623,704	404,683	226,892	837,311	771,408	5,628,912
2017	1,932,764	1,708,494	452,408	223,770	937,517	760,448	6,015,401
2018	1,930,601	1,807,387	463,214	217,995	920,656	765,565	6,105,418
2019	1,994,103	1,986,251	513,360	229,081	899,458	839,496	6,461,749
2020	2,137,550	1,905,373	543,057	255,987	634,712	838,509	6,315,188
2021	2,374,297	2,216,865	597,958	280,769	791,601	812,346	7,073,836
2022	2,661,342	2,672,105	610,682	278,186	1,303,083	987,756	8,513,154

SOURCE: City records

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



City of Port Wentworth, Georgia

Assessed Value and Actual Value of Taxable Property

Last Ten Calendar Years

Year	Real Property		Personal Property		Utilities and Other Property	
	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value
2012	266,262,822	665,657,055	77,872,191	194,680,478	9,316,066	23,290,165
2013	283,724,072	709,310,180	75,341,990	188,354,975	9,246,282	23,115,705
2014	261,920,824	654,802,060	82,829,831	207,074,578	10,119,389	25,298,472
2015	281,652,765	704,131,913	85,369,603	213,424,008	11,114,168	27,785,419
2016	307,916,506	769,791,265	93,876,694	234,691,735	12,032,097	30,080,243
2017	342,927,156	857,317,890	85,946,140	214,865,350	14,781,559	36,953,897
2018	351,466,530	878,666,325	71,622,106	179,055,265	16,827,345	42,068,362
2019	388,761,842	971,904,605	89,535,446	223,838,615	13,707,836	34,269,589
2020	421,276,160	1,053,190,400	93,802,642	234,506,605	14,689,578	36,723,944
2021	453,349,046	1,133,372,615	74,824,400	187,311,000	14,720,928	36,802,319

SOURCE: Chatham County Tax Assessor

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

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

City of Port Wentworth, Georgia

Assessed Value and Actual Value of Taxable Property

Last Ten Calendar Years

		Total		Ratio of Total Assessed to Total Estimated Value	Total Direct Tax Rate
		Assessed Value	Estimated Actual Value		
\$	353,451,079	883,627,698	40.00%	4.397	
	368,312,344	920,780,860	40.00%	4.397	
	354,870,044	887,175,110	40.00%	4.711	
	378,136,536	945,341,340	40.00%	4.571	
	413,825,297	1,034,563,243	40.00%	4.571	
	443,654,855	1,109,137,137	40.00%	4.571	
	439,915,981	1,099,789,953	40.00%	4.571	
	492,005,124	1,230,012,809	40.00%	4.160	
	529,768,380	1,324,420,950	40.00%	4.160	
	542,894,374	1,357,485,934	40.00%	4.160	

City of Port Wentworth, Georgia

Direct and Overlapping Property Tax Rates

Last Ten Calendar Years

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

Tax Year	Direct	Overlapping Rates			Total
	City	School District	County	State	
2012	4.397	14.631	11.109	0.200	30.337
2013	4.397	15.881	11.908	0.150	32.336
2014	4.711	15.881	11.543	0.100	32.235
2015	4.571	16.631	11.543	0.050	32.795
2016	4.571	16.631	11.543	0.000	32.745
2017	4.571	16.631	11.543	0.000	32.745
2018	4.571	18.881	11.543	0.000	34.995
2019	4.160	18.881	11.543	0.000	34.584
2020	4.160	18.881	11.543	0.000	34.584
2021	4.160	18.881	11.543	0.000	34.584

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

City of Port Wentworth, Georgia

Principal Property Taxpayers Current and Nine Calendar Years Ago

	2022			2012		
	Taxable Assessed Value	Rank	% of Total District Net Assessed Value	Taxable Assessed Value	Rank	% of Total District Net Assessed Value
Duke Realty Limited Partnership	\$ 103,924,760	1	19.14%	\$ 43,771,280	1	13.66%
SCM August Road 1115, LLC	47,807,240	2	8.80%	8,574,451	2	2.68%
Coastal Club Port Wentworth, LLC	25,318,320	3	4.66%	7,518,318	3	2.35%
EIP Pinder Point Norwood, LLC ETAL	23,602,240	4	4.35%	7,242,394	4	2.26%
Ardmore Port Wentworth LLC	21,361,840	5	3.93%	6,272,488	5	1.96%
Chatham-Coldbrook Associates	16,662,240	6	3.07%	5,737,880	6	1.80%
RC Residential LLC	15,869,120	7	2.92%	5,054,204	7	1.58%
Rice Hope – CJ LLC	14,584,800	8	2.69%	5,048,145	8	1.58%
LRE Crossgate South, LLC	9,188,760	9	1.69%	4,066,120	9	1.27%
Crescent Investments Inc.	8,815,480	10	1.62%	3,749,027	10	1.17%
Duke Realty						
Weyerhaeuser						
NGK Automotive Ceramics						
Easlan						
Fred Williams						
L-A Savannah						
VRH aka Village at Rice Hope						
SMNF						
Crescent Investment						
Southern LNG						
Total	\$ 287,134,800		52.87%	\$ 97,034,307		30.31%

SOURCE: Chatham County Tax Assessor.

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

City of Port Wentworth, Georgia

Property Tax Levies and Collections

Last Ten Calendar Years

Year	Total Tax Levy	Adjustments	Total Adjusted Levy	Collected within the Fiscal Year of the Levy		Collections for Subsequent Years	Total Collections to Date	
				Amount	Percentage of Levy		Amount	Percentage of Levy
2012	1,304,068	(51,795)	1,252,273	1,240,565	95.13%	11,540	1,252,105	99.99%
2013	1,387,660	(92,060)	1,295,600	1,287,127	92.76%	8,303	1,295,430	99.99%
2014	1,465,355	(21,695)	1,443,660	1,438,983	98.20%	4,454	1,443,437	99.99%
2015	1,547,382	(18,023)	1,529,359	1,473,984	95.26%	54,958	1,528,942	99.99%
2016	1,707,563	(80,312)	1,627,251	1,654,368	96.89%	(27,656)	1,626,712	99.97%
2017	1,806,293	(57,615)	1,748,678	1,735,756	96.10%	-	1,735,756	99.27%
2018	1,790,233	(68,589)	1,721,644	1,716,455	95.88%	-	1,716,455	99.70%
2019	1,830,010	(48,607)	1,781,403	1,764,830	96.44%	-	1,764,830	99.07%
2020	1,956,854	(100,461)	1,856,393	1,820,040	93.01%	-	1,820,040	98.04%
2021	2,017,345	(62,875)	1,954,470	1,939,726	96.15%	-	1,939,726	99.25%

SOURCE: Chatham County Tax Commissioner and City records.

NOTE 1: Taxes are assessed for the calendar year on January 1. The fiscal year begins six months later on July 1 and ends on June 30 of the following year.

NOTE 2: The total tax levy includes real property, industrial area, personal property, and public utilities. The total tax levy is the original state approved levy after adjustments for cancelations, releases, errors, and additions.

City of Port Wentworth, Georgia

Ratios of Outstanding Debt by Type Last Ten Fiscal Years

Fiscal Year Ended June 30,	Governmental Activities			Business-Type Activities				Per Capita
	Financed Purchases & Leases	Notes	Total	Water & Sewer Notes	Finance d Purchas es & Leases	Total	Total Primary Government	
2013	-	-	-	4,656,110	-	4,656,110	4,656,110	716
2014	-	-	-	4,498,328	-	4,498,328	4,498,328	692
2015	-	-	-	5,506,301	-	5,506,301	5,506,301	787
2016	-	-	-	6,088,698	-	6,088,698	6,088,698	812
2017	296,314	-	296,314	5,833,629	-	5,833,629	6,129,943	766
2018	1,308,108	-	1,308,108	5,030,902	37,372	5,068,274	6,376,382	797
2019	1,487,157	2,481,597	3,968,754	4,896,540	24,928	4,921,468	8,890,222	1,111
2020	1,297,686	2,257,754	3,555,440	4,758,199	12,066	4,770,265	8,325,705	925
2021	1,105,701	2,028,362	3,134,063	4,615,798	-	4,615,798	7,749,861	775
2022	1,179,707	1,793,679	2,973,386	4,469,198	-	4,469,198	7,442,584	721

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

NOTE 2: Per Capita ratios are calculated using personal income and population for the prior calendar year.

City of Port Wentworth, Georgia

Ratios of Net General Bonded Debt Outstanding

Last Ten Fiscal Years

Fiscal Year Ended June 30,	General Bonded Debt Outstanding			Percentage of Actual Taxable Value of Property	Per Capita
	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding		
2013	-	-	-	0.00%	-
2014	-	-	-	0.00%	-
2015	-	-	-	0.00%	-
2016	-	-	-	0.00%	-
2017	-	-	-	0.00%	-
2018	-	-	-	0.00%	-
2019	-	-	-	0.00%	-
2020	-	-	-	0.00%	-
2021	-	-	-	0.00%	-
2022	-	-	-	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, 2022

	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable ⁽¹⁾</u>	<u>Estimated Share of Overlapping Debt</u>
Overlapping debt repaid with property taxes:			
Chatham County, Georgia			
DSA Union Mission Series 2009	\$ 1,205,000	3.17%	\$ 38,235
DSA Chatham County Projects Series 2014	3,870,000	3.17%	122,796
DSA Judicial Complex Project Series 2020	67,415,000	3.17%	2,139,095
Overlapping other debt:			
Chatham County capital leases	97,593	3.67%	3,583
Chatham-Savannah School Board capital leases	<u>6,305,773</u>	<u>1.51%</u>	<u>95,401</u>
Subtotal, overlapping debt			2,399,100
City of Port Wentworth direct debt			<u>2,973,386</u>
Total direct and overlapping debt			\$ <u>5,372,496</u>

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

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

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

City of Port Wentworth, Georgia

Legal Debt Margin Information

Last Ten Calendar Years

	Calendar Year				
	2012	2013	2014	2015	2016
Total assessed value of taxable property	\$ 353,451,079	\$ 368,312,344	\$ 354,870,044	\$ 378,136,536	\$ 413,825,297
Less exemption for bond purposes	-	-	-	-	-
Net assessed value for bond purposes	<u>\$ 353,451,079</u>	<u>\$ 368,312,344</u>	<u>\$ 354,870,044</u>	<u>\$ 378,136,536</u>	<u>\$ 413,825,297</u>
Debt limit percentage	10%	10%	10%	10%	10%
Debt limit	\$ 35,345,108	\$ 36,831,234	\$ 35,487,004	\$ 37,813,654	\$ 41,382,530
Total net debt applicable to limit general obligation bonds	-	-	-	-	-
Legal debt margin	<u>\$ 35,345,108</u>	<u>\$ 36,831,234</u>	<u>\$ 35,487,004</u>	<u>\$ 37,813,654</u>	<u>\$ 41,382,530</u>
Total net debt applicable to the limit as a percentage of debt limit	0.00%	0.00%	0.00%	0.00%	0.00%

	Calendar Year				
	2017	2018	2019	2020	2021
Total assessed value of taxable property	\$ 443,654,855	\$ 439,915,981	\$ 492,005,124	\$ 529,768,380	\$ 542,994,374
Less exemption for bond purposes	-	-	-	-	(9,696,648)
Net assessed value for bond purposes	<u>\$ 443,654,855</u>	<u>\$ 439,915,981</u>	<u>\$ 492,005,124</u>	<u>\$ 529,768,380</u>	<u>\$ 533,297,726</u>
Debt limit percentage	10%	10%	10%	10%	10%
Debt limit	\$ 44,365,486	\$ 43,991,598	\$ 49,200,512	\$ 52,976,838	\$ 53,329,773
Total net debt applicable to limit general obligation bonds	-	-	-	-	9,696,648
Legal debt margin	<u>\$ 44,365,486</u>	<u>\$ 43,991,598</u>	<u>\$ 49,200,512</u>	<u>\$ 52,976,838</u>	<u>\$ 43,633,125</u>
Total net debt applicable to the limit as a percentage of debt limit	0.00%	0.00%	0.00%	0.00%	18.18%

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 approved by a majority of those voting in an election held for that purpose. The City of Port Wentworth has no general obligation bonds authorized but unissued.

SOURCE: Consolidation and Evaluation Digest.

City of Port Wentworth, Georgia

Demographic and Economic Statistics

Last Ten Calendar Years

Year	Population in Thousands ⁽¹⁾	Personal Income ⁽¹⁾	Per Capita Personal Income ⁽²⁾	Unemployment Rate ⁽³⁾
2012	6	164,417,500	25,295	9.5%
2013	6	174,466,500	26,841	8.7%
2014	7	199,150,000	28,450	7.3%
2015	7	217,927,500	29,057	6.3%
2016	8	275,624,000	34,453	5.0%
2017	9	272,352,000	34,044	4.6%
2018	9	342,232,000	42,779	3.8%
2019	10	342,612,000	38,068	3.5%
2020	11	368,200,000	36,820	4.5%
2021	11	345,740,000	34,574	3.1%

SOURCES:

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

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

⁽³⁾ State Department of Labor.

City of Port Wentworth, Georgia

Principal Employers Current and Ten Calendar Years Ago

	2021			2012		
	Employees	Rank	Percentage of Total Metro Area Employment	Employees	Rank	Percentage of Total Metro Area Employment
Gulfstream Aerospace Corp.	10,000	1	5.12%	7,300	1	6.00%
Savannah-Chatham Co. Bd. of Ed.	5,700	2	2.92%	4,600	4	3.78%
St. Joseph's/Candler Health Sys.	4,431	3	2.27%	3,170	5	2.60%
Memorial Health	4,400	4	2.25%	4,643	3	3.81%
Ft. Stewart/Hunter Army Airfield	4,300	5	2.20%	4,719	2	3.88%
Georgia Southern University	2,864	6	1.47%	-	-	-
City of Savannah	2,147	7	1.10%	2,500	7	2.05%
Colonial Group, Inc.	1,950	8	1.00%	-	-	-
Chatham County	1,810	9	.93%	1,500	9	1.23%
Savannah College of Art & Design	1,772	10	.91%	1,750	8	1.44%
Wal-Mart Stores, Inc.	-	-	-	2,935	6	2.41%
Georgia pacific	-	-	-	1,200	10	.99%
	<u>39,374</u>		<u>20.17%</u>	<u>34,317</u>		<u>28.19%</u>

SOURCE: Savannah Area Chamber of Commerce and Georgia Department of Labor. The data is calendar-year based and 2021 is the latest data available.

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,				
	2013	2014	2015	2016	2017
General government	4	4	5	5	4
Judiciary	2	2	2	2	4
Legislative	6	6	6	6	6
Protective inspections	1	1	1	1	2
Public safety	34	30	35	41	44
Public works	2	3	2	3	3
Culture and recreation	3	3	7	10	13
Water and sewer services	7	11	7	10	10
Total	59	60	65	78	86

Function/Program	Full-time and Part-time City Employees as of June 30,				
	2018	2019	2020	2021	2022
General government	2	7	6	5	6
Judiciary	2	2	2	2	2
Legislative	6	6	6	5	8
Protective inspections	2	3	3	4	3
Public safety	45	56	56	71	74
Public works	2	0	0	0	1
Culture and recreation	15	19	8	8	9
Water and sewer services	12	0	1	2	2
Total	86	93	82	97	105

SOURCES: City Records.

City of Port Wentworth, Georgia

Operating Indicators by Function

Last Ten Fiscal Years

	Fiscal Year				
	2013	2014	2015	2016	2017
Police					
Arrests	1,261	1,282	1,344	1,207	1,261
Fire					
Number of emergency calls	994	1,084	1,209	1,263	994
Inspections	246	248	254	265	246
Public works					
Street resurfacing (miles)	1	2	2.25	< 1	1
Parks and recreation					
Number of facility rentals	346	335	377	365	346
Water					
New connections	418	178	138	133	418
Average daily water use (thousands of gallons)	444	388	441	921	444
Sewer					
New connections	418	178	138	133	418
Average daily sewage treatment (thousands of gallons)	600	757	822	825	600
	Fiscal Year				
	2018	2019	2020	2021	2022
Police					
Arrests	1,346	1,252	1,024	956	1,150
Fire					
Number of emergency calls	1,362	1,550	1,496	1,866	1,904
Inspections	271	280	340	295	251
Public works					
Street resurfacing (miles)	0	<1	1.72	0	.45
Parks and recreation					
Number of facility rentals	364	350	231	153	274
Water					
New connections	59	120	145	117	184
Average daily water use (thousands of gallons)	927	943	1,088	1,001	956
Sewer					
New connections	59	120	145	117	184
Average daily sewage treatment (thousands of gallons)	800	900	1,203	1,071	900

SOURCES: City Records.

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

City of Port Wentworth, Georgia

Capital Asset Statistics by Function

Last Ten Fiscal Years

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

	Fiscal Year				
	2018	2019	2020	2021	2022
Police					
Stations	1	1	1	1	1
Fire					
Stations	2	2	2	2	2
Public works					
Streets (miles)	54	54	55	55	56
Streetlights	906	906	1,010	1,031	976
Traffic signals	11	11	13	16	13
Parks and recreation					
Parks	5	5	5	6	6
Community centers	4	3	3	3	3
Water					
Water mains (miles)	51	51	52	53	53
Maximum daily capacity (thousands of gallons)	3,100	3,100	3,100	3,100	N/A
Sewer					
Sanitary sewers (miles)	51	51	52	53	53
Maximum daily treatment capacity (millions of gallons)	4	2	2	2	2

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





INDEPENDENT AUDITOR'S 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*

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Port Wentworth, Georgia (the "City") as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated December 21, 2022.

Report on Internal Control over Financial Reporting

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

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

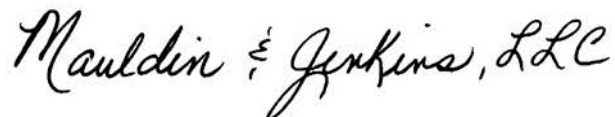
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit, we did not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

Report on Compliance and Other Matters

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

Purpose of this Report

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

A handwritten signature in black ink that reads "Mauldin & Jenkins, LLC". The script is cursive and fluid, with the company name written in a professional, yet personal, style.

Savannah, Georgia
December 21, 2022



INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

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

Report on Compliance for the Major Federal Program

Opinion on the Major Federal Program

We have audited the City of Port Wentworth, Georgia's (the "City") compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on the City's major federal program for the year ended June 30, 2022. The City's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on the City's major federal program for the year ended June 30, 2022.

Basis for Opinion on the Major Federal Program

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 the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the City's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the City's federal program.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the City's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and, therefore, is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the City's compliance with the requirements of the major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the City's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the City's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on 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. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit, we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Mauldin & Jenkins, LLC

Savannah, Georgia
December 21, 2022

CITY OF PORT WENTWORTH, GEORGIA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE FISCAL YEAR ENDED JUNE 30, 2022

Federal Grantor/Pass-through Grantor/Program Title	Assistance Listing Number	Grant Identification Number	Expenditures
U.S. Department of the Treasury			
Direct from the U.S. Department of the Treasury			
Coronavirus State and Local Fiscal recovery Fund	21.027	GA-0005130	<u>\$ 1,800,150</u> <u>1,800,150</u>
Public Safety Officials and First Responders Supplement Grant	21.027	GA-0009401	<u>66,743</u> <u>66,743</u>
Total Expenditures of Federal Awards			<u><u>\$ 1,866,893</u></u>

CITY OF PORT WENTWORTH, GEORGIA

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE FISCAL YEAR ENDED JUNE 30, 2022

NOTE 1. BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the City of Port Wentworth, Georgia (the "City") and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of 2 CFR Part 200, OMB's *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

NOTE 2. NON-CASH ASSISTANCE AND LOANS

There were no federal awards expended in the form of non-cash assistance during the year. There were also no loans or loan guarantees outstanding at year-end.

NOTE 3. DE MINIMIS INDIRECT COST RATE

The City did not use the 10% de minimis indirect cost rate.

NOTE 4. SUBRECIPIENTS

The City did not pass through any grant funds to subrecipients for the year ended June 30, 2022.

CITY OF PORT WENTWORTH, GEORGIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

SECTION I
SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued on whether the financial statements
audited were prepared in accordance with GAAP:

Unmodified

Internal control over financial reporting:

Material weaknesses identified?

___ Yes X No

Significant deficiencies identified not considered
to be material weaknesses?

___ Yes X No

Noncompliance material to financial statements noted?

___ Yes X No

Federal Awards

Internal Control over major programs:

Material weaknesses identified?

___ Yes X No

Significant deficiencies identified not considered
to be material weaknesses?

___ Yes X No

Type of auditor's report issued on compliance for
major programs

Unmodified

Any audit findings disclosed that are required to
be reported in accordance with Uniform Guidance?

___ Yes X No

Identification of major program:

AL Number

21.027

21.027

Name of Federal Program or Cluster

U.S. Department of the Treasury

Coronavirus State and Local Fiscal Recovery Funds

Public Safety Officials and First Responders

Supplement Grant

Dollar threshold used to distinguish between
Type A and Type B programs:

\$750,000

Auditee qualified as low-risk auditee?

___ Yes X No

CITY OF PORT WENTOWORTH, GEORGIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

SECTION II
FINANCIAL STATEMENT FINDINGS

None reported.

SECTION III
FEDERAL AWARD FINDINGS AND RESPONSES

None reported.

CITY OF PORT WENTWORTH, GEORGIA
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

None reported.