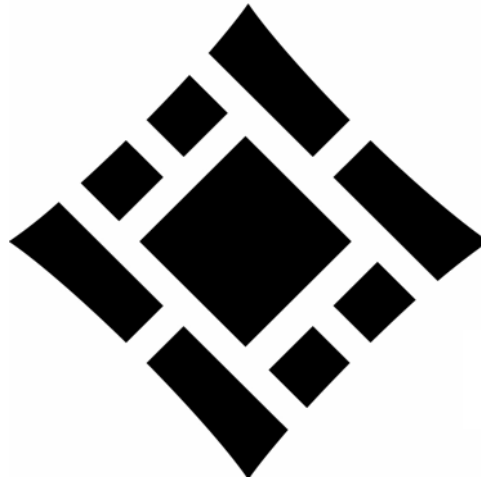
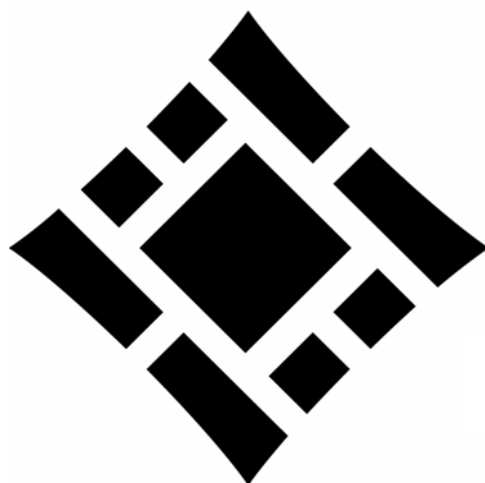


**COMPREHENSIVE ANNUAL FINANCIAL REPORT
CITY OF SAVANNAH, GEORGIA
YEAR ENDED DECEMBER 31, 2010**



**PREPARED BY:
FINANCE DEPARTMENT
May 16, 2011**



**CITY OF SAVANNAH, GEORGIA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
YEAR ENDED DECEMBER 31, 2010**

TABLE OF CONTENTS

INTRODUCTORY SECTION

	<u>PAGE</u>
Letter of Transmittal	i-iv
Principal Officials	v
Organization Chart	vi
Certificate of Achievement for Excellence in Financial Reporting	vii

FINANCIAL SECTION

Independent Auditors' Report	1-2
Management's Discussion and Analysis	3-13
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Assets	14
Statement of Activities	15
Fund Financial Statements:	
Balance Sheet - Governmental Funds	16
Reconciliation of the Balance Sheet for Governmental Funds to the Statement of Net Assets	17
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	18
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	19
Statement of Fund Net Assets - Proprietary Funds	20
Statement of Revenues, Expenses, and Changes in Fund Net Assets - Proprietary Funds	21
Statement of Cash Flows - Proprietary Funds	22
Statement of Fiduciary Net Assets - Fiduciary Funds	23
Statement of Changes in Fiduciary Net Assets - Fiduciary Funds	24
Notes to the Financial Statements	25-71

FINANCIAL SECTION (continued)

PAGE

Required Supplementary Information:

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual:	
General Fund	72
Community Development Fund	73
Schedule of Funding Progress - City of Savannah Employees' Retirement Plan	74
Schedule of Employer Contributions - City of Savannah Employees' Retirement Plan	75
Schedule of Funding Progress – City of Savannah Other Post Employment Benefits Plan	76
Schedule of Valuation Details – City of Savannah Other Post Employment Benefits Plan	77
Notes to Required Supplementary Information	78-79

Supplemental Section:

Combining and Individual Fund Statements and Schedules:	80-82
Combining Balance Sheet - Nonmajor Governmental Funds	83-84
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - Nonmajor Governmental Funds	85-86
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - Nonmajor Special Revenue and Debt Service Funds	87-92
Combining Statement of Fund Net Assets - Nonmajor Enterprise Funds	93
Combining Statement of Revenues, Expenses, and Changes in Net Assets - Nonmajor Enterprise Funds	94
Combining Statement of Cash Flows - Nonmajor Enterprise Funds	95
Combining Statement of Fund Net Assets - Internal Service Funds	96
Combining Statement of Revenues, Expenses, and Changes in Net Assets - Internal Service Funds	97
Combining Statement of Cash Flows - Internal Service Funds	98
Combining Statement of Fiduciary Net Assets - Pension Trust Funds and Agency Funds	99
Combining Statement of Changes in Fiduciary Net Assets - Pension Trust Funds	100
Combining Statement of Changes in Assets and Liabilities - Agency Funds	101

Other Supplemental Information:

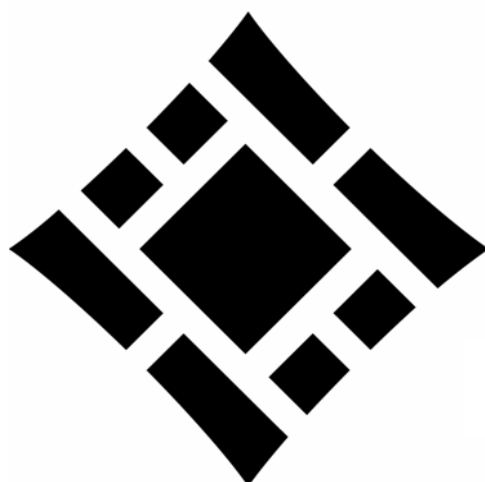
Schedule of Projects Funded with Special Sales Tax Proceeds	102-106
Schedule of Hotel/Motel Tax	107
Schedule of Revenues and Expenditures/Expenses - Rental Motor Vehicle Tax	108

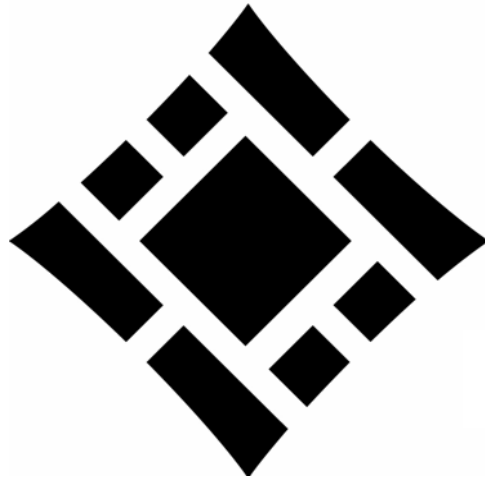
STATISTICAL SECTION

Net Assets by Component	109
Changes in Net Assets	110-111
Fund Balances of Governmental Funds	112
Changes in Fund Balances of Governmental Funds	113
Assessed Value and Estimated Actual Value of Taxable Property	114
Direct and Overlapping Property Tax Rates	115
Principal Property Taxpayers	116
Property Tax Levies and Collections	117
Ratios of Outstanding Debt by Type	118

STATISTICAL SECTION (continued)

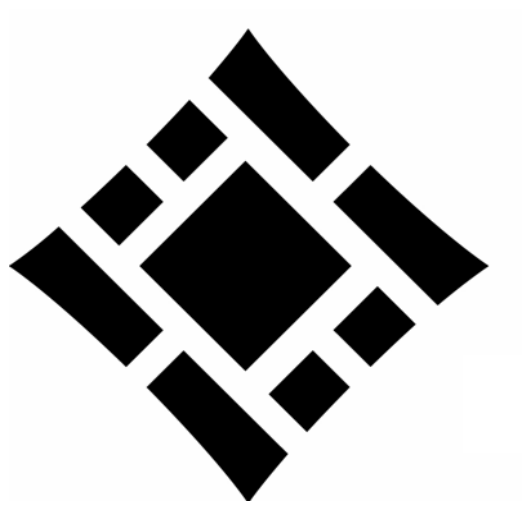
	<u>PAGE</u>
Ratios of General Bonded Debt Outstanding	119
Direct and Overlapping Governmental Activities Debt	120
Legal Debt Margin Information	121
Pledged-Revenue Coverage	122
Demographic and Economic Statistics	123
Principal Employers	124
Full-time Equivalent City Government Employees by Function/Program	125
Operating Indicators by Function/Program	126
Capital Asset Statistics by Function/Program	127
Water System Production and Number of System Customers	128
Sewage Treatment Plant Flows	129
Water and Sewer Rates	130
Water and Sewer Connection Fees	131
Major Water and Sewer Customers	132





INTRODUCTORY SECTION

LETTER OF TRANSMITTAL
PRINCIPAL OFFICIALS
ORGANIZATION CHART
CERTIFICATE OF ACHIEVEMENT





CITY OF SAVANNAH – Office of the City Manager
P.O. Box 1027
Savannah, Georgia 31402
(912) 651-6415 Fax (912) 238-0872

May 16, 2011

Honorable Mayor and Aldermen
City of Savannah
Savannah, Georgia

Dear Mayor and Council Members:

In accordance with state statutes and local charter provisions, we hereby submit the Comprehensive Annual Financial Report of the City of Savannah for the year ended December 31, 2010. Management assumes full responsibility for the completeness and reliability of the information contained in the report, based upon a comprehensive framework of internal control that it has established for this purpose. Because the cost of internal controls should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

Karp, Ronning and Tindol, Certified Public Accountants, have issued an unqualified ("clean") opinion on the City of Savannah's financial statements for the year ended December 31, 2010. The independent auditor's report is located at the front of the financial section of this report. In addition to the audit of the financial records, the City is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act Amendments of 1996, and U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Information related to this single audit, including the schedule of expenditures of federal awards, findings and recommendations and auditors' reports on the internal control and compliance with applicable laws and regulations, and a schedule of findings and questioned costs is presented in a separate report which can be obtained from the Finance Department of the City.

Generally Accepted Accounting Principles (GAAP) require that management provide a narrative introduction, overview and analysis to accompany the basic financial statements in the form of a Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The City's MD&A can be found immediately following the Independent Auditors' Report.

Profile of the Government

The City of Savannah is Georgia's oldest City and was established by British General James Oglethorpe in 1733. The City is situated approximately 20 miles inland from the mouth of the Savannah River and encompasses over 108 square miles. The City government serves a population of 136,286 and offers a wide variety of municipal services including police and fire protection; sanitation services; neighborhood services and code enforcement;

water and sewer utility; construction and maintenance of highways, streets and infrastructure; recreational and cultural events. The City of Savannah is empowered to levy a property tax on both real and personal property located within its boundaries.

The City of Savannah operates under the council-manager form of government and has done so since 1954. This organizational plan places legislative responsibility for municipal government in a City Council and gives administrative or executive authority to the City Manager. The Council, which consists of the Mayor and eight Aldermen, levies taxes, enacts ordinances, and adopts the annual budget as well as performing other legislative functions. Six Aldermen are elected by district and two are elected Citywide for four-year terms. The Mayor is elected directly for a four year term. The City Manager is appointed by the Mayor and Alderman to manage the government through the development, implementation, and execution of programs and policies established by the Council.

The financial reporting entity of the City includes all the funds of the City as well as all of its component units. Component units are legally separate entities for which the City is financially accountable. Blended component units, although legally separate entities, are, in substance, part of the City's operations and are included as part of the City. Accordingly, Resource Recovery Development Authority (RRDA) is reported as an enterprise fund of the primary government.

Each December, the Council adopts the budget for the upcoming year in the form of an ordinance. The annual budget serves as the foundation for the City's financial planning and control. The budget is prepared by fund, function, and department and is closely monitored throughout the year. Additionally, expenditures, revenues and performance data are monitored in order to ensure the successful implementation of the City's service plan. As conditions change or circumstances are altered, the budget process allows for amendments.

Local Economy

The City of Savannah and surrounding areas enjoy a diversified local economic base. This economic base includes (i) major manufacturers of jet aircraft, paper products and chemicals, (ii) two large military installations, (iii) two major healthcare systems, (iv) 19 institutions of higher learning, and (v) the nation's largest landmark historic district. Because of its economic diversity, unemployment within the region has remained relatively low when compared to the national and state levels. As of December 2010, unemployment in the Savannah metropolitan area was 8.9% compared to 9.1% nationally and 10.2% for the State of Georgia as a whole, which is a good sign for the local economy. In 2010, several positive announcements in the manufacturing sector provided momentum for the local economy that should continue into 2011. Gulfstream, maker of private jets, began a major expansion that will add nearly 1,000 workers over time as the company invests over \$500 million in new facilities. In addition, the Mitsubishi Power Systems turbine manufacturing facility was completed in 2010 and is on target to add 200 workers in 2011. These developments, along with others, should help to increase the number of jobs within the manufacturing industry and provide a stimulus to the local economy through high-wage jobs.

Overall, six industry groups account for nearly three-quarters of the jobs in the Savannah area: educational and health services (15.8%), state and local government (13.6%), leisure and hospitality (13.2%), retail trade (11.2%), professional and business services (10.7%), and manufacturing (8.7%). The federal government is also a significant economic presence thanks to Fort Stewart and Hunter Army Airfield, which together provide employment to over 29,000 military and civilian personnel. Altogether, the payroll for military and civilian workers is \$1.5 billion.

Tourism related numbers, as evidenced by hotel/motel related tax receipts, rebounded strongly in 2010 as compared to 2009 and are expected to once again experience healthy gains in 2011. In 2011, the City will play host to the Rock & Roll Marathon race series, which is expected to bring between 29,000 and 35,000 runners and visitors to the streets of Savannah in November. Savannah continues to be the number one tourist destination in Georgia with over 11 million visitors annually. In addition, the Georgia Ports Authority (GPA) continues to lead the regional economic recovery through

its infrastructure expansion and increased services. Even during these uncertain economic times, the GPA has invested millions in preparing its facilities for the future of shipping, which means accommodating larger vessels. Accommodating these larger vessels is the impetus behind the Savannah Harbor Expansion project. This project would add six feet to the shipping channel's depth and allow for the next generation of super-sized cargo carriers to call on the port. If the \$550 million project meets final regulatory approval and funding is available, dredging will likely begin in late 2011 or early 2012.

Long-term Financial Planning

As of December 31, 2010, unreserved, undesignated fund balance in the general fund (12.82% of total general fund expenditures and transfers out) compares favorably to the policy guidelines set by the City for budgetary and planning purposes (i.e., between 7% and 12% of total general fund expenditures and transfers out). No draw on general fund reserves is planned in the 2011 budget. In addition to the unreserved, undesignated fund balance in the general fund, the City also maintains a sales tax stabilization reserve. These reserves are funded from higher than anticipated local option sales tax revenues and are used to fund unbudgeted sales tax revenue deficits. As of the end of 2010, the sales tax stabilization reserves totaled \$5,501,000 and no draw on these reserves is anticipated for 2011.

Consistent with its past practice, the City adopted a conservative approach in defining the 2011 budget. By balancing planned expenditures to anticipated revenue streams the City was able to lower the proposed millage rate by .50 mills to 12.5 in the adopted 2011 budget. Since 1996, the property tax millage rate has been reduced 4.96 mills or 28%. Further decreases in the City's millage rate may be challenging to achieve in the near term as property values remain stagnant due to the economic recession and the fact that the state legislature has taken steps to cap the growth of this revenue source. Until at least 2011, the State of Georgia has capped tax property assessments at 0% growth. Given the future uncertainty of its largest general fund revenue source, the City continues to budget property revenues on a conservative basis and built into the 2011 budget a 4% decrease in property valuations.

In addition to the annual operating budget, the City prepares a five year capital plan that is updated on an annual basis. The most recent plan update for years 2011 through 2015 identifies projects and funding that total \$183.0 million and includes major categories of water and sewer, public buildings, parks and recreation, community development, drainage, streets and traffic improvements. Special Purpose Local Option Sales Tax (SPLOST) is the City's largest source of capital improvement funds and accounts for \$83.0 million in project funding over the course of the five year plan. SPLOST funding will be used primarily to fund public building construction and improvements, park and recreation facilities, a new civic center and storm drainage improvements. The General Fund is projected to contribute \$20.6 million or 11% of the funding for the plan. Year one of the five year plan, which was adopted by the mayor and council in December 2010, totals \$92.9 million in project funding.

Major Initiatives

The City continues to focus its efforts in the six areas of priority identified by the mayor and council, which include public safety, health and environment, neighborhood vitality, economic growth/poverty reduction, culture and recreation and high performing government. The City's investments in public safety appear to be paying dividends as evidenced by a 25% reduction in violent crimes and a 16% reduction in total part 1 crime. In addition, the City's fire department continues to maintain its enviable ISO rating of class 2 and is currently constructing two new fire stations to better protect citizens and property. Infrastructure projects, including street and drainage improvements, totaling \$22.0 million are included in the capital plan for 2011 and will improve the quality of life enjoyed by citizens through enhanced mobility and reduced isolated flooding events.

Public development and revitalization continue to be important initiatives to the City. Their importance is evidenced by the City's commitment to revitalize the aging Savannah Gardens corridor located on the eastside of town. Through the end of 2010, the City has spent over \$3 million on the

redevelopment of this 44+ acre site that once contained 389 blighted rental properties. Another \$9.7 million in City provided funds is slated for this project in 2011 as the City plans to complete right-of-way engineering and infrastructure improvements that will culminate in a mixed-use neighborhood containing approximately 500 new mixed income housing units. Other community development efforts will be directed at Waters Avenue, West Bay Street, Ogeechee Road and Wheaton Street.

Park and recreation initiatives will focus on improving the City's public marina located at Coffee Bluff. Plans for this facility include completely renovating the existing floating docks, boat hoist and building. Also planned at the marina is the construction of a new children's play park, fishing pier, sidewalks and parking facility. The City has also earmarked \$20.4 million in total funding for construction of a new cultural arts center. This facility, once complete, will provide a 500 seat community use theater, a 100 seat blackbox with equipment/workspace, classrooms, craft art studios and a media center.

Other Information

Awards

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City for its comprehensive annual financial report for the year ended December 31, 2009. To be awarded a Certificate of Achievement, the City must publish an easily readable and efficiently organized comprehensive annual report. The report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA for consideration.

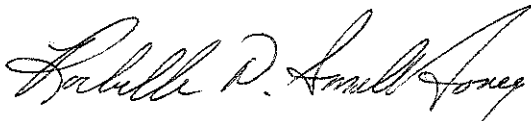
In addition, the City also received the GFOA's Distinguished Budget Presentation Award for the 2010 Service Program and Budget document. To qualify for the Distinguished Budget Presentation Award, the City's budget document must be proficient in several categories including policy documentation, financial planning, and organization.

Acknowledgments

The preparation of this report could not have been accomplished without the professional, efficient, and dedicated services of the entire staff of the Finance Department, the Auditing Department, the Revenue Department, and the Research and Budget Department, as well as the independent auditors. We express appreciation to all staff members who contributed to its preparation.

In summary, the financial condition of the City entity is favorable. Our diversity of revenue sources, resistance to recessionary downturns, growing economic base, and professional conservative financial management with a strong propensity for planning, provide a firm foundation for maintaining our strong financial footing into the future.

Respectfully submitted,


Rochelle Small-Toney
City Manager


Richard M. Evans
Chief Financial Officer

**CITY OF SAVANNAH, GEORGIA
PRINCIPAL OFFICIALS
2010**

ELECTED OFFICIALS

MAYOR

Otis S. Johnson, Ph.D.

ALDERMEN

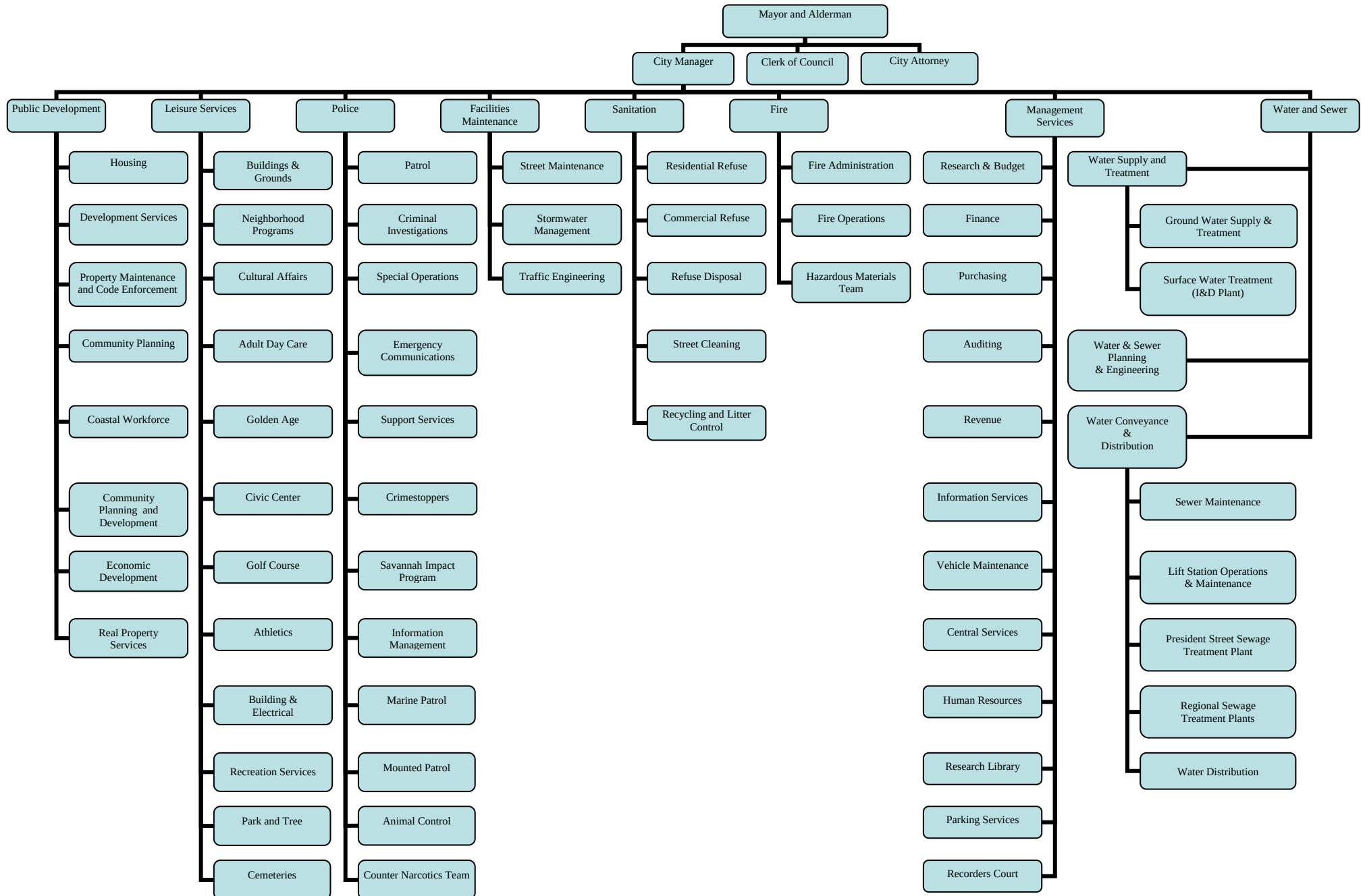
Jeff Felser
Van R. Johnson II
Larry Stuber
Clifton Jones, Jr.

Edna B. Jackson
Mary Osborne
Mary Ellen Sprague
Tony Thomas

OTHER OFFICIALS

Rochelle Small-Toney	City Manager
Stephanie Cutter	Acting Assistant City Manager
Marty Johnston	Acting Assistant City Manager
Richard M. Evans.....	Chief Financial Officer
David F. Maxwell, CPA	Finance Director
Megan Duffy.....	Auditing Director

City of Savannah, Georgia Organizational Chart



Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Savannah
Georgia

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
December 31, 2009

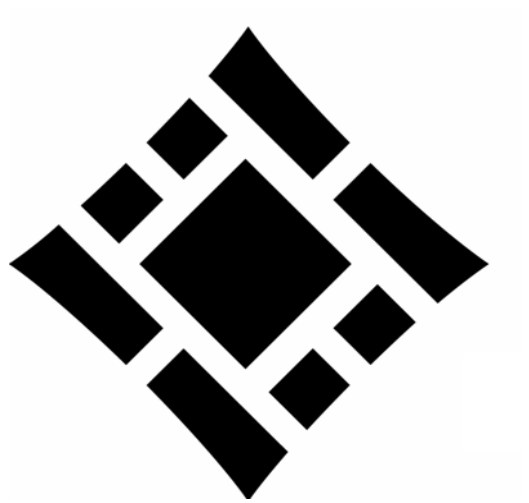
A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards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

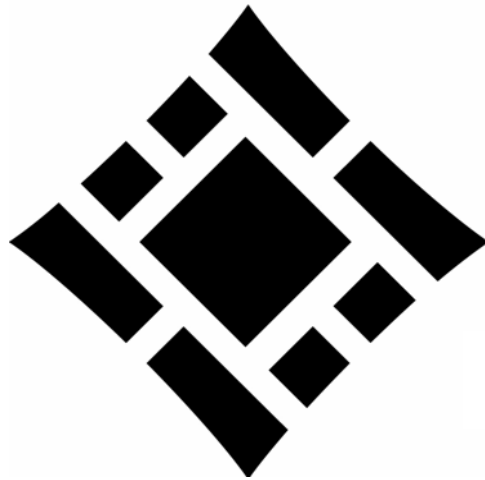


President



Executive Director





FINANCIAL SECTION

INDEPENDENT AUDITORS' REPORT

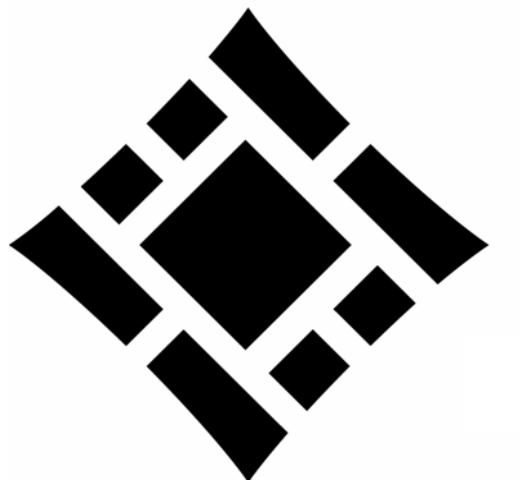
MANAGEMENT'S DISCUSSION AND ANALYSIS

BASIC FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS

REQUIRED SUPPLEMENTARY INFORMATION

- BUDGET AND ACTUAL SCHEDULES
- SCHEDULE OF FUNDING PROGRESS
- SCHEDULE OF EMPLOYER CONTRIBUTIONS
- SCHEDULE OF VALUATION DETAILS
- NOTES TO REQUIRED SUPPLEMENTARY INFORMATION



KARP, RONNING & TINDOL

CERTIFIED PUBLIC ACCOUNTANTS

6600 ABERCORN STREET, Suite 200
SAVANNAH, GEORGIA 31405

(912) 232-0475

INDEPENDENT AUDITORS' REPORT

Honorable Mayor and Members of the City Council
City of Savannah, Georgia:

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 Savannah, Georgia, (City), as of and for the year ended December 31, 2010, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the management of the City. Our responsibility is to express opinions on these basic financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City, as of December 31, 2010, and the respective changes in financial position, and, where applicable cash flows thereon for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated May 16, 2011, 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 to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the required supplementary information other than management's discussion and analysis beginning on pages 3 and 72, respectively, are presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing

standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's financial statements as a whole. The introductory section, combining and individual nonmajor fund financial statements and schedules, other supplementary information and statistical section, are presented for purposes of additional analysis and are not a required part of the financial statements. The combining and individual nonmajor fund financial statements and schedules, and other supplementary information are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Karp, Rosning & Tindol, P.C.

May 16, 2011

Management's Discussion and Analysis

This Management's Discussion and Analysis (MD&A) section offers readers of the City of Savannah's financial statements a narrative overview and analysis of the financial activities of the City for the fiscal year ended December 31, 2010. Readers are encouraged to consider the information presented here in conjunction with additional information furnished in the letter of transmittal, which can be found on pages i - iv of this report.

Financial Highlights

- The assets of the City exceeded its liabilities at the close of 2010 by \$1,004,446,725 (net assets). Of this amount, \$133,747,631 is unrestricted net assets.
- The government's total net assets increased by \$15,610,378 during 2010. Approximately 74.1% of this increase is attributable to governmental activities - operating and capital grants/contributions. The remaining 25.9% is attributable to business-type activities, primarily the water and sewer utility.
- As of the close of 2010, the City's governmental funds reported combined ending fund balances of \$136,855,621, a decrease of \$3,651,555 for the year ended December 31, 2010. The decrease is mostly attributable to the expenditure of previously accumulated resources within the Capital Improvement Fund and the SPLOST 2003-2008 Fund as the City purposefully accelerated the construction of many capital improvement projects. In addition to the decreases, a significant fund balance increase of \$6,660,285 was experienced in the City's OPEB Reserve Fund. Resources within this fund are earmarked for future retiree benefit payments.
- The unreserved fund balance for the general fund at the end of 2010 was \$21,836,519 or 12.8% of total general fund expenditures and transfers-out for that year. The unreserved general fund balance at the end of 2009 was \$21,382,479.
- The City's total long term liabilities experienced a net decrease of \$2,050,296 during the 2010 fiscal year. The decrease was attributable to scheduled debt service payments due in 2010 on previously outstanding borrowings. Increases were experienced in 2010 in the City's Net OPEB Obligation, which increased by \$12,247,809. Of this amount, \$9,268,200 was recognized in the governmental activities and \$2,979,609 was recognized in the business-type activities.
- The City's Net OPEB Obligation at the end of 2010 was \$40,565,665 which was 65% covered by the \$26,334,507 in available funds within the City's OPEB Reserve Fund.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements include three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to 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 assets" presents information on all of the City's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

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

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, police, fire, facilities maintenance (i.e. public works type activities), leisure services, social and cultural activities, and public development. The business-type activities of the City include the water and sewer utility, sanitation (i.e. solid waste collection and disposal), resource recovery (i.e. solid waste incineration with energy recovery), parking services, civic center, and golf course.

The Resource Recovery Development Authority for the City of Savannah, although legally separate, functions for all practical purposes as a component of the City, and therefore has been included as an integral part of the primary government. See the Notes to the Financial Statements Note 1 - Summary of Significant Accounting Policies (A) Reporting Entity for a discussion of other entities which are not considered part of the primary government.

The government-wide financial statements can be found on pages 14 - 15 of this report.

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

Governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating 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 funds balance sheet and the governmental funds 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 twenty-one individual governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances for the general fund, community development fund, capital improvement fund, SPLOST 2003-2008 fund and the SPLOST 2009-2014 fund, which are considered to be major funds. Data from the other sixteen governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report.

The City adopts an annual appropriated budget for the general fund and community development fund. Budgetary comparison schedules have been provided for these funds to demonstrate compliance with their budgets.

The basic governmental fund financial statements can be found on pages 16 -19 of this report.

Proprietary funds. The City maintains two different types of proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its water and sewer utility, sanitation activities, resource recovery, parking services, civic center, and golf course. Internal service funds are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City uses internal service funds to account for a revolving fund (which includes vehicle maintenance and information services) and a risk management fund. Because these services predominantly benefit governmental rather than business-type functions, they have been included within governmental activities in the government-wide financial statements.

The proprietary fund financial statements provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the water and sewer utility, sanitation operation, and parking services operation, each of which are considered to be major funds of the City. Data from the other three enterprise funds (which are non-major funds) is combined into a single, aggregated presentation. Individual fund data for each of these non-major enterprise funds is provided in the form of combining statements elsewhere in this report.

The two internal service funds are combined into a single, aggregated presentation in the proprietary fund financial statements. Individual fund data for the internal service funds is provided in the form of combining statements elsewhere in this report.

The basic proprietary fund financial statements can be found on pages 20 - 22 of this report.

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

The basic fiduciary fund financial statements can be found on pages 23 - 24 of this report.

Notes to the financial statements. The notes provide additional information that is essential to 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 25 - 71 of this report.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City's progress in funding its obligation to provide pension benefits to its employees, progress in funding its obligation to provide post employment benefits to its retirees, and budgetary comparisons for the general fund and the community development fund. Required supplementary information can be found on pages 72 - 79 of this report.

The "combining statements" referred to earlier in connection with non-major governmental and enterprise funds, and internal service funds are presented immediately following the required supplementary information in the Supplemental Section. Combining and individual fund statements and schedules can be found on pages 80 - 108 of this report.

Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the City, assets exceeded liabilities by \$1,004,446,725 at the close of the most recent fiscal year. The following table provides a comparative summary of the City's net assets for 2010 and 2009:

City of Savannah -- Net Assets (\$000)

	Governmental Activities		Business-type Activities		Total	
	2010	2009	2010	2009	2010	2009
Current and other assets	\$213,376	\$203,796	\$125,046	\$126,779	\$338,422	\$330,575
Capital assets	554,922	542,228	407,658	390,530	962,580	932,758
Total assets	<u>\$768,298</u>	<u>\$746,024</u>	<u>\$532,704</u>	<u>\$517,309</u>	<u>\$1,301,002</u>	<u>\$1,263,333</u>
Other liabilities	18,189	12,916	27,948	9,112	46,137	22,028
Long-term liabilities outstanding	94,976	89,539	155,442	162,930	250,418	252,469
Total liabilities	<u>113,165</u>	<u>102,455</u>	<u>183,390</u>	<u>172,042</u>	<u>296,555</u>	<u>274,497</u>
Net assets:						
Invested in capital assets, net of related debt	534,108	518,489	256,253	260,204	790,361	778,693
Restricted	78,002	51,636	2,336	2,328	80,338	53,964
Unrestricted	43,023	73,444	90,725	82,735	133,748	156,179
Total net assets	<u>655,133</u>	<u>643,569</u>	<u>349,314</u>	<u>345,267</u>	<u>1,004,447</u>	<u>988,836</u>
Total liabilities and net assets	<u>\$768,298</u>	<u>\$746,024</u>	<u>\$532,704</u>	<u>\$517,309</u>	<u>\$1,301,002</u>	<u>\$1,263,333</u>

The largest portion of the City's net assets (78.9% or \$790,360,833) reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment); less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City's net assets (7.8% or \$80,338,261) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets (13.3% or \$133,747,631) may be used to meet the government's ongoing obligations to citizens and creditors. However, much of this unrestricted balance is earmarked for future capital projects.

As of the end of the 2010 fiscal year, the City is able to report positive balances in all three categories of net assets, both for the government as a whole, as well as for its separate governmental and business-type activities. The same situation held true for the prior fiscal year.

During the current fiscal year, the government's net assets increased by \$15,610,378. About 74.1% of this increase is attributable to governmental activities mainly due to operating and capital grants/contributions received in 2010. The remaining increase is attributable to business-type activities, primarily the water and sewer utility. This increase is earmarked for funding capital projects in future years for the City's business-type activities.

The following table summarizes changes in net assets for the years ended December 31, 2010 and 2009:

City of Savannah - Changes in Net Assets (\$000)						
	Governmental Activities		Business-Type Activities		Total	
	2010	2009	2010	2009	2010	2009
Revenues:						
Program revenues:						
Charges for services	\$ 42,388	\$ 41,863	\$ 90,738	\$ 89,088	\$ 133,126	\$ 130,951
Operating grants and contributions	15,244	12,784	54	49	15,298	12,833
Capital grants and contributions	12,844	16,980	1,064	5,476	13,908	22,456
General revenues:						
Property taxes	62,386	61,663			62,386	61,663
General sales taxes	38,860	36,287			38,860	36,287
Other taxes	42,060	40,349			42,060	40,349
Grants and contributions not restricted as to use	1,093	2,996			1,093	2,996
Other	2,135	3,835	856	1,779	2,991	5,614
Total revenues	<u>217,010</u>	<u>216,757</u>	<u>92,712</u>	<u>96,392</u>	<u>309,722</u>	<u>313,149</u>
Expenses (net of indirect costs):						
General administration and management	10,875	10,530			10,875	10,530
Facilities maintenance	32,327	33,777			32,327	33,777
Public safety	93,178	94,512			93,178	94,512
Leisure services, social and cultural	33,226	31,605			33,226	31,605
Public development	12,229	12,544			12,229	12,544
Community development and workforce training	18,596	18,465			18,596	18,465
Interest on long-term debt and capital leases	1,239	1,197			1,239	1,197
Water and sewer			52,818	52,323	52,818	52,323
Sanitation and solid waste disposal			23,095	25,959	23,095	25,959
Parking services			10,569	10,125	10,569	10,125
Civic center and golf course			3,273	3,005	3,273	3,005
Total expenses	<u>201,670</u>	<u>202,630</u>	<u>89,755</u>	<u>91,412</u>	<u>291,425</u>	<u>294,042</u>
Increase in net assets before contributions and transfers	15,340	14,127	2,957	4,980	18,297	19,107
Contributions	154	201			154	201
Special items			(2,841)		(2,841)	
Transfers	(3,930)	(2,121)	3,930	2,121		
Change in net assets	<u>11,564</u>	<u>12,207</u>	<u>4,046</u>	<u>7,101</u>	<u>15,610</u>	<u>19,308</u>
Net assets - January 1	<u>643,569</u>	<u>631,363</u>	<u>345,267</u>	<u>338,165</u>	<u>988,836</u>	<u>969,528</u>
Net assets - December 31	<u>\$ 655,133</u>	<u>\$ 643,570</u>	<u>\$ 349,313</u>	<u>\$ 345,266</u>	<u>\$ 1,004,446</u>	<u>\$ 988,836</u>

Governmental activities. Governmental activities increased the City's net assets by \$11,563,678. Key elements of this increase are as follows:

- Capital grants and contributions were recognized in 2010 in the amount of \$12,843,525. Most of this revenue was derived from the City accepting conveyed infrastructure assets such as roads and bridges constructed by other governments and private developers.
- Property taxes increased by \$722,316 (1.2%) during the year as compared to 2009. Most of this increase is the product of additional collection efforts focused in the area of delinquent property tax accounts.
- Intangible, transfer and franchise taxes for 2010 were \$550,721 (3.2%) higher than in 2009. This increase is attributable to the City's electricity franchise revenue being \$751,820 higher than the prior year while other major revenues in this category such as intangible taxes and business taxes were slightly lower in 2010 than in 2009.
- General sales tax revenues increased in 2010 compared to the previous year by \$2,572,933 (7.1%). This increase is reflective of more efficient collection methods utilized by the Georgia Department of Revenue that have reduced the delays in collecting the tax from retail merchants.
- Selective sales tax revenues increased in 2010 by \$1,284,079 (8.4%) compared to 2009. This increase is attributable to increased tourist traffic for the City in 2010 compared to 2009, which increased the hotel/motel revenues by \$1,260,213.
- Unrestricted investment earnings for 2010 were \$596,885 (60.1%) less than the prior year due to dramatically lower interest rates being available for City investments of idle cash.

For 2010, overall governmental activity expenses decreased by \$960,889 (0.5%) as compared to 2009. The facilities maintenance activity, which includes maintenance of streets, drainage ways and public intersections, decreased expenses by \$1,450,359 (4.3%) in 2010 compared to the prior year. Most of this decrease can be attributed to the fact that the City's municipal cemetery activity was classified within the leisure services activity for 2010 and not in the facilities maintenance activity as was the case for 2009. Other significant expenditure decreases in 2010 occurred in street maintenance (\$231,476) and drainage maintenance (\$54,034).

In 2010, the public safety activity, which includes police and fire protection, experienced a net decrease in expenditures of \$1,334,537. Within the public safety activity, expenses for police services decreased by \$1,574,953 (2.4%) for 2010 as compared to 2009. In addition, expenses for fire protection services increased by \$244,232 (1.0%) in 2010 as compared to 2009 and expenses for recorder's court remained about the same. Significant expenditure decreases within the public safety function can be mainly attributed to the police management function (\$1,093,125) and the patrol function (\$771,885).

The leisure services, social and cultural function increased expenses in 2010 by \$1,620,359 (5.1%) compared with 2009. More specifically, expenses for leisure services were higher because the City's municipal cemetery activity was included in the 2010 expense total but in 2009, these expenses were included in the facilities maintenance total. Expense increases were experienced in tourism enhancement (\$558,712) and social and cultural contributions (\$83,042) in 2010.

Business-type activities. Business-type activities increased the City's net assets by \$4,046,700. Key elements of this increase are as follows:

- Charges for services for business-type activities overall increased by \$1,650,386 or 1.9%. The water and sewer activity increased charges for services by \$1,334,987 or 2.3% in 2010 as compared to 2009. This increase is attributable to metered water and sewer revenues on which the City increased consumer rates for 2010. Charges for services for parking facilities increased by \$959,010 or 9.5% in 2010 due to increased revenues earned at the City's Whitaker Street parking facility.
- Investment earnings decreased by \$712,396 for business-type activities. This decrease from 2009 to 2010 was the result of declining yields in the investment markets and lower balances of investable funds.

Overall, expenses for business-type activities decreased in 2010 by \$1,657,660, or 1.8%. The majority of this decrease was due to decreased expenses in the sanitation and solid waste disposal activity, which decreased expenses by \$2,865,300 (11.0%) in 2010, compared to 2009. Within the sanitation activity for 2010, decreases were experienced in expenses related to depreciation (\$745,385) of the City's landfill assets and also for expenses related to closure and post closure care (\$2,346,515) of the landfill. The parking facility activity experienced year over year increases in expenses due to higher costs in 2010 related to operating the parking facilities and on-street enforcement activities. The water and sewer activity also saw a modest increase in expenses in 2010. As compared to 2009, expenses for the water and sewer activity increased by \$495,325 (1.0%) in 2010. The increase was a result of higher costs for employee benefits, equipment repair costs and commodities.

Financial Analysis of the Government's Funds

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

Government 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, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the 2010 fiscal year, the City's governmental funds reported combined ending fund balances of \$136,855,621, a decrease of \$3,651,555 for the year ended December 31, 2010. Approximately 50.6% of the fund balance (\$69,288,694) is classified as unreserved. Of this total amount, only \$21,836,519 is available for spending in future years without restrictions. Other unreserved portions of fund balance are also available for spending in future years but are earmarked for capital projects (\$18,772,984), debt service (\$895,736), public safety purposes (\$178,767), retiree benefits (\$26,334,507) and property redevelopment (\$1,270,181). The remainder of the fund balance is reserved to indicate that it is not available for future spending because it has already been committed to: 1) liquidate contracts and purchase orders of prior periods (\$56,613,143), 2) pay for authorized capital projects as specified in special purpose sales tax referenda (\$2,685,451), 3) generate income to pay for the perpetual care of the municipal cemeteries (\$4,936,744), or 4) for a variety of other restricted purposes (\$3,331,589).

The general fund is the chief operating fund of the City. At the end of the current fiscal year, unreserved fund balance of the general fund was \$21,836,519. As a measure of the general fund's liquidity, it is useful to compare unreserved fund balance to total fund expenditures. Unreserved fund balance represents 12.8% of total general fund expenditures plus transfers-out.

The fund balance of the City's general fund increased in 2010 by \$459,432. Key factors in this increase are as follows:

- Property tax revenues increased by \$793,188 (1.3%) over the prior year. This increase in property tax revenues resulted from a 0.50 mill tax increase in 2010 and also focused collection efforts on delinquent property tax accounts.
- Revenues from intangible, transfer and franchise taxes increased by \$550,721 (3.2%) compared to the prior year. Most of this increase (\$751,820) is attributable to the franchise tax imposed on the local electricity utility.
- General sales tax revenues decreased \$443,344 (1.1%) in 2010 compared to the prior year. This decrease is due to curtailed taxable sales during 2010.
- Investment income was also lower in 2010 by \$304,059 (72.6%) compared to 2009. This decrease can be attributed to lower cash balances within the fund and lower yields within the investment market.

Overall total expenditures (and transfers out) of the general fund decreased \$1,492,987 (0.9%) for 2010 compared to the prior year. Decreases in general fund expenditures are reflective of a decrease of \$388,559 (4.2%) in the management and financial services department, a decrease of \$2,203,185 (10.3%) in the facilities maintenance department and a decrease of \$1,760,032 (3.0%) in the police department. The decrease in the facilities maintenance department was partially offset by a \$993,199 increase in the leisure services department as the expenditures for city owned cemetery maintenance were included in the leisure services department in 2010 and in the facilities maintenance department in 2009. None of the general fund departments experienced significant increases in expenditures in 2010.

The community development fund is used by the City to account for the receipt and expenditure of federal grant program funds such as community development block grant funds, HOME program funds and several revolving loan programs. In 2010, this fund expended \$8,565,996 on the City's community development program and its administration. In addition, in 2010 the community development fund expended \$200,654 for debt service payments related to Section 108 loans owed by the City.

The capital improvement fund is used by the City to account for the construction of general government, capital improvement projects. The Fund has a total fund balance of \$33,011,003, all of which is earmarked for the construction of future capital assets. The fund balance for the capital improvement fund decreased by \$8,451,783 in 2010 as expenditures exceeded revenues and other financing sources for the year. The City also maintains the SPLOST 2003-2008 fund, which is used to account for special purpose local option sales tax (SPLOST) revenues paid to the City by Chatham County. These funds are used to construct capital projects as specified in the SPLOST referendum. During 2010, the SPLOST 2003-2008 fund expended \$4,724,516 on major capital improvements. As of the end of 2010, the SPLOST 2003-2008 fund had a fund balance of \$37,035,536, all of which is required for projects specified within the authorizing referendum. The City also maintains the SPLOST 2009-2014 fund, which was created in 2008, and is used to account for revenues and expenditures related to the special purpose local option sales tax referendum passed by local voters in 2006. The City began receiving tax revenues associated with this referendum in 2010; however, SPLOST funded projects were begun in advance of receiving the SPLOST taxes and were prefunded by the City's general fund. In 2010, the SPLOST 2009-2014 fund expended \$4,160,756 for the construction of capital projects.

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 assets of the water and sewer fund at the end of the year amounted to \$81,261,248, which is an increase from the prior year of \$10,187,472. Though not restricted as such, these assets are earmarked for capital improvements needed for the water and sewer system in future years. Unrestricted sanitation fund net assets at year end were a deficit of \$6,682,534, a decrease from 2009 of \$2,055,202. Unrestricted parking services net assets decreased by \$51,853 for 2010. Unrestricted net assets for the non-major enterprise funds at the end of 2010 were \$1,871,004, which is \$90,808 (4.6%) lower than the prior year.

General Fund Budgetary Highlights

The difference between the original budget appropriations and the final amended budget appropriation for expenditures and transfers reflects an increase of \$4,176,782 which is 2.4%. Major budget changes included increases in the appropriation for transfers to the capital improvement fund (increased \$4 million), the facilities maintenance activity (increased \$909,201), fire protection activity (increased \$750,949) and the tourism enhancement activity (increased \$547,678). Major budget decreases included amounts appropriated for police (reduced \$780,616) and leisure services (reduced \$291,935). Budget decreases within both the police activity and the leisure services activity were for personal services and operating supplies. No material unfavorable budgetary variances between the final amended budget and actual results were experienced during 2010.

Capital Asset and Debt Administration

Capital assets. The City's investment in capital assets for its governmental and business type activities as of December 31, 2010, amounted to \$962,579,886 (net of accumulated depreciation). The investment in capital assets includes land; plants and buildings; improvements other than buildings; machinery, equipment and fixtures; streets and drainage; and construction in progress. The total increase in the City's investment in capital assets for the current fiscal year was \$29,822,722 (a \$12,694,170 increase for governmental activities and a \$17,128,552 increase for business-type activities).

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

- Various governmental capital asset projects, including land purchases, with a total value of \$55,147,071 were completed or acquired during the year. The total value of governmental capital assets of all types still under construction at year end was \$84,166,440.
- A variety of street and drainage construction projects with a total value of \$20,278,176 were completed or acquired during the year. Machinery and other rolling stock valued at \$7,451,328 were placed into service during the year. Buildings and other improvements valued at \$2,991,148 were completed during the year.
- Various business-type plant capital asset projects, including land purchases, with a total value of \$27,558,957 were completed or acquired during the year. The total value of business-type capital assets of all types still under construction at year end was \$53,032,905.

The following table summarizes the City's governmental activity and business-type activity capital assets by major category as of the end of 2010 and 2009:

City of Savannah - Capital Assets (\$000)						
	Governmental Activities		Business-type Activities		Total	
	2010	2009	2010	2009	2010	2009
Land	\$ 53,373	\$ 43,178	\$ 7,823	\$ 7,822	\$ 61,196	\$ 51,000
Plants and Buildings	45,598	42,613	559,664	533,125	605,262	575,738
Improvements other than buildings	52,946	38,751	33,770	33,522	86,716	72,273
Machinery, equipment and fixtures	91,376	88,298	32,276	31,606	123,652	119,904
Streets and drainage	459,042	438,764			459,042	438,764
Construction in progress	84,166	102,604	53,033	44,881	137,199	147,485
Less accumulated depreciation	(231,579)	(211,981)	(278,908)	(260,426)	(510,487)	(472,407)
Total	<u>\$554,922</u>	<u>\$542,227</u>	<u>\$407,658</u>	<u>\$390,530</u>	<u>\$962,580</u>	<u>\$932,757</u>

Additional information on the City's capital assets can be found in Notes to the Financial Statements Note 5 - Capital Assets on pages 46 - 49 of this report.

Long-term debt. At the end of year 2010, the City had total bonded debt (excluding special assessment debt) outstanding of \$61,444,312 (net of unamortized premiums and discounts). In addition to bonded debt, the City also had outstanding notes of \$34,584,007, and contractual obligations that secured bonds issued by certain public authorities (which are not part of the City entity) totaling \$71,370,636. All three types of debt obligations totaled \$167,398,955. Of this amount, \$69,909,303 comprises debt backed by the full faith and credit of the City and \$97,489,652 represents bonds secured by specified revenue sources.

The following table summarizes outstanding debt of the City as of the end of 2010 and 2009:

City of Savannah - Outstanding Debt (\$000)*
(General obligation bonds, notes, revenue bonds and contractual obligations)

	Governmental Activities		Business-type Activities		Total	
	2010	2009	2010	2009	2010	2009
Revenue bonds	\$ -	\$ -	\$ 61,444	\$ 69,668	\$ 61,444	\$ 69,668
Contractual obligations	35,325	37,105	36,045	37,319	71,370	74,424
Notes	1,120	1,235	33,464	35,682	34,584	36,917
Total	<u>\$ 36,445</u>	<u>\$ 38,340</u>	<u>\$ 130,953</u>	<u>\$ 142,669</u>	<u>\$ 167,398</u>	<u>\$ 181,009</u>

* Excluding special assessment debt.

As of the end of 2010, the City's total debt had decreased by \$13,610,831 (7.6%) when compared to the amount outstanding at the end of 2009. This decrease resulted from the City meeting regularly scheduled debt service payments during 2010. During 2010, the City made regularly scheduled debt service payments in accordance with the debt obligation agreements equal to \$13,725,555. During 2010, the City refinanced \$485,000 in Section 108 notes to reduce the City's overall debt expense by taking advantage of lower interest rates available in the debt markets. The City's general obligation credit rating is "AA" by Standard & Poor's, and "Aa3" by Moody's. The credit rating assigned to water and sewer revenue debt of the City is "AA+" by Standard & Poor's, and "Aa3" by Moody's.

State statutes limit the amount of general obligation bonded debt a governmental entity may issue up to 10% of its total assessed valuation. The current debt limitation for the City is \$476,848,044. As of December 31, 2010 the City had no outstanding general obligation bonded debt.

Additional information on the City's long-term debt can be found in the Notes to the Financial Statements [Note 6 - Long-Term Liabilities](#) on pages 50 - 60 of this report.

Economic Factors and Next Year's Budgets and Rates

- The unemployment rate for the Savannah metropolitan area as of the end of 2010 was 8.9% compared to 9.8% as of the end of 2009. The unemployment rate for the Savannah statistical area as of December 2010 was lower than that of the state of Georgia as a whole (10.2%) and the national average of 9.1%.

- The City's property tax digest has grown an average of 6.1% over the past five years. Over that period, the property tax digest growth reached a peak of 14.2% in 2006 and then declined to 8.2% and 0.5% in 2008 and 2009, respectively. In 2010, the City saw the property tax digest value decline 4.83% compared to 2009.
- Chatham County retail sales declined for the fourth consecutive year in 2010. Retail sales reached a peak in 2006 at \$6.464 billion and then declined to \$6.128 billion and \$5.846 billion in 2008 and 2009, respectively. The decline in retail sales continued in 2010 as retail sales were \$5.78 billion.
- Recent commercial and residential building permit activity peaked in 2007 and declined in 2008. Over the past two years, however, the number of permits issued for new residential construction has increased. In 2009 and 2010 respectively, the City issued 471 and 498 permits for new residential construction. In 2010, permitting activity for new commercial and industrial building decreased by 35% compared to 2009.

All of these factors were considered in preparing the City of Savannah's budget for the 2011 fiscal year. The 2011 adopted budget is balanced and includes a tentative property tax millage rate of 12.5 mills, which is 0.5 mills lower than the final, adopted millage for 2010.

Rates for water and sewer service for 2011 are increased from 2010. The base charges will remain the same; however, consumption charges will increase for the median inside City customer by \$0.75 per month, or about 2.27%. The increase is necessary to fund anticipated increases in the operation and maintenance cost of the system and to fund the water and sewer system capital improvement/capital maintenance plan. No other fee or rate changes were included in the 2011 budget.

Requests for Information

This financial report is designed to provide a general overview of the City of Savannah's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Office of the Finance Director, City of Savannah, Post Office Box 1027, Savannah, Georgia 31402.

**CITY OF SAVANNAH
STATEMENT OF NET ASSETS
DECEMBER 31, 2010**

	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
<u>ASSETS</u>			
Cash and investments	\$ 78,057,447	\$ 103,013,114	\$ 181,070,561
Receivables (net)	36,306,126	15,125,199	51,431,325
Internal balances	(62,819)	62,819	
Inventories	950,006	74,123	1,024,129
Prepaid items	472,088		472,088
Restricted assets:			
Cash and investments	71,577,642	6,727,449	78,305,091
Accounts receivable	123,098	42,853	165,951
Net pension asset	175,065		175,065
Notes receivable, due within one year	4,145,401		4,145,401
Notes receivable, long term	20,806,968		20,806,968
Property held for resale	825,673		825,673
Capital assets:			
Land and construction in progress	137,539,830	60,856,176	198,396,006
Other capital assets, net of depreciation	417,381,733	346,802,147	764,183,880
Total assets	<u>\$ 768,298,258</u>	<u>\$ 532,703,880</u>	<u>\$ 1,301,002,138</u>
<u>LIABILITIES</u>			
Accounts payable and accrued liabilities	\$ 9,121,887	\$ 23,705,092	\$ 32,826,979
Interest payable	618,341	1,128,061	1,746,402
Unearned revenues	4,425,003		4,425,003
Payable from restricted assets:			
Deposits	4,003,692	2,493,321	6,497,013
Interest payable	20,013	118,641	138,654
Current portion of debt payable		503,750	503,750
Long-term liabilities:			
Due within one year	9,582,061	12,622,876	22,204,937
Due in more than one year	54,352,278	133,294,732	187,647,010
Net OPEB Obligation	31,041,751	9,523,914	40,565,665
Total liabilities	<u>113,165,026</u>	<u>183,390,387</u>	<u>296,555,413</u>
<u>NET ASSETS</u>			
Invested in capital assets, net of related debt	534,107,772	256,253,061	790,360,833
Restricted for:			
Sales Tax Capital projects	41,267,555		41,267,555
Community Development projects	25,947,101		25,947,101
HUD Section 108 projects	369,498		369,498
Nonexpendable perpetual care	5,040,933		5,040,933
Debt service	148,565	2,335,675	2,484,240
Public safety communications	3,867,444		3,867,444
Other grants	1,361,490		1,361,490
Unrestricted	43,022,874	90,724,757	133,747,631
Total net assets	<u>655,133,232</u>	<u>349,313,493</u>	<u>1,004,446,725</u>
Total liabilities and net assets	<u>\$ 768,298,258</u>	<u>\$ 532,703,880</u>	<u>\$ 1,301,002,138</u>

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

**CITY OF SAVANNAH, GEORGIA
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2010**

FUNCTIONS/PROGRAMS	EXPENSES	INDIRECT COSTS	PROGRAM REVENUES			NET (EXPENSE) REVENUE AND CHANGES IN NET ASSETS		
			Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental activities:								
General administration	\$ 4,897,553	\$ -	\$ -	\$ -	\$ -	\$ (4,897,553)		\$ (4,897,553)
Management and financial services	10,363,731	(4,386,517)	2,870,601			(3,106,613)		(3,106,613)
Facilities maintenance	32,326,689		4,826,338		8,702,434	(18,797,917)		(18,797,917)
Police	65,473,702		23,890,542	233,456		(41,349,704)		(41,349,704)
Recorder's court	2,224,961		2,845,065			620,104		620,104
Fire	25,457,636	22,196	305,530	55,818		(25,118,484)		(25,118,484)
Leisure services	22,508,306		823,818	271,664	1,000,000	(20,412,824)		(20,412,824)
Tourism enhancement	8,923,007		1,148,959			(7,774,048)		(7,774,048)
Social and cultural	1,794,416					(1,794,416)		(1,794,416)
Public development	12,228,516		2,031,684		1,787,103	(8,409,729)		(8,409,729)
Grant program and administration	8,469,642	62,499		8,768,937	934,786	1,171,582		1,171,582
Community development program and administration	9,578,119	486,238	3,644,985	5,914,102	419,202	(86,068)		(86,068)
Interest on long-term debt	1,185,004					(1,185,004)		(1,185,004)
Interest on capital leases	54,164					(54,164)		(54,164)
Total governmental activities	<u>205,485,446</u>	<u>(3,815,584)</u>	<u>42,387,522</u>	<u>15,243,977</u>	<u>12,843,525</u>	<u>(131,194,838)</u>		<u>(131,194,838)</u>
Business-type activities:								
Water and sewer	50,395,312	2,422,752	58,396,942	54,132	1,064,273		\$ 6,697,283	6,697,283
Sanitation	22,314,980	779,522	19,843,572				(3,250,930)	(3,250,930)
Parking facilities	10,051,203	517,545	11,031,873				463,125	463,125
Civic Center	3,119,069	95,765	1,403,924				(1,810,910)	(1,810,910)
Golf Course	58,417		61,695				3,278	3,278
Resource Recovery								
Total business-type activities	<u>85,938,981</u>	<u>3,815,584</u>	<u>90,738,006</u>	<u>54,132</u>	<u>1,064,273</u>		<u>2,101,846</u>	<u>2,101,846</u>
Total	<u>\$ 291,424,427</u>	<u>\$ -</u>	<u>\$ 133,125,528</u>	<u>\$ 15,298,109</u>	<u>\$ 13,907,798</u>	<u>(131,194,838)</u>	<u>2,101,846</u>	<u>(129,092,992)</u>
General Revenues:								
Taxes:								
Property taxes						62,385,906		62,385,906
Intangible, transfer and franchise taxes						17,713,544		17,713,544
General sales taxes						38,859,679		38,859,679
Selective sales taxes						16,493,291		16,493,291
Business taxes						7,853,383		7,853,383
Penalties and interest on delinquent taxes						860,376		860,376
Grants and contributions not restricted to specific programs						1,093,282		1,093,282
Investment earnings, unrestricted						395,990	432,859	828,849
Gain on sale of capital assets						483,533	5,703	489,236
Miscellaneous revenue						395,459	417,557	813,016
Contributions to Cemetery Perpetual Care						154,081		154,081
Special items							(2,841,273)	(2,841,273)
Transfers						(3,930,008)	3,930,008	
Total general revenues, contributions, and transfers						<u>142,758,516</u>	<u>1,944,854</u>	<u>144,703,370</u>
Change in net assets						<u>11,563,678</u>	<u>4,046,700</u>	<u>15,610,378</u>
Net assets, beginning						<u>643,569,554</u>	<u>345,266,793</u>	<u>988,836,347</u>
Net assets, ending						<u>\$ 655,133,232</u>	<u>\$ 349,313,493</u>	<u>\$ 1,004,446,725</u>

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

CITY OF SAVANNAH
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2010

	GENERAL	COMMUNITY DEVELOPMENT	CAPITAL IMPROVEMENT	SPLOST 2003-2008	SPLOST 2009-2014	NONMAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
<u>ASSETS</u>							
Cash and investments	\$ 22,327,064	\$ 81,727	\$ 4,872,276	\$ -	\$ -	\$ 29,245,415	\$ 56,526,482
Receivables, net	21,735,870					1,725,932	23,461,802
Due from other funds	18,744,940		28,537,767				47,282,707
Due from other governments	6,348,763	1,231,451			2,156,303	2,298,766	12,035,283
Prepaid items	4,141						4,141
Advances to other funds	546,451						546,451
Restricted assets:							
Cash and investments	3,883,311	120,381		37,171,130	862,313	29,540,507	71,577,642
Special assessment receivable, net						123,098	123,098
Notes receivable						210,792	210,792
Notes receivable, long-term		24,741,577					24,741,577
Property held for resale						825,673	825,673
Deferred charges						546,451	546,451
Total assets	<u>\$ 73,590,540</u>	<u>\$ 26,175,136</u>	<u>\$ 33,410,043</u>	<u>\$ 37,171,130</u>	<u>\$ 3,018,616</u>	<u>\$ 64,516,634</u>	<u>\$ 237,882,099</u>
<u>LIABILITIES AND FUND BALANCE</u>							
Liabilities:							
Accounts payable	\$ 3,265,576	\$ 107,654	\$ 399,040	\$ 135,594	\$ 862,313	\$ 2,044,478	\$ 6,814,655
Accrued liabilities	691,458						691,458
Due to other funds	28,537,767	457,360			16,394,322	1,956,077	47,345,526
Advances from other funds						546,451	546,451
Payable from restricted assets:							
Escrow deposits	3,883,311	120,381					4,003,692
Deferred revenue	13,824,868	25,489,741				2,310,087	41,624,696
Total liabilities	<u>50,202,980</u>	<u>26,175,136</u>	<u>399,040</u>	<u>135,594</u>	<u>17,256,635</u>	<u>6,857,093</u>	<u>101,026,478</u>
Fund balances:							
Reserved for:							
Encumbrances	1,546,900			35,447,806		19,618,437	56,613,143
Prepaid items	4,141						4,141
Section 108 activities						178,455	178,455
Perpetual care						4,936,744	4,936,744
Debt service						25,468	25,468
Sales Tax Capital Projects				1,587,730		1,097,721	2,685,451
Public safety communications						3,123,525	3,123,525
Unreserved, reported in:							
General Fund	21,836,519						21,836,519
Special revenue funds						27,783,455	27,783,455
Debt service fund						895,736	895,736
Capital project funds			33,011,003		(14,238,019)		18,772,984
Total fund balances	<u>23,387,560</u>	<u></u>	<u>33,011,003</u>	<u>37,035,536</u>	<u>(14,238,019)</u>	<u>57,659,541</u>	<u>136,855,621</u>
Total liabilities and fund balances	<u>\$ 73,590,540</u>	<u>\$ 26,175,136</u>	<u>\$ 33,410,043</u>	<u>\$ 37,171,130</u>	<u>\$ 3,018,616</u>	<u>\$ 64,516,634</u>	<u>\$ 237,882,099</u>

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

**CITY OF SAVANNAH
RECONCILIATION OF THE BALANCE SHEET FOR GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET ASSETS
DECEMBER 31, 2010**

Amounts reported for governmental activities on the Statement of Net Assets (page 14) differs from the amount reported on the Balance Sheet for Governmental Funds because:

Total fund balances for Governmental Funds (page 16)	\$ 136,855,621
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	524,247,649
Additional assets shown in governmental activities that are not shown in the funds due to differences in revenue recognition criteria	175,065
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.	36,653,242
Internal service funds are used by management to charge costs of fleet management, information services, engineering, real property services, and risk management to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets.	39,672,054
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds	<u>(82,470,399)</u>
Net assets of governmental activities (page 14)	<u><u>\$ 655,133,232</u></u>

CITY OF SAVANNAH
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2010

	GENERAL	COMMUNITY DEVELOPMENT	CAPITAL IMPROVEMENT	SPLOST 2003-2008	SPLOST 2009-2014	NONMAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
REVENUES:							
Property taxes	\$ 60,125,265	\$ -	\$ -	\$ -	\$ -	\$ 155,499	\$ 60,280,764
Intangible, transfer and franchise taxes	17,713,544						17,713,544
General sales tax	38,934,660						38,934,660
Selective sales taxes	3,616,024					12,877,267	16,493,291
Business taxes	7,853,383						7,853,383
Penalties and interest on delinquent taxes	860,376						860,376
Licenses and permits	1,692,958						1,692,958
Inspection fees	1,628,814						1,628,814
Intergovernmental revenue	1,612,217	6,333,304	362,269		5,322,156	9,406,320	23,036,266
Charges for services	21,453,404	1,157,513				5,497,583	28,108,500
Indirect cost allocations	5,014,811						5,014,811
Special assessments						4,383	4,383
Fines and forfeitures	3,089,932						3,089,932
Investment income	114,925	1,652	4,948	145,722		205,578	472,825
Miscellaneous revenue	856,530	131,777	4,246,754			241,992	5,477,053
Total revenues	164,566,843	7,624,246	4,613,971	145,722	5,322,156	28,388,622	210,661,560
EXPENDITURES:							
Current:							
General administration	3,017,319						3,017,319
Management and financial services	8,779,060						8,779,060
Facilities maintenance	19,093,767						19,093,767
Police	57,183,552					5,091,923	62,275,475
Recorder's court	2,126,202						2,126,202
Fire	23,506,497					443,180	23,949,677
Leisure services	20,207,315						20,207,315
Tourism enhancement	3,356,102					5,546,480	8,902,582
Social and cultural	1,794,416						1,794,416
Public development	12,973,909						12,973,909
Grant program and administration						9,640,609	9,640,609
Community development program and administration		8,526,819				500,971	9,027,790
Debt Service:							
Principal		115,000				1,777,478	1,892,478
Interest and fiscal charges		85,654				954,254	1,039,908
Capital outlay			14,281,788			287,305	14,569,093
Capital outlay - SPLOST funded				4,724,516	4,160,756	2,612,054	11,497,326
Total expenditures	152,038,139	8,727,473	14,281,788	4,724,516	4,160,756	26,854,254	210,786,926
Excess (deficiency) of revenues over (under) expenditures	12,528,704	(1,103,227)	(9,667,817)	(4,578,794)	1,161,400	1,534,368	(125,366)
OTHER FINANCING SOURCES (USES):							
Transfers in	6,187,429	1,141,750	4,995,939			13,621,827	25,946,945
Transfers out	(18,256,701)	(38,523)	(3,779,905)			(7,398,005)	(29,473,134)
Debt issuance proceeds						485,000	485,000
Payment to fiscal agent						(485,000)	(485,000)
Total other financing sources (uses)	(12,069,272)	1,103,227	1,216,034			6,223,822	(3,526,189)
Net change in fund balances	459,432		(8,451,783)	(4,578,794)	1,161,400	7,758,190	(3,651,555)
Fund balances, beginning of year	22,928,128		41,462,786	41,614,330	(15,399,419)	49,901,351	140,507,176
Fund balances, end of year	\$ 23,387,560	\$ -	\$ 33,011,003	\$ 37,035,536	\$ (14,238,019)	\$ 57,659,541	\$ 136,855,621

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

**CITY OF SAVANNAH
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2010**

Amounts reported for governmental activities in the Statement of Activities (page 15) are different because:

Net change in fund balances - total governmental funds (page 18)	\$ (3,651,555)
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 and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.	10,468,802
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to increase net assets.	4,695,899
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	4,830,289
The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.	1,897,046
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.	(9,916,703)
Internal service funds are used by management to charge costs of fleet management, information services, and risk management to individual funds.	2,970,285
The net revenue of certain activities of internal service funds is reported with governmental activities.	269,615
Change in net assets of governmental activities (page 15)	<u>\$ 11,563,678</u>

CITY OF SAVANNAH
STATEMENT OF FUND NET ASSETS
PROPRIETARY FUNDS
DECEMBER 31, 2010

ENTERPRISE FUNDS						
	WATER AND SEWER	SANITATION	PARKING SERVICES	NONMAJOR ENTERPRISE FUNDS	TOTALS	INTERNAL SERVICE FUNDS
<u>ASSETS</u>						
ASSETS						
Current assets:						
Cash and investments	\$ 76,515,765	\$ 7,586,367	\$ 16,435,875	\$ 2,475,107	\$ 103,013,114	\$ 21,530,965
Receivables, net	11,417,255	3,700,438	7,506		15,125,199	1,256,043
Due from other funds				62,819	62,819	
Prepaid items						20,947
Inventories	34,371			39,752	74,123	950,006
Total current assets	87,967,391	11,286,805	16,443,381	2,577,678	118,275,255	23,757,961
Noncurrent assets:						
Restricted assets:						
Cash and investments	5,002,677	1,075,777	69,914	579,081	6,727,449	
Accounts receivable				42,853	42,853	
Capital assets:						
Land	1,975,040	1,910,772	1,738,363	2,199,096	7,823,271	
Plant, buildings, stations, reservoirs, etc	457,223,873	195,269	85,142,476	17,102,153	559,663,771	2,479,758
Improvements, other than buildings		29,481,241	414,670	3,874,666	33,770,577	419,908
Machinery and equipment	6,419,095	20,480,924	3,013,811	1,470,030	31,383,860	64,583,529
Machinery and equipment under capital lease						2,440,982
Other capital assets				891,718	891,718	
Less accumulated depreciation	(204,739,879)	(35,916,142)	(19,112,668)	(19,139,090)	(278,907,779)	(39,280,006)
Construction in progress	49,276,406	713,900	244,796	2,797,803	53,032,905	29,743
Total noncurrent assets	315,157,212	17,941,741	71,511,362	9,818,310	414,428,625	30,673,914
Total assets	\$ 403,124,603	\$ 29,228,546	\$ 87,954,743	\$ 12,395,988	\$ 532,703,880	\$ 54,431,875
<u>LIABILITIES AND NET ASSETS</u>						
LIABILITIES						
Current liabilities:						
Accounts payable	\$ 2,474,748	\$ 337,584	\$ 20,716,689	\$ 176,071	\$ 23,705,092	\$ 1,615,776
Interest payable	135,761	337,841	621,141	33,318	1,128,061	32,766
Current portion of contractual obligations			960,000	420,000	1,380,000	
Current portion of notes and bonds payable	7,869,663	2,380,000			10,249,663	
Current portion of compensated absences	533,930	298,697	98,009	62,577	993,213	226,929
Current portion of claims and judgments payable						1,781,606
Current obligation under capital leases						363,317
Total current liabilities	11,014,102	3,354,122	22,395,839	691,966	37,456,029	4,020,394
Noncurrent liabilities:						
Payable from restricted assets:						
Customer deposits	1,871,387			621,934	2,493,321	
Interest payable	118,641				118,641	
Current portion of revenue bonds payable	503,750				503,750	
Contractual obligations			32,869,956	1,795,384	34,665,340	
Notes payable	31,135,594				31,135,594	
Revenue bonds payable, net of discount	30,733,326	22,285,986			53,019,312	
Compensated absences	594,046	736,662	72,697	181,247	1,584,652	309,617
Accrued landfill closure costs		12,889,834			12,889,834	
Claims and judgments						9,655,413
Obligations under capital leases						774,397
Net OPEB Obligation	4,511,104	3,456,802	1,208,830	347,178	9,523,914	
Total noncurrent liabilities	69,467,848	39,369,284	34,151,483	2,945,743	145,934,358	10,739,427
Total liabilities	80,481,950	42,723,406	56,547,322	3,637,709	183,390,387	14,759,821
NET ASSETS						
Invested in capital assets, net of related debt	239,045,730	(6,812,326)	17,132,382	6,887,275	256,253,061	29,536,200
Restricted for:						
Debt service	2,335,675				2,335,675	
Unrestricted	81,261,248	(6,682,534)	14,275,039	1,871,004	90,724,757	10,135,854
Total net assets	322,642,653	(13,494,860)	31,407,421	8,758,279	349,313,493	39,672,054
Total liabilities and net assets	\$ 403,124,603	\$ 29,228,546	\$ 87,954,743	\$ 12,395,988	\$ 532,703,880	\$ 54,431,875

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

CITY OF SAVANNAH
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
YEAR ENDED DECEMBER 31, 2010

	ENTERPRISE FUNDS					INTERNAL SERVICE FUNDS
	WATER AND SEWER	SANITATION	PARKING SERVICES	NONMAJOR ENTERPRISE FUNDS	TOTALS	
OPERATING REVENUES:						
Metered sales	\$ 50,441,669	\$ -	\$ -	\$ -	\$ 50,441,669	\$ -
Charges for services	7,841,339	19,843,572			27,684,911	17,170,299
Rental fees	168,066		11,031,873	1,086,976	12,286,915	
Recreation fees				378,643	378,643	
Risk management fees						27,022,615
Miscellaneous	94,175	201,584	121,798		417,557	
Total operating revenues	58,545,249	20,045,156	11,153,671	1,465,619	91,209,695	44,192,914
OPERATING EXPENSES:						
Personal services	16,755,564	11,687,678	3,765,091	1,721,292	33,929,625	
Contractual services	12,345,240	3,840,109	2,577,869	702,011	19,465,229	
Commodities	4,463,086	1,463,247	273,462	95,671	6,295,466	
Internal service	4,607,068	2,756,543	801,884	264,277	8,429,772	
Landfill closure and post closure care		1,222,668			1,222,668	
Depreciation	12,470,400	1,264,156	1,602,392	404,281	15,741,229	7,180,110
Central garage						4,769,259
Tele-electronics						
Information services						5,189,446
Risk management						24,083,814
Total operating expenses	50,641,358	22,234,401	9,020,698	3,187,532	85,083,989	41,222,629
Operating Income (Loss)	7,903,891	(2,189,245)	2,132,973	(1,721,913)	6,125,706	2,970,285
NONOPERATING REVENUES (EXPENSES):						
Interest earned	325,192	42,184	59,609	5,874	432,859	59,220
Interest expense	(2,144,734)	(833,914)	(1,500,946)	(71,689)	(4,551,283)	(54,164)
Gain (loss) on disposal of assets	5,703				5,703	483,533
Amortization	(31,972)	(26,187)	(47,104)	(14,030)	(119,293)	
Total nonoperating revenues (expenses)	(1,845,811)	(817,917)	(1,488,441)	(79,845)	(4,232,014)	488,589
Income (loss) before contributions and transfers	6,058,080	(3,007,162)	644,532	(1,801,758)	1,893,692	3,458,874
CAPITAL CONTRIBUTIONS	1,520,042		41	272,355	1,792,438	
SPECIAL ITEMS	(2,841,273)				(2,841,273)	
TRANSFERS IN		3,631,402		1,915,761	5,547,163	
TRANSFERS OUT	(1,282,930)	(802,390)	(189,000)	(71,000)	(2,345,320)	(218,974)
Change in net assets	3,453,919	(178,150)	455,573	315,358	4,046,700	3,239,900
Total net assets - beginning	319,188,734	(13,316,710)	30,951,848	8,442,921	345,266,793	36,432,154
Total net assets - ending	\$ 322,642,653	\$ (13,494,860)	\$ 31,407,421	\$ 8,758,279	\$ 349,313,493	\$ 39,672,054

CITY OF SAVANNAH, GEORGIA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
YEAR ENDED DECEMBER 31, 2010

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS					INTERNAL SERVICE FUNDS
	WATER AND SEWER	SANITATION	PARKING SERVICES	OTHER ENTERPRISE FUNDS	TOTALS	
CASH FLOWS FROM OPERATING ACTIVITIES:						
Cash received from customers	\$ 55,478,001	\$ 19,315,385	\$ 11,150,966	\$ 1,460,676	\$ 87,405,028	\$ -
Cash received from other funds for services	548,123	-	-	-	548,123	17,167,046
Customer deposits received	708,736	-	-	-	708,736	-
Customer deposits returned	(611,636)	-	-	-	(611,636)	-
Cash received for services and fees	-	-	-	-	-	26,558,949
Cash paid to suppliers	(15,999,267)	(3,839,369)	(2,565,451)	(253,013)	(22,657,100)	(9,470,471)
Cash paid to other funds for services	(4,607,068)	(2,756,543)	(801,884)	(264,277)	(8,429,772)	-
Cash paid to employees	(16,822,047)	(11,687,678)	(3,765,091)	(1,721,292)	(33,996,108)	-
Cash paid for supplies and insurance	-	-	-	-	-	(26,000,942)
Net cash provided (used) by operating activities	18,694,842	1,031,795	4,018,540	(777,906)	22,967,271	8,254,582
CASH FLOWS FROM NON CAPITAL FINANCING ACTIVITIES:						
Repayment of advance to (from) other funds	-	-	-	(11,093)	(11,093)	-
Transfers in	-	3,631,402	(189,000)	1,915,761	5,358,163	(218,974)
Transfer out	(891,000)	(681,000)	-	(71,000)	(1,643,000)	-
Net cash provided (used) by non capital financing activities	(891,000)	2,950,402	(189,000)	1,833,668	3,704,070	(218,974)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:						
Interest received	259,466	-	-	-	259,466	-
Principal paid on long-term debt	(8,115,556)	(2,385,000)	(930,000)	(405,000)	(11,835,556)	(348,271)
Interest paid	(2,728,150)	(826,055)	(1,518,638)	(92,112)	(5,164,955)	(64,194)
Proceeds from sale of equipment	-	-	-	-	-	710,237
Acquisition and construction of capital assets	(12,857,543)	(981,128)	(1,258,616)	(184,253)	(15,281,540)	(4,957,241)
Net cash provided (used) by capital and related financing activities	(23,441,783)	(4,192,183)	(3,707,254)	(681,365)	(32,022,585)	(4,659,469)
CASH FLOWS FROM INVESTING ACTIVITIES:						
Investment income	325,191	42,184	59,609	5,876	432,860	59,220
Net cash provided by investing activities	325,191	42,184	59,609	5,876	432,860	59,220
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(5,312,750)	(167,802)	181,895	380,273	(4,918,384)	3,435,359
CASH AND CASH EQUIVALENTS, JANUARY 1 (INCLUDING RESTRICTED ACCOUNTS OF \$21,359,798 IN 2009)	86,831,192	8,829,946	16,323,894	2,673,915	114,658,947	18,095,606
CASH AND CASH EQUIVALENTS, DECEMBER 31 (INCLUDING RESTRICTED ACCOUNTS OF \$6,727,449 IN 2010)	\$ 81,518,442	\$ 8,662,144	\$ 16,505,789	\$ 3,054,188	\$ 109,740,563	\$ 21,530,965
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES:						
Operating income (loss)	\$ 7,841,646	\$ (2,189,245)	\$ 2,132,973	\$ (1,721,913)	\$ 6,063,461	\$ 2,968,317
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:						
Depreciation	12,470,400	1,264,156	1,602,392	404,281	15,741,229	7,180,110
Change in assets and liabilities:						
(Increase) decrease in receivables	(2,426,263)	(729,774)	(2,705)	(4,943)	(3,163,685)	(466,919)
(Increase) decrease in prepaid items and inventories	940	-	-	(10,712)	(9,772)	(259,244)
Increase (decrease) in accounts and other payables	808,119	2,686,658	285,880	555,381	4,336,038	(1,167,682)
Net cash provided (used) by operating activities	\$ 18,694,842	\$ 1,031,795	\$ 4,018,540	\$ (777,906)	\$ 22,967,271	\$ 8,254,582
NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES:						
Contributions of capital assets from developers	\$ 1,064,272	\$ -	\$ 41	\$ -	\$ 1,064,313	\$ -
Contributions of capital assets from government	455,770	-	-	272,355	728,125	-
Capital assets reassigned to the general government	(391,930)	(121,390)	-	-	(513,320)	(30,000)

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

**CITY OF SAVANNAH
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
DECEMBER 31, 2010**

	<u>PENSION TRUST FUNDS</u>	<u>AGENCY FUNDS</u>
<u>ASSETS</u>		
Cash and cash equivalents	\$ 6,597,396	\$ 295,421
Accrued income	968,771	
Accounts receivable:		
From employer	12,903	
From participants	53,348	2,391
Investments, at fair value:		
U.S. government obligations	45,828,083	
Foreign corporate bonds	8,276,441	
Corporate bonds	28,050,039	
Domestic stocks	94,019,157	
Domestic stock fund	22,979,954	
Foreign stocks	1,068,930	
International stock fund	22,785,867	
Real estate fund	18,311,852	
Total investments	<u>241,320,323</u>	
 Total assets	 <u><u>\$ 248,952,741</u></u>	 <u><u>\$ 297,812</u></u>
<u>LIABILITIES AND NET ASSETS</u>		
Liabilities:		
Payable from restricted assets:		
Accounts payable	\$ 318,641	\$ 115,322
Employee benefits payable		67,305
Benefit plan surplus		<u>115,185</u>
Total liabilities	<u>318,641</u>	<u><u>\$ 297,812</u></u>
Net assets:		
Held in trust for:		
Employee pension benefits	<u><u>\$ 248,634,100</u></u>	

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

**CITY OF SAVANNAH
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
YEAR ENDED DECEMBER 31, 2010**

	<u>PENSION TRUST FUNDS</u>
ADDITIONS	
Contributions	
Employer	\$ 8,552,370
Plan members	<u>6,791,553</u>
Total contributions	<u>15,343,923</u>
Investment income	
Interest	3,109,196
Dividends	1,881,332
Real estate net income	2,244,216
Net appreciation (depreciation) in fair value of investments	<u>20,474,068</u>
Total investment income	27,708,812
Less investment expense	<u>746,810</u>
Net investment income (loss)	<u>26,962,002</u>
Total additions	<u>42,305,925</u>
DEDUCTIONS	
Benefits	15,586,255
Refunds of contributions	1,362,501
Administrative expense	<u>192,422</u>
Total deductions	<u>17,141,178</u>
Change in net assets	25,164,747
Net assets:	
Beginning of year - January 1	<u>223,469,353</u>
End of year - December 31	<u><u>\$ 248,634,100</u></u>

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

CITY OF SAVANNAH, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2010

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Savannah, incorporated in 1789, operates under a Council-Manager form of government. The City's major functions include police protection, fire protection, sanitation services, economic development programs, recreation programs, water and sewer services, and street, traffic and drainage maintenance.

The accompanying financial statements report on the financial activity for the City of Savannah, Georgia for the year ended December 31, 2010. They include all the activities controlled by the City Council of Savannah, Georgia. The financial statements have been prepared in conformance with generally accepted accounting principles (GAAP) as applied to government units. This summary of the City of Savannah's more significant accounting policies is presented to assist the reader in interpreting the financial statements and other data in this report. These policies, as presented herein, should be viewed as an integral part of the accompanying financial statements.

(A) Reporting Entity

In June, 1992, the Governmental Accounting Standards Board issued Statement No. 14, "The Financial Reporting Entity." In accordance with this Statement, the City herein presents those entities that comprise the primary government along with its component units, entities for which the City is considered to be financially accountable. The City's reporting entity consists of the City of Savannah and the Resource Recovery Development Authority.

Blended component units, although legally separate entities are, in substance, part of the City's operations and data from these units are combined with the data of the City of Savannah. The Resource Recovery Development Authority ("Authority") is a blended component unit of the City of Savannah. The Authority is controlled and managed by a board of five members appointed by the Mayor and Alderman of the City. Under the Resource Recovery Development Authorities Law, Chapter 63 of Title 36 of the Official Code of Georgia Annotated, the Authority is empowered to issue revenue bonds. The revenue bonds are secured by a Waste Disposal Contract between the City and the Authority. This contract constitutes a legal obligation of the City. The Authority has a December 31 year-end and is presented as a blended component unit classified as an enterprise fund. A separate financial report has not been issued for the Authority.

Discretely presented component units, on the other hand, are separate legal entities that meet the component unit criteria but do not meet the criteria for blending. They are reported in a separate column in the basic financial statements to emphasize that they are legally separate. The City has no discretely presented component units.

Under Georgia law, the City, in conjunction with other cities and counties in the coastal Georgia area, is a member of the Coastal Regional Commission (CRC), and is required to pay annual dues thereto. Membership in an CRC is required by the Official Code of Georgia Annotated

CITY OF SAVANNAH, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(OCGA) Section 50-8-34, which provides for the organizational structure of the CRC in Georgia. The CRC Board membership includes the chief elected official of each county and municipality of the area. OCGA 50-8-39.1 provides that the member governments are liable for any debts or obligations of the RDC. Separate financial statements may be obtained from:

Coastal Regional Commission
127 F Street Suite 1
Brunswick, GA 31520

The Downtown Savannah Authority (DSA) is composed of a board of six members selected by the City Council, and one non-voting member selected by the City's delegation in the Georgia General Assembly. The City's accountability for the DSA does not extend beyond making the appointments, and, accordingly, the DSA is not considered a part of the City entity for financial reporting purposes. The City has contractual obligations with the DSA relating to various bond issues which funded capital projects of the City. Under the contracts, the City is obligated to make payments sufficient to pay principal and interest on the bonds when due. These contractual obligations are described in Note 6 - Long-Term Liabilities.

The Housing Authority of Savannah, created by an act of the Georgia legislature, is not a part of the City's reporting entity. While the Mayor of Savannah appoints a voting majority of commissioners for the Housing Authority of Savannah, the commissioners can not be city or county employees or officers. Thus, the City can not impose its will on the Housing Authority, nor does the City provide financial support to the Housing Authority as the Authority derives its revenues from federal funds and resident rents.

The Savannah Airport Commission was established to administer the improvement, maintenance and operation of the Savannah Airport and to provide services to airlines and airline-related businesses in the area. The commission is a municipal corporation created under the Savannah City Code and governed by five members who are appointed by the Mayor and Aldermen of the City of Savannah. The City has no other participation in the operation of the Commission. Accordingly, the commission has not been included in the reporting entity. A discussion of the City's conduit debt obligations in regards to the City of Savannah, Georgia Airport Refunding Bonds can be found in Note 17 – Conduit Debt Obligations.

(B) Measurement Focus and Basis of Accounting

Measurement focus is a term used to describe "which" transactions are recorded within the various financial statements. Basis of accounting refers to "when" transactions are recorded regardless of the measurement focus applied.

On the government-wide Statement of Net Assets and the Statement of Activities, both governmental and business-type activities are presented using the economic resources measurement focus. However, in the fund financial statements, the measurement focus differs by fund types:

CITY OF SAVANNAH, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

- All governmental funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present sources/increases (i.e., revenues and other financing sources) and uses/decreases (i.e., expenditures and other financing uses) of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period.
- All proprietary funds utilize a flow of economic resources measurement focus. All assets and liabilities associated with the operation of these funds are included on the balance sheet using this measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net assets, financial position, and cash flow. Proprietary fund equity is classified as net assets. Proprietary Fund type operating statements present increases (e.g., revenues) and decreases (e.g., expenses) in net total assets.
- All trust funds utilize the flow of economic resources measurement focus. Agency funds are not involved in the measurement of results of operations so no measurement focus is applied to agency funds.

In the government-wide Statement of Net Assets and Statement of Activities, both governmental and business-type activities are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized as soon as they are earned, and expenses are recognized when the liability is incurred or the economic asset used. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange occurs.

In the fund financial statements, governmental funds are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized in the accounting period when they become "measurable and available." Measurable means knowing or being able to reasonably estimate the amount. Available means collectible within the current period or within 30 days after year end and available to pay obligations of the current period. Revenues considered susceptible to accrual are sales taxes, property taxes, charges for services, grants, and investment income. In applying the "susceptible to accrual" concept to intergovernmental revenues, the provider should recognize liabilities and expenses and the recipient should recognize receivables and revenue when the applicable eligibility requirements, including time requirements, are met. Resources transmitted before the eligibility requirements are met should, under most circumstances, be reported as advances by the provider and deferred revenue by the recipient. Expenditures, including capital outlay, are recognized in the accounting period in which the related fund liability is incurred, except for unmatured interest on long-term debt and certain similar accrued obligations, which are recognized when due.

All proprietary and fiduciary funds are accounted for on the accrual basis of accounting. Revenues are recognized when they are earned, and expenses are recognized when incurred or the economic asset used.

Differences exist between the governmental activities columns reported in the government-wide statements and the corresponding total columns reported in the fund financial statements. The differences are the result of the use of the two different measurement focuses between these statements.

CITY OF SAVANNAH, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

As stated above, the government-wide statements present governmental activities on the economic resources measurement focus while the fund financial statements present governmental funds on the current financial resources measurement focus. Additional detailed information about the reconciling items can be found in Note 2 – Reconciliation of Government-wide and Fund Financial Statements.

(C) Basis of Presentation

Government-wide Financial Statements – The Statement of Net Assets and Statement of Activities display information about the reporting government as a whole. They include all funds of the reporting entity except for fiduciary funds. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services. The Statement of Activities shows an allocation of indirect expenses to different functions of the City. These expenses are allocated based upon different allocation criteria within the function such as square footage, number of FTEs, etc. and strive to approximate the value of indirect services being provided to the functions.

Fund Financial Statements – Fund financial statements reflect the activities of the City's individual funds. Funds are organized into three major categories: governmental, proprietary, and fiduciary. An emphasis is placed on major funds within the governmental and proprietary categories. A fund is considered major if it is the primary operating fund of the City (General fund) or meets the following criteria:

- a. Total assets, liabilities, revenues, or expenditures/expenses of that individual governmental or enterprise fund are at least 10 percent of the corresponding total for all funds of that category or type; and
- b. Total assets, liabilities, revenues, or expenditures/expenses of the individual governmental fund or enterprise fund are at least 5 percent of the corresponding total for all governmental and enterprise funds combined.

The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The City has elected to apply Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989 in the government-wide financial statements and the fund financial statements for the proprietary funds, unless those pronouncements conflict with or contradict GASB pronouncements, in which case GASB prevails. The City also has the option of following subsequent private-sector guidance for its business-type activities and enterprise funds, subject to the same limitations. The City has elected not to follow subsequent private-sector guidance.

As a general rule, the effects of internal activity have been eliminated from the government-wide statements. Amounts charged through the City's indirect cost allocation plan are broken out in a separate column on the Statement of Activities. Where internal activity is representative of an interfund service provided and used, no elimination has been made. Internal activities have not been eliminated from the fund financial statements.

Program revenues are derived directly from a particular program or from parties outside the City's taxpayers or citizenry. Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital

CITY OF SAVANNAH, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

grants and contributions. Internally dedicated resources are reported as general revenues rather than program revenues. All taxes are included in general revenues.

In proprietary funds, operating revenues and expenses result from the provision of goods and/or services as well as the production and delivery of goods and/or services. Nonoperating revenues and expenses would include all revenues and expenses related to capital and related financing and contributions, noncapital financing, taxes, or investment activities.

(D) Columnar Headings and Description of Funds

The City uses funds to report financial position and the results of operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities. Funds shown in the basic financial statements are described below:

(1) Major Governmental Funds

The City's major governmental funds are the General Fund, the Community Development Fund, the Capital Improvements Fund, the SPLOST 2003-2008 Fund and the SPLOST 2009-2014 Fund.

(a) General Fund

The General Fund is the primary operating fund of the City and is always classified as a major fund. It is used to account for all financial resources not accounted for in other funds.

(b) Community Development Fund - The Community Development Fund accounts for revenues received from the Department of Housing and Urban Development under the Community Development Block Grant Program. All revenues received by this fund are used in implementing the Community Development program.

(c) Capital Improvement Fund - The Capital Improvement Fund accounts for financial resources to be used for construction or acquisition of major capital projects. Non-drainage SPLOST funds and their related projects were previously recorded in the Capital Improvement Fund; however, as of January 1, 2009 all remaining non-drainage SPLOST funds have been accounted for in the SPLOST 1998-2003 Fund.

CITY OF SAVANNAH, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

- (d) SPLOST 2003 – 2008 Fund – This fund accounts for special purpose local option sales tax resources provided to the City by Chatham County in accordance with a 2003 Special Purpose Local Option Sales Tax referendum, which was passed on a county-wide basis. This SPLOST commenced on October 1, 2003 and expired on September 30, 2008. These funds are used by the City to design and construct major capital improvements that will benefit the entire county. Projects include streets, drainage improvements, public buildings and other community development.
- (e) SPLOST 2009 – 2014 Fund – This fund accounts for special purpose local option sales tax resources provided to the City by Chatham County in accordance with a 2006 Special Purpose Local Option Sales Tax referendum, which was passed on a county-wide basis. The current SPLOST commenced on October 1, 2008 and will expire on September 30, 2014. These funds are used by the City to design and construct major capital improvements that will benefit the entire county. Projects include streets, drainage improvements, public buildings and other community development.

(2) Major Proprietary Funds

The major Proprietary funds of the City are the Water and Sewer fund, the Sanitation fund, and the Parking Services Fund.

- (a) Water and Sewer Fund - The Water and Sewer Fund accounts for the operations of the water and sewer systems of the City and includes the operations of the Industrial and Domestic Water Supply Fund. The system supplies water and sewer service to area residents and to industrial and commercial users along the Savannah River.
- (b) Sanitation Fund - The Sanitation Fund accounts for the operation of the sanitation bureau of the City. The bureau supplies refuse pick-up service to commercial and residential customers in the area.
- (c) Parking Services – The Parking Services Fund accounts for the operation of the Parking Services Department of the City. The Department supplies public parking facilities such as garages and also on street parking meter enforcement.

(3) Other Reported Fund Types

- (a) Internal Service Funds – The Internal Service Funds account for goods and services, provided by one department to other departments on a cost-reimbursement basis. In addition, certain services are supplied to outside agencies for a fee; however, City departments are the predominant customers. The City accounts for its data processing, vehicle maintenance, and risk management functions in internal service funds.

CITY OF SAVANNAH, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

- (b) **Fiduciary Funds** – The Fiduciary Funds are used to account for assets held by the City in a trustee capacity or as an agent for others. The pension trust funds account for the assets and liabilities of the City of Savannah Employees' Retirement Plan and the City's Old Pension Trust Fund. The agency funds report: 1) the Recorder's Court Fund, used to account for bail bonds posted in Recorder's Court as well as various fines and forfeitures of other governmental agencies, 2) the Retiree Benefits Fund, used to account for a retiree benefit plan administered by the City and, 3) the Flexible Benefits Plan Fund, which accounts for the Section 125 Flexible Benefits Plan administered by the City for its employees.

The City has other funds that are not considered major. They are described in the supplementary information.

(E) Cash and Cash Equivalents

Cash, except for that which must remain segregated due to bond restrictions or federal regulations, is pooled and invested. Interest earned by the pooled cash is allocated to each of the funds based on each fund's average equity balance during the month. Funds that incur a negative balance in the pooled cash during the month are charged for interest. Investments are stated at fair value based on quoted market prices.

The City considers currency-on-hand, demand deposits with banks, amounts included in pooled cash and investment accounts to be cash and cash equivalents. Cash equivalents are readily convertible to known amounts of cash, and at the day of purchase, they mature in three months or less.

For the purpose of the proprietary fund Statement of Cash Flows, all short-term investments that are highly liquid are considered to be cash equivalents.

(F) Receivables

In the government-wide statements, receivables consist of all revenues earned at year-end and not yet received. Receivables are shown net of related allowance accounts. Allowances for uncollectible accounts are based upon an aging of the receivable balance. Major receivable balances for the governmental activities include property taxes, sales taxes, franchise fees and grants. Within business-type activities, the largest portion of the receivables results from water and sewer billing activity.

In the fund financial statements, material receivables in governmental funds are often offset by deferred revenue accounts. Therefore, in these statements, revenues for property taxes are recognized only when collection occurs or funds are received.

(G) Interfund Receivables and Payables

During the course of operations, transactions may occur between individual funds that result in amounts owed between funds. Activity that is representative of lending/borrowing arrangements outstanding at the end of the fiscal period is referred to as either "due to/from other funds." Short-term

CITY OF SAVANNAH, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

interfund loans are reported as "interfund receivables and payables." Long-term interfund loans (non-current portion) are reported as "advances to/from other funds." Interfund receivables and payables between the same fund type, i.e. within governmental activities or within business-type activities, are eliminated on the Statement of Net Assets. Any residual balances outstanding between governmental activities and business-type activities are reported in the government-wide statements as "internal balances."

(H) Inventories

Inventories of the Proprietary Funds (other funds do not have inventories) are determined by actual physical count and are stated at cost determined on a first-in, first-out method. The cost of inventory items is charged to expense when used.

(I) Prepaid Items

Prepaid items represent payments that the City has made for services in anticipation of future period expenses.

(J) Restricted Assets & Flow Assumption for Restricted Resources

Restricted asset amounts shown on the Statement of Net Assets are separated from other assets because of contractual agreements, legislative provisions or bond covenants limiting their use. The restricted assets shown originate from a variety of sources including i) customer deposits, ii) escrow deposits, iii) resources set aside by legislation for SPLOST (special purpose local option sales tax) projects or public safety communication projects, iv) resources set aside under grant agreements, v) street paving assessments receivables, the collection of which is used to pay debt service on paving assessment bonds, and vi) resources held for perpetual care. Also, certain proceeds of enterprise fund revenue bonds as well as resources set aside for their repayment are shown as restricted.

When both restricted and unrestricted assets are available for certain uses, the City follows the policy of utilizing restricted resources prior to applying unrestricted resources.

(K) Net Pension Asset

The Net Pension Asset represents the cumulative difference between annual pension cost and the City's contributions to the plan. An asset reflects that the City has contributed amounts in excess of the annual pension cost.

(L) Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (such as roads, bridges and sidewalks) are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined as assets with an initial cost of

CITY OF SAVANNAH, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

\$5,000 or more, and an estimated life of more than one year. Capital assets have been recorded at cost, if purchased, and if donated, at fair market value on the date of donation. Depreciation is calculated on the straight-line basis, with one-half year's depreciation recorded in the year of acquisition and one-half year's depreciation recorded in the year of disposal. Major improvements that extend the life of an asset are capitalized. Normal maintenance and repairs are charged to expense as incurred. Interest costs are included as part of capital assets in business-type activities, but not in governmental activities.

Prior to 1975, adequate records were not maintained to properly account for capital assets. The assets were recorded at appraised values as of December 31, 1974. The appraised values were based upon market values and historical cost data when available. Assets acquired since 1975 have been recorded at cost. Infrastructure capital assets acquired by the City, such as streets and drainage, have been capitalized since 1977, additional infrastructure assets, which were acquired by the City through donations, have been capitalized in accordance with GASB 34.

Construction in progress is the total actual cost incurred to-date on uncompleted construction projects. Depreciation expense is based on the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	5 - 40
Building improvements	5 - 40
Public domain infrastructure	5 - 50
Vehicles	3 - 7
Machinery and Equipment	3 - 20

(M) Compensated Absences

City employees earn vacation leave at the rate of twelve days per year for the first five years of service, increasing to twenty-three (23) days per year after twenty-five years of service. Vacation leave may be accumulated up to four times the employees' annual rate. At termination, employees with at least six months of service receive payment for any unused vacation leave. Sick leave is earned at the rate of one day per month and may be accumulated up to two hundred sixty days. Employees are not paid for unused sick leave at termination; therefore, no sick leave liability is accrued.

Vacation pay is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

(N) Long-term Obligations

In the government-wide financial statements, long-term debt and other liabilities are reported as liabilities of governmental activities or business-type activities. They are also reported as liabilities in the proprietary fund financial statements. Bond premiums and discounts, as well as issuance costs, are

CITY OF SAVANNAH, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

deferred and amortized over the life of the bonds using the straight line method unless it is materially different than the effective interest method, in which case, the effective interest method is used. Bond discounts and premiums are presented as adjustments to the face amount of the bonds payable.

In the governmental fund financial statements, long-term debt is not reported as a liability. Instead, the face amount of debt issued is reported as other financing sources, and payments of principal and interest are reported as expenditures. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from actual debt proceeds received, are reported as debt service expenditures.

(O) Equity Classifications

- 1) Government-wide statements – Equity is classified as net assets, and displayed in three components:
 - (a) Invested in capital assets, net of related debt – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes or other debt attributable to the acquisition, construction or improvement of those assets.
 - (b) Restricted net assets – Consists of net assets with constraints placed on the use either by (a) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (b) law through constitutional provisions or enabling legislation.
 - (c) Unrestricted net assets – All other net assets that do not meet the definition of “restricted” or “invested in capital assets, net of related debt.”
- 2) Fund financial statements – Governmental fund equity is classified as fund balance. Fund balance can be reserved or unreserved. Reserved fund balance represents funds that are not available for appropriation or are legally segregated for a future use. Unreserved fund balance can be divided into designated and undesignated classifications. Designated fund balance represents funds which have tentatively been set aside for future use. Proprietary fund equity is classified the same as in the government-wide statements.

NOTE 2 – RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

(A) Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net assets

The governmental fund balance sheet includes a reconciliation between the governmental fund balances and what is shown on the government-wide statements as net assets. Details of the reconciliation include the following:

- (1) The addition of capital assets, net of accumulated depreciation, to the government-wide financial statements. This reconciling item is needed since the fund financial statements under the modified accrual basis of accounting do not recognize capital assets but,

CITY OF SAVANNAH, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS

NOTE 2 – RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (CONTINUED)

instead, show expenditures for any capital item purchased. Governmental net capital assets of \$524,247,649 were added to the government-wide statements.

- (2) Other assets added to the Statement of Net Assets that result from differences in recognition criteria between the modified accrual basis and the accrual basis of accounting include \$175,065 for the net pension asset.
- (3) Amounts shown as a liability in the fund financial statements for deferred revenues are reclassified on the entity-wide statements. Amounts shown as deferred revenue on the fund financial statements included \$13,193,350 related to taxes, \$123,097 related to special assessment receivables, \$173,648 related to cemetery receivables, and \$23,163,147 related to loan receivables and program receipts that will be used in grant programs in future periods.
- (4) Governmental long term liabilities were added to governmental activities on the entity-wide statements as follows:

<u>Type of Long-term Liability</u>	<u>Amount</u>
Contractual obligations payable	(\$35,325,296)
Compensated absences payable	(14,375,286)
Net OPEB obligation	(31,041,751)
Special assessment debt payable	(2,478)
Section 108 notes payable	(1,120,000)
Accrued interest payable	(605,588)
	<u>(\$82,470,399)</u>

(B) Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balance and the government-wide statement of activities

The governmental funds statement of revenues, expenditures and changes in fund balances includes a reconciliation between the net changes in fund balances – total governmental funds to the change in net assets of governmental activities that is reported in the government-wide statement of activities. Significant items in this reconciliation include:

- (1) Items expensed in governmental funds during the year as capital outlay but shown as assets on the entity-wide statements totaled \$27,023,451.
- (2) Depreciation expense during the year recorded on the government-wide statements but not on the fund financial statements was \$16,554,649.
- (3) The net effect of various miscellaneous transactions involving capital assets during the year was \$4,695,899. Of this amount, \$4,720,182 represents the value of asset donations and \$24,283 represents losses on asset disposals.

CITY OF SAVANNAH, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

NOTE 2 – RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (CONTINUED)

- (4) Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. The details are as follows:

Deferred revenue	\$ 4,811,885
Interest on net pension asset	<u>18,404</u>
	\$ <u>4,830,289</u>

- (5) Repayment of long-term debt consumes the current financial resources of governmental funds; however, this transaction has no effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. The details are as follows:

Principal repayments:	
Contractual obligations	\$ 1,775,000
HUD Section 108 Note	600,000
Special assessment debt	2,478
Amortization of premiums	4,568
Debt issuance	<u>(485,000)</u>
	\$ <u>1,897,046</u>

- (6) 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. The details of this \$9,916,703 are as follows:

Net OPEB expense	(\$ 9,268,200)
Compensated absences	(496,227)
Accrued interest	<u>(152,276)</u>
	(\$ <u>9,916,703</u>)

NOTE 3 - DEPOSITS AND INVESTMENTS

The City follows the practice of pooling cash and investments of all funds, except for restricted funds generally held by outside custodians for investments of the Pension Fund. Various restrictions on deposits and investments are imposed by statutes. These restrictions are summarized below.

Deposits. Custodial Credit Risk for deposits is the risk that, in the event of bank failure, a government's deposits may not be returned to it. Georgia law governs collateral requirements and forms of collateral under O.C.G.A. Section 45-8-12. The City has no custodial credit risk policies requiring additional collateral. In summary, Georgia law states:

CITY OF SAVANNAH, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS

NOTE 3 - DEPOSITS AND INVESTMENTS (CONTINUED)

- All deposits shall be collateralized within 10 days of deposit by a surety bond, a guarantee of insurance, or collateral.
- The face value of any surety bond, guarantee of insurance or collateral shall be at least 110% of the public funds being secured, net of deposit insurance.
- If a depository elected the pooled method (O.C.G.A. Section 45-8-13.11), the aggregate market value of pledged securities may not be less than 110% of the daily pool balance.

Authorized security for deposits enumerated under law includes surety bonds, FDIC insurance, obligations of the United States or the State of Georgia, obligations of Georgia counties or municipalities, bonds of any Georgia public authority, industrial revenue bonds of any Georgia development authority, and obligations of any subsidiary corporation of the United States government fully guaranteed by the United States (such as Federal Home Loan Bank, Federal National Mortgage Association, etc). The City does not have a custodial credit risk policy that is more restrictive than state statutes. As of December 31, 2010, all of the City's deposits were either covered by federal depository insurance or collateralized by pledged collateral with the exception of one bank CD. The exception pertained to a bank CD that was temporarily collateralized at 103% as of 12/31/2010. State law provides a depository ten days to pledge additional collateral, if necessary.

Investments. In its investment of both public funds and pension trust funds, the City follows state statutes and adopted investment policies. As of December 31, 2010, the investments of the Primary Government and the City of Savannah Employees Retirement Plan were as follows:

Type of Investment	Average Credit Rating	Fair Value	Maturities in Years			
			Less than 1	1-3	4-5	Greater than 5
Primary Government:						
Georgia Fund I	Aaa	\$122,915,115	\$122,915,115	\$ -	\$ -	\$ -
City of Savannah Special Assessment Bonds	NR	2,478	2,478			
Pension Trust Fund:						
US Government/Agency Securities	Aaa	45,828,085	13,757,632		16,035,568	16,034,885
Corporate Bonds						
Various	A	13,436,447	11,412,688	714,720	369,583	939,456
Various	Aa	7,909,259	3,614,811	889,128	984,133	2,421,187
Various	Aaa					
Various	Ba	537,361	537,361			
Various	Baa	9,996,455	9,506,405	490,050		
Private Placement Bonds	NR	4,446,956	3,695,034	227,292	195,012	329,618
Domestic Stock	NR	116,999,111				
International Equity Funds	NR	23,854,797				
Real Estate Investment Trust	NR	18,311,852				
Total Investments		\$364,237,916	\$165,441,524	\$2,321,190	\$17,584,296	\$19,725,146

CITY OF SAVANNAH, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

NOTE 3 - DEPOSITS AND INVESTMENTS (CONTINUED)

Under state law, investments of the City's public funds may be placed in obligations of (or obligations guaranteed by) the U.S. government, obligations of any state or any political subdivision of any state, certificates of deposit or time deposits of financial institutions with deposits insured by FDIC, prime bankers acceptances, repurchase agreements, and the Georgia Fund 1. During the year, the City invested public funds in certificates of deposits and time deposits of local banks and the Georgia Fund 1.

State law also governs the investment of retirement funds (O.C.G.A. 47-20-84) and limits investments to maximum concentrations by investment category (at cost). The City's defined benefit plan qualifies as a "large retirement system," a designation which allows the plan additional investments in equity securities.

The Georgia Fund 1 is considered to be a 2a7-like-pool that operates in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940. Georgia Fund 1 was created under O.C.G.A. 36-83-8 and is managed by the State of Georgia's office of Treasury and Fiscal Services. The pool is not registered with the SEC as an investment company. The fair value of the pool is the same as the value of the pool shares. As a public fund, Georgia Fund 1 is exempt from any disclosure of custodial credit risk.

Deposit and investment transactions are subject to a variety of risks. The City's adopted investment policies seek to promote the safety of principal, provide adequate liquidity for operational needs, earn market rates of return on investments consistent with liquidity needs and investment quality, and conform to legal requirements.

Interest rate risk is the risk that changes in interest rates will adversely affect the value of an investment. The City's Investment Policy states that the City will create its portfolio with investments having maturity dates at or prior to the time cash is prudently projected to be required to meet disbursement needs, thereby avoiding the need to sell securities prior to their maturity. The Policy limits investment maturities to a maximum of five years from the date of purchase. As of December 31, 2010, the City had investments of \$122,915,115 in Georgia Fund 1, which reported a weighted average maturity on its entire portfolio of 41 days.

Policies of the City of Savannah Employees Retirement Plan limit short-term investments to a maximum of 1.8% of the total portfolio, with a target amount of less than one percent. As of December 31, 2010, the City of Savannah Employees Retirement Plan had 2.87% of its portfolio in short-term investments. This unusually large position in short-term investments was established as the Retirement Board evaluated investment managers. Once the board has reached a decision, this unusually large short position will be converted to other asset classifications.

Credit risk is the risk that an issuer or counterparty to an investment will not fulfill its obligations. The City's Investment Policy seeks to minimize credit risk through diversification of investments within the choices allowed under state statutes. The City has no stated minimum credit quality for its bond portfolio.

All of the City's investments in U.S. Treasury and Agency securities carry the explicit guarantee of the U.S. government. U.S. Agency securities underlie repurchase agreements.

CITY OF SAVANNAH, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS

NOTE 3 - DEPOSITS AND INVESTMENTS (CONTINUED)

Foreign currency risk is the risk that exchange rates may affect the valuation of an investment. The Pension Plan has investments in international equity positions and individual foreign corporate bonds of \$23,854,797 and \$8,276,441 respectively. These investments are subject to foreign currency risk consisting of various currencies. Policies of the City of Savannah Employees Retirement Plan limit investment in international equities to 10% of the market value of the fund.

Concentration of credit risk is the risk of loss attributed to the magnitude of an investment in a single issuer. Disclosures are required for any issuer that represents 5% or more of total investments, exclusive of mutual funds, external investment pools and investments issued or guaranteed by the U.S. government. The City's investment policy restricts investments in a single issuer of more than 25% of the total investment portfolio, not including the State of Georgia Local Government Investment Pool (Georgia Fund I) and obligations of the U.S. government.

In addition, the City of Savannah Employees Retirement Plan seeks a diversified portfolio of fully negotiable, equity, fixed income, and money market securities, with target percentages for each, which are based on market values. Percentage allocations are intended to serve as long-term guidelines and, therefore, may result in a temporary imbalance in asset mix. Temporary imbalances may result from market conditions or an investment transition; however, periodic asset rebalancing is performed on a regular basis. The target percentages and allocation ranges are presented below for each asset class.

<u>Asset Class</u>	<u>Target Percentage</u>	<u>Allocation Range</u>
U.S. Equities	50%	35% to 66%
Non U.S. Equities	10%	5% to 15%
Fixed Income Debt Obligations	30%	21% to 45%
Real Estate	10%	5% to 15%

Deposits and investments are reconciled between the financial statements and note disclosure as follows:

Basic financial statements:

Cash and investments	\$ 181,070,561
Restricted cash	78,305,091
Pension and agency funds	<u>248,213,140</u>
Total	<u>\$ 507,588,792</u>

Notes to financial statements:

Cash on Hand	\$ 41,060
Deposits	143,309,816
Investments	<u>364,237,916</u>
Total	<u>\$ 507,588,792</u>

CITY OF SAVANNAH, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

NOTE 4 - PENSION PLANS

(A) City of Savannah Employees' Retirement Plan

Summary of Significant Accounting Policies

The City maintains an agent multiple-employer defined benefit pension plan (the City of Savannah Employees' Retirement Plan) which was established by City ordinance in July 1972 to provide retirement and disability benefits for all full-time general and uniformed personnel of the City. Membership by all full-time City employees is required by ordinance. Employees of the Savannah Airport Commission, Metropolitan Planning Commission, and Youth Futures Authority are also eligible to participate in the Plan. City ordinance specifies types and levels of Plan benefits as well as Plan member contribution requirements. The Plan is administered by a Retirement Board whose primary functions include making benefit eligibility determinations, selecting a plan actuary, reviewing annual actuarial valuations, adopting an investment strategy, and engaging and evaluating investment managers in accordance with terms of the Plan and State statutes. While the City's General Fund bears most of the costs related to administering the Plan, the costs of external consultants and investment managers are funded by the Plan. The Plan does not issue a stand-alone financial report.

Basis of Accounting. The Plan's financial statements are prepared using the accrual basis of accounting. Plan member contributions are recognized in the period in which the contributions are due. Employer contributions are recognized when due. Benefits and refunds are recognized when due and payable in accordance with the terms of the Plan. Administrative expenses are recognized when incurred.

Method Used to Value Investments. Investments are reported at fair value and are managed by third party money managers. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates. Investments that do not have an established market value are reported at estimated fair value.

Contributions. The Plan is a defined benefit plan to which employees are required to contribute 6.65% of their earnings on a pre-tax basis and the City contributes such additional amounts as are necessary, based on actuarial valuations, in order to provide the plan with assets sufficient to meet future benefits payable to plan members. The employer contribution as a percentage of payroll determined by the most recent actuarial valuation is 8.20%.

CITY OF SAVANNAH, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS

NOTE 4 - PENSION PLANS (CONTINUED)

Plan Description. As of January 1, 2010, employee membership data related to the pension plan was as follows:

Retirees and beneficiaries currently receiving benefits	1,058
Terminated employees entitled to benefits but not yet receiving them	<u>78</u>
	<u>1,136</u>
Active plan participants:	
Vested	1,464
Nonvested	<u>1,163</u>
Total	<u>2,627</u>

Under the Plan, pension benefits vest after five years of service. Normal retirement for general employees is age 57. Normal retirement for uniformed public safety employees (police officers and fire fighters) is age 55. The normal monthly benefit is calculated as follows:

Final average earnings times

- 2.1% for each year of service earned before January 1, 2000, plus 2.3% for each year of service earned after January 1, 2000 (to a maximum of 30 years of service) plus
- 1% of final average earnings times years of service in excess of 30 years to a maximum of 100%.

Final average earnings is defined as the average monthly salary for the highest sixty consecutive months during the last ten years of employment.

The Plan also provides early retirement, occupational disability, survivors, non-occupational disability and death benefits to plan members and beneficiaries.

In 1999, the City added a provision for automatic post-retirement pension increases. Once a pensioner reaches the age of 65 and has received pension benefits for at least five years, an increase of 5% is automatically given to the pensioner in the month both conditions are met. Every year thereafter an automatic increase of 1% is granted to the pensioner. In March 2000, the Plan was further enhanced to allow accumulated sick leave as pensionable service for eligibility and benefit purposes.

CITY OF SAVANNAH, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

NOTE 4 - PENSION PLANS (CONTINUED)

Annual Pension Cost and Net Pension Obligation. The City's annual pension cost and net pension obligation for the year 2010 are as follows:

Annual required contribution	\$8,495,077
Interest on net pension obligation (asset)	(12,966)
Adjustment to annual required contribution	(51,855)
Annual Pension Cost	\$8,533,966
Contributions made	(8,552,370)
Increase (decrease) in net pension obligation	18,404
Net pension obligation (asset), beginning of year	(156,661)
Net pension obligation (asset), end of year	\$ (175,065)

Data relating to the Plan for the past three years is as follows:

Fiscal Year	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation (Asset)
2008	\$ 6,938,456	100.17%	\$ (88,616)
2009	7,610,973	100.15%	(156,661)
2010	8,533,966	100.22%	(175,065)

Funded Status and Funding Progress. The funded status of the plan as of January 1, 2010, the most recent actuarial valuation date, is as follows:

Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded/ (Overfunded) AAL (UAAL) (b)-(a)	Funded Ratio (a) / (b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll [(b) - (a)] / (c)
\$266,971,991	\$ 320,881,955	\$ 53,909,964	83.20%	\$102,212,443	52.74%

CITY OF SAVANNAH, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS

NOTE 4 - PENSION PLANS (CONTINUED)

The schedule of funding progress, presented as required supplementary information (RSI) following the notes to the financial statements, presents multiyear trend information about whether the actuarial values of plan assets are increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial Assumptions. Additional information as of the latest actuarial valuation follows:

- | | |
|---------------------------------|--|
| • Valuation date | January 1, 2010 |
| • Actuarial cost method | Projected unit credit cost method |
| • Amortization method | Level percent of payroll |
| • Remaining amortization period | Open 30 years |
| • Asset valuation method | Market value of assets less unrecognized returns in each of the last five years. Unrecognized return is equal to the difference between the actual market return and the expected return on the market value, and is recognized over a five-year period, further adjusted, if necessary, to be within 20% of the market value. |
| • Investment rate of return | 7.75% |
| • Inflation rate | 3.75% |
| • Projected salary increases | Varies by age |
| • Cost of living adjustments | 5.00% at participant's adjustment date, 1.00% annually thereafter |

(B) Old Pension Plan

In 1972, the Old Pension Plan was terminated and replaced by the current City of Savannah Employees' Retirement Plan. A new fund was established in 1983 to fund the benefits payable to persons who were retired and/or vested under the old plan prior to 1972. The City contributed \$1,619,320 in 1983, \$471,692 in 1984, and \$185,000 in 1985 to fund the actuarially expected future benefits beginning in July 1985. Old pension benefits until July 1985 were funded by the General Fund. As a result of these contributions, the Old Pension Fund became fully funded as of July 1985. There are no active employees covered by the Old Pension Plan, accordingly, there were no employee contributions in 2010. Benefits to be paid under the Old Pension Plan were fully funded as of December 31, 2006; therefore, no employer contributions were made to the Old Pension Plan during 2010.

CITY OF SAVANNAH, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

NOTE 4 - PENSION PLANS (CONTINUED)

(C) Statement of Fiduciary Net Assets for Individual Pension Plans

CITY OF SAVANNAH STATEMENT OF FIDUCIARY NET ASSETS PENSION TRUST FUNDS DECEMBER 31, 2010			
	EMPLOYEES' RETIREMENT		
	PENSION TRUST	OLD PENSION TRUST	TOTAL
<u>ASSETS</u>			
Cash and cash equivalents	\$ 6,287,693	\$ 309,703	\$ 6,597,396
Accrued income	968,771		968,771
Accounts receivable:			
From employers	12,903		12,903
From participants	53,348		53,348
Investments, at fair value:			
U.S. government obligations	45,828,083		45,828,083
Foreign corporate bonds	8,276,441		8,276,441
Domestic corporate bonds	28,050,039		28,050,039
Domestic stocks	94,019,157		94,019,157
Domestic stock fund	22,979,954		22,979,954
Foreign stocks	1,068,930		1,068,930
International stock fund	22,785,867		22,785,867
Real estate fund	18,311,852		18,311,852
Total investments	241,320,323		241,320,323
Total assets	248,643,038	309,703	248,952,741
<u>LIABILITIES</u>			
Payable from restricted assets:			
Accounts payable	\$ 318,641	\$ -	\$ 318,641
Total liabilities	318,641		318,641
<u>NET ASSETS</u>			
Held in trust for:			
Employee pension benefits	\$ 248,324,397	\$ 309,703	\$ 248,634,100

CITY OF SAVANNAH, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS

NOTE 4 - PENSION PLANS (CONTINUED)

(D) Statement of Changes in Fiduciary Net Assets for Individual Pension Plans

CITY OF SAVANNAH STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS PENSION TRUST FUNDS YEAR ENDED DECEMBER 31, 2010			
	<u>EMPLOYEES' RETIREMENT</u>		
	<u>PENSION TRUST</u>	<u>OLD PENSION TRUST</u>	<u>TOTAL</u>
ADDITIONS			
Contributions			
Employer	\$ 8,552,370	\$ -	\$ 8,552,370
Plan members	6,791,553		6,791,553
Total contributions	<u>15,343,923</u>		<u>15,343,923</u>
Investment income			
Interest	3,108,042	1,154	3,109,196
Dividends	1,881,332		1,881,332
Real estate net income	2,244,216		2,244,216
Net appreciation (depreciation) in fair value of investments	20,474,068		20,474,068
Total investment income	<u>27,707,658</u>	<u>1,154</u>	<u>27,708,812</u>
Less investment expense	746,810		746,810
Net investment income (loss)	<u>26,960,848</u>	<u>1,154</u>	<u>26,962,002</u>
Total additions	<u>42,304,771</u>	<u>1,154</u>	<u>42,305,925</u>
DEDUCTIONS			
Benefits	15,566,772	19,483	15,586,255
Refunds of contributions	1,362,501		1,362,501
Administrative expense	192,422		192,422
Total deductions	<u>17,121,695</u>	<u>19,483</u>	<u>17,141,178</u>
Change in net assets	<u>25,183,076</u>	<u>(18,329)</u>	<u>25,164,747</u>
Net assets:			
Beginning of year - January 1	223,141,321	328,032	223,469,353
End of year - December 31	<u>\$ 248,324,397</u>	<u>\$ 309,703</u>	<u>\$ 248,634,100</u>

CITY OF SAVANNAH, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

NOTE 5 – CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2010 was:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Transfers</u>	<u>Ending Balance</u>
Governmental activities					
Capital assets, not being depreciated:					
Land	\$ 43,177,850	\$ 10,231,660	\$ 36,120	\$ -	\$ 53,373,390
Construction in progress	102,603,879	26,697,458	45,134,897		84,166,440
Total capital assets, not being depreciated	<u>145,781,729</u>	<u>36,929,118</u>	<u>45,171,017</u>	<u>-</u>	<u>137,539,830</u>
Capital assets, being depreciated					
Plants and buildings	42,612,660	2,991,148	6,226		45,597,582
Improvements other than buildings	38,751,264	14,194,759			52,946,023
Machinery, equipment and vehicles	88,297,875	7,451,328	4,373,327		91,375,876
Streets and drainage	438,763,924	20,278,176			459,042,100
Total capital assets, being depreciated	<u>608,425,723</u>	<u>44,915,411</u>	<u>4,379,553</u>	<u>-</u>	<u>648,961,581</u>
Less: Accumulated Depreciation					
Plants and buildings	13,882,841	1,428,903	6,226		15,305,518
Improvements other than buildings	19,847,269	1,166,200			21,013,469
Machinery, equipment and vehicles	48,121,276	8,407,204	4,128,744		52,399,736
Streets and drainage	130,128,673	12,732,452			142,861,125
Total accumulated depreciation	<u>211,980,059</u>	<u>23,734,759</u>	<u>4,134,970</u>	<u>-</u>	<u>231,579,848</u>
Total capital assets, being depreciated, net	<u>396,445,664</u>	<u>21,180,652</u>	<u>244,583</u>	<u>-</u>	<u>417,381,733</u>
Governmental activities capital assets, net	<u><u>\$ 542,227,393</u></u>	<u><u>\$ 58,109,770</u></u>	<u><u>\$ 45,415,600</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 554,921,563</u></u>

CITY OF SAVANNAH, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS

NOTE 5 – CAPITAL ASSETS (CONTINUED)

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Transfers</u>	<u>Ending Balance</u>
Business-type activities					
Capital assets, not being depreciated:					
Land	\$ 7,822,271	\$ 1,000	\$ -	\$ -	\$ 7,823,271
Construction in progress	44,880,808	34,442,504	26,290,407		53,032,905
Total capital assets, not being depreciated	<u>52,703,079</u>	<u>34,443,504</u>	<u>26,290,407</u>	<u>-</u>	<u>60,856,176</u>
Capital assets, being depreciated					
Plants, buildings, stations and reservoirs	533,125,414	26,538,357			559,663,771
Improvements other than buildings	33,522,080	248,497			33,770,577
Machinery and equipment	31,605,815	771,103	101,340		32,275,578
Total capital assets, being depreciated	<u>598,253,309</u>	<u>27,557,957</u>	<u>101,340</u>	<u>-</u>	<u>625,709,926</u>
Less: Accumulated Depreciation					
Plants, buildings, stations and reservoirs	215,878,537	16,734,818			232,613,355
Improvements other than buildings	20,535,600	903,903			21,439,503
Machinery and equipment	24,012,480	943,781	101,340		24,854,921
Total accumulated depreciation	<u>260,426,617</u>	<u>18,582,502</u>	<u>101,340</u>	<u>-</u>	<u>278,907,779</u>
Total capital assets, being depreciated, net	<u>337,826,692</u>	<u>8,975,455</u>	<u>-</u>	<u>-</u>	<u>346,802,147</u>
Business-type activities capital assets, net	<u>\$ 390,529,771</u>	<u>\$ 43,418,959</u>	<u>\$ 26,290,407</u>	<u>\$ -</u>	<u>\$ 407,658,323</u>

As part of its flood mitigation program, the City has entered into certain grant agreements with the Georgia Emergency Management Agency to purchase flood prone properties located within the city limits. These properties, when purchased, are included in the land category of governmental capital assets at historical cost. Certain covenants restrict the use and resale of these properties once acquired by the City. The value of these properties included in the governmental capital assets as of December 31, 2010 is \$15,395,375.

CITY OF SAVANNAH, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

NOTE 5 – CAPITAL ASSETS (CONTINUED)

During 2010, depreciation expense was charged to functions/programs of the City as follows:

Governmental activities:

General administration	\$ 161,563
Management and financial services	914,107
Facilities maintenance	12,846,584
Police	368,448
Fire	444,040
Leisure services	1,514,736
Public development	<u>305,171</u>
Total depreciation expense – governmental activities	16,554,649
Depreciation expenses on Internal Service Fund Capital Assets	<u>7,180,110</u>
Total depreciation expense allocated to governmental activities	<u>\$23,734,759</u>

Business-type activities:

Water and sewer	\$ 12,470,400
Sanitation	1,264,156
Parking facilities	1,602,392
Civic Center	352,317
Golf course	<u>51,964</u>
Total depreciation expense – business-type activities	15,741,229
Special item recorded in Water and Sewer Fund	<u>2,841,273</u>
Total depreciation expense allocated to business-type activities	<u>\$18,582,502</u>

Special Item on Asset Impairment

During 2010, the City's Water and Sewer activity discontinued the use of its Travis Field Wastewater Treatment Facility due to the obsolescence of the facility and the operation's economic infeasibility. It was determined by the City that assets associated with the Travis Field Wastewater Treatment Facility were permanently impaired. Asset impairments of this type are infrequent in occurrence and, in this case, the determination to discontinue using the facility was within the control of City management and resulted, which resulted in a special item loss being recognized in the City's Water and Sewer Fund in 2010. The special item loss of \$2,841,273 reduced the carrying amount of these impaired assets at year end to zero.

CITY OF SAVANNAH, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS

NOTE 5 – CAPITAL ASSETS (CONTINUED)

As of December 31, 2010, the City had the following commitments with respect to unfinished capital projects:

Project by Type	Project Authorization	Expended at Year-end	Committed	Required Future Financing
Drainage	\$33,256,738	\$7,765,832	\$25,490,906	NONE
Public Buildings	48,614,190	21,427,842	27,186,348	NONE
Recreation	6,638,869	5,098,190	1,540,679	NONE
Sanitation	2,898,223	713,900	2,184,323	NONE
Sewerage	58,261,160	32,810,877	25,450,283	NONE
Squares	6,825,432	1,486,726	5,338,706	NONE
Street Paving	8,523,223	4,757,591	3,765,632	NONE
Traffic Engineering	20,511,531	3,846,424	16,665,107	NONE
Water	38,874,961	16,440,015	22,434,946	NONE
Other	76,884,699	42,851,948	34,032,751	NONE
Total	<u>\$301,289,026</u>	<u>\$137,199,345</u>	<u>\$164,089,681</u>	

CITY OF SAVANNAH, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

NOTE 6- LONG-TERM LIABILITIES

(A) The following shows the composition of bonds, notes, and contractual obligations payable at December 31, 2010 and the annual maturities of long-term liabilities:

	Low est /Highest Coupon Rate	Original Issue Amount	Unmatured Bond/Interest at 12/31/10	2011	2012	2013	2014	2015	2016-2020	2021-2025	2026-2030	2031-2035
<u>GOVERNMENTAL ACTIVITIES PRINCIPAL PORTION</u>												
Contractual Obligations Related to:												
2009 Downtown Savannah Authority Bonds Series "A"	2.25/3.50	\$16,845,000	\$15,070,000	\$1,725,000	\$1,760,000	\$1,805,000	\$1,845,000	\$1,895,000	\$ 6,040,000	\$ -	\$ -	\$ -
2009 Downtown Savannah Authority Bonds Series "B"	2.3/5.70	20,155,000	20,155,000		725,000	735,000	745,000	765,000	4,120,000	4,795,000	5,690,000	2,580,000
Total Contractual Obligations		37,000,000	35,225,000	1,725,000	2,485,000	2,540,000	2,590,000	2,660,000	10,160,000	4,795,000	5,690,000	2,580,000
Notes:												
2001-A Series HUD Section 108 Note	3.66/6.67	1,000,000	635,000	40,000	40,000	40,000	50,000	50,000	415,000			
2010-A Series HUD Section 108 Note	1.70/2.91	485,000	485,000	100,000	100,000	100,000	50,000	50,000	85,000			
Total Notes Payable		1,485,000	1,120,000	140,000	140,000	140,000	100,000	100,000	500,000			
Special Assessment Bonds:												
2001 Series "A"	6.00	24,783	2,478	2,478								
Total Special Assessment Bonds		24,783	2,478	2,478								
Total Governmental Activities Principal Portion		<u>\$38,509,783</u>	<u>\$36,347,478</u>	<u>\$1,867,478</u>	<u>\$2,625,000</u>	<u>\$2,680,000</u>	<u>\$2,690,000</u>	<u>\$2,760,000</u>	<u>\$10,660,000</u>	<u>\$4,795,000</u>	<u>\$5,690,000</u>	<u>\$2,580,000</u>
<u>GOVERNMENTAL ACTIVITIES INTEREST PORTION</u>												
Contractual Obligations			16,095,933	1,405,380	1,366,568	1,310,292	1,245,323	1,175,357	4,543,031	3,104,965	1,723,003	222,014
Section 108 Notes			298,836	47,730	44,653	41,392	37,621	33,636	93,804			
Special Assessment Bonds			149	149								
Total Governmental Activities Interest Portion			<u>16,394,918</u>	<u>1,453,259</u>	<u>1,411,221</u>	<u>1,351,684</u>	<u>1,282,944</u>	<u>1,208,993</u>	<u>4,636,835</u>	<u>3,104,965</u>	<u>1,723,003</u>	<u>222,014</u>
Total Governmental Activities Debt Service Requirements			<u>\$52,742,396</u>	<u>\$3,320,737</u>	<u>\$4,036,221</u>	<u>\$4,031,684</u>	<u>\$3,972,944</u>	<u>\$3,968,993</u>	<u>\$15,296,835</u>	<u>\$7,899,965</u>	<u>\$7,413,003</u>	<u>\$2,802,014</u>

CITY OF SAVANNAH, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS

NOTE 6- LONG-TERM LIABILITIES (CONTINUED)

	Lowest/ Highest Coupon Rate	Original Issue Amount	Unmatured Bond/Interest at 12/31/10	2011	2012	2013	2014	2015	2016-2020	2021-2025	2026-2030	2031-2034
BUSINESS-TYPE ACTIVITIES PRINCIPAL PORTION												
WATER AND SEWER SYSTEM												
2003 Water and Sewer Revenue Bonds	2.0/4.0	\$ 42,210,000	\$ 9,905,000	\$ 4,325,000	\$ 18,15,000	\$ -	\$ -	\$ 160,000	\$ 3,605,000	\$ -	\$ -	\$ -
2009 Water and Sewer Revenue Bonds Series "A"	2.0/3.0	12,725,000	10,575,000	1,720,000	2,165,000	2,230,000	2,295,000	2,165,000				
2009 Water and Sewer Revenue Bonds Series "B"	2.25/5.25	16,175,000	16,175,000		715,000	730,000	740,000	755,000	4,075,000	4,745,000	4,415,000	
SRF Notes	2.0/4.0	49,441,933	33,936,777	2,328,413	2,403,526	2,481,727	2,562,065	2,440,529	8,730,236	7,335,511	5,654,770	
Total Water and Sewer Bonds and Notes		120,551,933	70,591,777	8,373,413	7,098,526	5,441,727	5,597,065	5,520,529	16,410,236	12,080,511	10,069,770	
SANITATION												
2003 Resource Recovery Bonds	2.0/4.125	18,845,000	14,520,000	395,000	410,000	430,000	450,000	470,000	12,365,000			
2009 Resource Recovery Bonds	2.0/3.0	12,315,000	10,305,000	1,985,000	2,020,000	2,055,000	2,095,000	2,150,000				
Total Sanitation Bonds		31,160,000	24,825,000	2,380,000	2,430,000	2,485,000	2,545,000	2,620,000	12,365,000			
PARKING SERVICES												
Contractual Obligations Related to:												
2003 Downtown Savannah Authority Bonds	2.0/4.0	14,335,000	9,450,000	960,000	995,000	1,030,000	1,075,000	1,115,000	4,275,000			
2005 Downtown Savannah Authority Bonds	4.25/5.0	24,820,000	24,820,000						2,110,000	7,995,000	10,020,000	4,695,000
Total Parking Services Contractual Obligations		39,155,000	34,270,000	960,000	995,000	1,030,000	1,075,000	1,115,000	6,385,000	7,995,000	10,020,000	4,695,000
CIVIC CENTER												
Contractual Obligations Related to:												
2003 Downtown Savannah Authority Bonds	2.0/4.0	4,090,000	2,250,000	420,000	430,000	450,000	465,000	485,000				
Total Business-type Activities Principal Portion		\$ 194,956,933	131,936,777	12,133,413	10,953,526	9,406,727	9,682,065	9,740,529	35,160,236	20,075,511	20,089,770	4,695,000
BUSINESS-TYPE ACTIVITIES INTEREST PORTION												
Water and Sewer Bonds			11,266,107	1,423,680	1,220,705	1,076,143	990,993	898,093	3,144,107	1,923,338	589,048	
Water and Sewer Notes			8,775,606	1,035,037	959,925	881,723	801,386	718,689	2,665,422	1,389,678	323,746	
Sanitation Resource Recovery Bonds			4,759,181	810,819	758,281	703,532	642,244	573,556	1,270,749			
Parking Services Contractual Obligations			20,663,199	1,490,738	1,457,138	1,422,312	1,386,262	1,348,638	6,067,437	4,588,700	2,564,962	337,012
Civic Center Contractual Obligations			248,087	79,962	65,263	50,212	34,463	18,187				
Total Business-type Activities Interest Portion			45,712,180	4,840,236	4,461,312	4,133,922	3,855,348	3,557,163	13,147,715	7,901,716	3,477,756	337,012
Total Business-type Activities Debt Service Requirements		\$ 177,648,957	\$ 16,973,649	\$ 15,414,838	\$ 13,540,649	\$ 13,537,413	\$ 13,297,692	\$ 48,307,951	\$ 27,977,227	\$ 23,567,526	\$ 5,032,012	

CITY OF SAVANNAH, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

NOTE 6 - LONG-TERM LIABILITIES (CONTINUED)

The following are changes in the long-term liabilities for the year ended December 31, 2010:

	Balance 12/31/09	2010 Issues	2010 Retirements	Balance 12/31/10	Unamortized (Discounts)/ Premiums	Balance 12/31/10	Amounts Due Within One Year	Accrued Interest at 12/31/2010
Governmental Activities:								
Bonds and notes payable:								
Contractual Obligations relating to:								
Downtown Savannah Authority Bonds, 2009	\$37,000,000	\$ -	\$ 1,775,000	\$ 35,225,000	\$ 100,296	\$ 35,325,296	\$ 1,725,000	\$ 585,575
Series 2000-A HUD Section 108 Note	560,000		560,000					
Series 2001-A HUD Section 108 Note	675,000		40,000	635,000		635,000	40,000	16,845
Series 2010-A HUD Section 108 Note		485,000		485,000		485,000	100,000	3,125
Special Assessment Bonds	4,957		2,479	2,478		2,478	2,478	43
Total bonds and notes payable	\$38,239,957	485,000	2,377,479	36,347,478	100,296	36,447,774	1,867,478	605,588
Other liabilities:								
Capital leases	1,485,985		348,271	1,137,714		1,137,714	363,317	32,766
Compensated absences	14,439,130	6,176,957	5,704,255	14,911,832		14,911,832	5,569,660	
Net OPEB obligation	21,773,551	11,988,534	2,720,334	31,041,751		31,041,751		
Claims and judgments	13,494,367	17,271,309	19,328,657	11,437,019		11,437,019	1,781,606	
Total other liabilities	51,193,033	35,436,800	28,101,517	58,528,316		58,528,316	7,714,583	32,766
Governmental Activities long-term liabilities	\$ 89,432,990	\$35,921,800	\$30,478,996	\$ 94,875,794	\$ 100,296	\$ 94,976,090	\$ 9,582,061	\$ 638,354
Business-type Activities:								
Bonds and notes payable:								
Water and Sewer Revenue Bonds 2003	\$ 14,060,000	\$ -	\$ 4,155,000	\$ 9,905,000	\$ (20,661)	\$ 9,884,339	\$ 4,325,000	\$ 30,425
Water and Sewer Revenue Bonds 2009	28,455,000		1,705,000	26,750,000	143,987	26,893,987	1,720,000	88,215
Sewer SRF Loan	36,192,332		2,255,555	33,936,777	(472,770)	33,464,007	2,328,413	135,762
Resource Recovery Bonds 2003	14,895,000		375,000	14,520,000	(195,224)	14,324,776	395,000	236,501
Resource Recovery Bonds 2009	12,315,000		2,010,000	10,305,000	36,210	10,341,210	1,985,000	101,340
Contractual obligations relating to:								
Downtown Savannah Authority Bonds, 2003	13,035,000		1,335,000	11,700,000	(141,614)	11,558,386	1,380,000	178,730
Downtown Savannah Authority Bonds, 2005	24,820,000			24,820,000	(333,046)	24,486,954		475,729
Total bonds and notes payable	143,772,332		11,835,555	131,936,777	(983,118)	130,953,659	12,133,413	1,246,702
Other liabilities:								
Compensated absences	2,536,994	1,106,189	1,065,318	2,577,865		2,577,865	993,213	
Net OPEB obligation	6,544,305	3,854,160	874,551	9,523,914		9,523,914		
Closure and Postclosure Liability	11,667,166	1,222,668		12,889,834		12,889,834		
Total other liabilities	20,748,465	6,183,017	1,939,869	24,991,613		24,991,613	993,213	
Business-type Activities long-term liabilities	\$164,520,797	\$ 6,183,017	\$ 13,775,424	\$156,928,390	\$ (983,118)	\$155,945,272	\$13,126,626	\$1,246,702

CITY OF SAVANNAH, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS

NOTE 6 - LONG-TERM LIABILITIES (CONTINUED)

Bond discounts are deferred and amortized over the term of the bonds using the straight line method unless the result is materially different from the effective interest method, in which case the effective interest method is used. Bond discounts and premiums are presented as adjustments to the face amount of contractual obligations and bonds payable.

Liquidations of long-term liabilities other than debt have typically occurred in prior years in the following manner:

- 1) Compensated absences and Net OPEB liability are paid by the fund where the employee's position is budgeted. Most of the City's employees are paid from the General Fund.
- 2) Claims and judgments are paid from the Risk Management Fund, an internal service fund funded by all City departments.
- 3) Capital lease payments are made by the Revolving Fund, an internal service fund that includes the City's vehicle maintenance, vehicle replacement, and information technology programs.
- 4) Contractual obligations relating to the Downtown Savannah Authority Bonds, Series 2009A are liquidated by the General Obligation Bonds Debt Service Fund, a non-major fund. Contractual obligations relating to the Downtown Savannah Authority Bonds, Series 2009B are liquidated by the Tax Allocation District I Fund, a non-major fund.
- 5) Section 108 Notes are liquidated by the Community Development Fund.
- 6) Special assessment bonds are paid by the Special Assessment Debt Service fund, a non-major fund.

(B) Governmental Activities Bonds and Notes Payable

The unmatured principal of these liabilities is shown on the Statement of Net Assets in the governmental activities column. In the fund financial statements, current debt service is reported in the debt service funds.

(1) General Obligation Bonds

The City is authorized to issue, under the provision of the Constitution of the State of Georgia, general obligation bonds for street and drainage improvements without a referendum, provided that (1) the issuance of such bonds is authorized at a public meeting held for such purpose and (2) not more than 10% of the total unused bond capacity of the City, and in no event more than \$2,000,000 in the aggregate principal amount of such bonds, shall be issued in any fiscal year. The City did not issue any general obligation bonds during 2010, and as of December 31, 2010 had no general obligation debt outstanding.

(2) Contractual Obligations

In 2009, the City entered into a contractual obligation related to the Downtown Savannah Authority Refunding Revenue Bonds, Series 2009A, tax-exempt bonds issued in the principal amount of \$16,845,000. The proceeds of the bond sale were used to currently refund the Downtown Savannah Authority Revenue Bonds, Series 1998, which had a principal balance of \$16,995,000 at refunding, and to cover issuance costs. The refunding was undertaken to reduce total future debt service payments.

CITY OF SAVANNAH, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

NOTE 6- LONG-TERM LIABILITIES (CONTINUED)

The Series 2009A bonds bear interest at fixed rates ranging from 2.25% to 3.50% depending on maturity. The bonds mature serially beginning in 2010 and ending in 2018.

Also in 2009, the City entered into a contractual obligation related to the Downtown Savannah Authority Capital Improvement Revenue Bonds, Series 2009B. The Series 2009B bonds were issued as taxable Build America Bonds in the principal amount of \$20,155,000. The Series 2009B bonds were used for the purposes of providing the funds required to acquire, construct and equip improvements to the downtown area of the City and pay all issuance costs related to the bonds.

The Authority's Series 2009B bonds bear interest at fixed rates ranging from 2.30% to 5.60% depending on maturity. The bonds mature serially beginning in 2010 and ending in 2027. The bonds are subject to redemption prior to maturity based on optional redemption and extraordinary optional redemption features. The Series 2009B bonds maturing on or after August 1, 2010, are subject to optional redemption by the Authority at the option of the City prior to maturity in part or in whole at any time after August 1, 2019, at a redemption price of 100% of the principal amount, plus accrued interest to the redemption date. The Series 2009B bonds are subject to redemption prior to maturity by the Authority at the option of the City in whole or in part on any date during the period from the date of issuance of the Series 2009B bonds until August 1, 2019, in the event that the government of the United States of America evidences, in the sole judgment of the City, by action or failure to act that it will not provide for the payments to be made to the Authority or the City in an amount equal to or greater than the applicable percentage of the interest payable on the Series 2009B bonds on any interest payment date. The extraordinary redemption price will be 100% of the principal amount of such Series 2009B bonds, plus accrued interest to the redemption date.

The Authority's Series 2009A and 2009B bonds are not a direct debt of the City; however, under the contract between the Authority and the City, the City is obligated to exercise its power of taxation to the extent necessary to pay the amounts required under the contract. Such contractually required payments will be sufficient to pay the principal and interest on the bonds when due. Such contractually required amounts are presented on page 50.

(3) Notes

In 2000, the City issued a Section 108 Note Series 2000A in the principal amount of \$1,000,000 guaranteed by the Secretary of Housing and Urban Development. In 2001, the City issued Section 108 Note Series 2001A also in the principal amount of \$1,000,000. In 2010, the City issued a Section 108 Note in the principal amount of \$485,000 guaranteed by the Secretary of Housing and Urban Development, the proceeds of which were used to pay all outstanding amounts on the City's Series 2000A Section 108 Note. The refunding was undertaken to reduce total future debt service payments. The transaction resulted in an economic gain of \$89,052 and a reduction of \$93,226 in future debt service payments. Both of the City's remaining Section 108 notes are secured by the City's future CDBG obligations, and are part of a total loan commitment for the Section 108 guarantee of \$3,000,000. Proceeds of the notes can only be used in accordance with approved Section 108 activities as specified in the

CITY OF SAVANNAH, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS

NOTE 6- LONG-TERM LIABILITIES (CONTINUED)

Contract for Loan Guarantee Assistance between the City and HUD. In summary, the approved activities are limited to the funding of certain business loans and to costs associated with renovations to a planned Entrepreneurial Center.

The outstanding balances of the notes are shown on the Statement of Net Assets in the governmental activities column. Principal and interest payments on the note are paid through the Community Development Fund, a major governmental fund.

The 2000 Section 108 note bears interest at fixed rates between 7.066% and 7.908%, depending on maturity. The first maturity occurred in 2002 with the final maturity in 2017. The 2010 Section 108 note bears interest at fixed rates between 1.70% and 2.91%, depending on maturity. The first maturity of the 2010 note occurs in 2011 and the final maturity is in 2017. A maturity schedule for the notes is shown on page 50.

(4) Special Assessments Bonds

The bonds were used to finance construction costs on special assessments projects, and mature as shown on page 50. These bonds are payable from, and secured by, a lien on the assessments levied on the properties benefiting from the improvements funded by the bonds and are not an obligation of the City. However, if special assessment collections are not sufficient to pay the bonds when due, the City is permitted to cover the shortfall.

(5) Capital Leases

In 2006, the City entered into a capital lease agreement for the purpose of financing the acquisition of certain fire fighting equipment. This lease agreement qualifies as a capital lease for accounting purposes and, therefore, has been recorded at the present value of the future minimum lease payments as of the lease inception date.

The capital lease activity and outstanding liabilities as of December 31, 2010, are as follows:

<u>Internal Service Fund</u>	<u>Original Maturity Date</u>	<u>Interest Rate</u>	<u>Balance Outstanding at 12/31/2009</u>	<u>2010 Issues</u>	<u>2010 Retirements</u>	<u>Balance Outstanding at 12/31/2010</u>
Fire Fighting Equipment	2013	4.32%	\$ 1,485,985	\$ -	\$ 348,271	\$ 1,137,714
			<u>\$ 1,485,985</u>	<u>\$ -</u>	<u>\$ 348,271</u>	<u>\$ 1,137,714</u>

CITY OF SAVANNAH, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

NOTE 6- LONG-TERM LIABILITIES (CONTINUED)

The future minimum lease obligations and the net present value of these minimum lease payments as of December 31, 2010, were as follows:

<u>Year Ending Dec. 31</u>	<u>Amount</u>
2011	\$ 412,466
2012	412,466
2013	<u>412,466</u>
Subtotal	1,237,398
Less amount representing interest	<u>99,684</u>
Present value of future minimum lease payments	\$ <u>1,137,714</u>

The assets acquired through capital leases are as follows:

<u>Asset:</u>	<u>Amount</u>
Machinery and equipment	\$ 2,440,982
Less accumulated depreciation	<u>537,496</u>
Net assets recorded under capital leases	\$ <u>1,903,486</u>

The leases are shown on the Statement of Net Assets in the governmental activities column. In the fund financial statements, the leases are shown in the revolving internal service fund.

(C) Business-type Bonds and Notes Payable

The unmatured principal of revenue bonds, notes, and contractual obligations are shown on the Statement of Net Assets in the business-type activities column. In the fund financial statements, the outstanding balances are included in the respective proprietary funds and paid through these funds.

(1) Water and Sewer Revenue Bonds

In 2003, the City issued \$42,210,000 Water and Sewer Revenue Refunding and Improvement Bonds Series 2003. The proceeds of this issue were used to (1) construct improvements to the Water and Sewer System, (2) refund all of the City's outstanding Water and Sewer Revenue Refunding and Improvements Bonds, Series 1993 Bonds, (3) pre-pay certain loans made to the City by the Georgia Environmental Facilities Authority, and (4) pay costs incidental to the bond issue. The bonds bear interest at fixed rates ranging from 2.00% to 4.00% depending on maturity. The bonds mature serially beginning in 2003 and ending in 2017. A maturity schedule for the Series 2003 bonds is shown on page 51.

CITY OF SAVANNAH, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS

NOTE 6- LONG-TERM LIABILITIES (CONTINUED)

In 2009, the City issued Water and Sewer Refunding Revenue Bonds, Series 2009A in the principal amount of \$12,725,000. The proceeds of this issue were used to (1) refund all of the City's outstanding Series 1997 bonds in the principal amount of \$13,350,000, (2) fund a debt service reserve account for the Series 2009A bonds and, (3) pay all costs incidental to the issuance of the Series 2009A bonds. The Series 2009A bonds bear interest at fixed rates ranging from 2.00% to 3.00% depending on maturity. The bonds mature serially beginning in 2009 and ending in 2015. A maturity schedule for the Series 2009A bonds is shown on page 51.

Also in 2009, the City issued Water and Sewer Improvement Revenue Bonds, Series 2009B. The Series 2009B bonds were issued as taxable Build America Bonds in the principal amount of \$16,175,000. The Series 2009B bonds were used for the purposes of providing the funds required to (1) construct extensions, additions, and improvements to the Water and Sewer System, (2) fund a debt service reserve account for the Series 2009B bonds and, (3) pay all costs incidental to the issuance of the Series 2009B bonds.

The Series 2009B bonds bear interest at fixed rates ranging from 2.25% to 5.25% depending on maturity. The bonds mature serially beginning in 2012 and ending in 2020. The bonds are subject to redemption prior to maturity based on optional redemption and extraordinary optional redemption features. The Series 2009B bonds maturing on or after August 1, 2010, are subject to optional redemption by the City prior to maturity in part or in whole at any time on or after December 1, 2019, at a redemption price of 100% of the principal amount, plus accrued interest to the redemption date. The Series 2009B bonds are subject to redemption prior to maturity at the option of the City in whole or in part on any date during the period from the date of issuance of the Series 2009B bonds until December 19, 2019, in the event that the government of the United States of America evidences, in the sole judgment of the City, by action or failure to act that it will not provide for the payments to be made to the Authority or the City in an amount equal to or greater than thirty-five percent of the interest payable on the Series 2009B bonds on any interest payment date. The extraordinary redemption price will be 100% of the principal amount of such Series 2009B bonds, plus accrued interest to the redemption date. A maturity schedule for the Series 2009B bonds is shown on page 51.

The Series 2003 and the Series 2009 Bond resolutions require the contribution of monthly installments for future principal and interest payments, and the maintenance of a debt service reserve in a Sinking Fund. For December 31, 2010 the debt service reserve requirement is calculated as 125% of the average annual debt service requirement, which is \$3,152,704. The debt service reserve requirement is met with a Debt Service Reserve Surety Bond and cash held in the Sinking Fund. Monies in the debt service reserve or draws on the insurance policy can be used only to pay principal and interest on the bonds if there would otherwise be a default.

CITY OF SAVANNAH, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

NOTE 6- LONG-TERM LIABILITIES (CONTINUED)

At December 31, 2010, the sinking fund requirements and actual balances were as follows:

Sinking Fund Requirements:	
Interest requirements (for June 1, 2011)	\$ 118,641
Principal requirements (for December 1, 2011)	503,750
Debt Service Reserve	<u>3,152,704</u>
Total requirements at December 31, 2010	<u>3,775,095</u>
Sinking Fund Resources:	
Cash and investments in sinking fund at December 31, 2010	2,958,065
Debt Service Reserve Surety Bond	<u>990,500</u>
Total resources at December 31, 2010	<u>3,948,565</u>
Surplus	\$ <u>173,470</u>

(2) Water and Sewer Loan Agreements

Other liabilities of the Water and Sewer Fund include loan agreements the City has entered into with the State of Georgia under the State Revolving Fund Program (SRF). The SRF makes low interest loans to public sewer systems for capital improvements. The SRF program is funded by a combination of State funds and a grant to the State from the Federal Environmental Protection Agency. The following table shows details of all the SRF loans at December 31, 2010.

<u>Year of Loan</u>	<u>Project Description</u>	<u>Total Loan Commitment</u>	<u>Interest Rate (%)</u>	<u>Amorti- zation Period (Years)</u>	<u>Amount Drawn</u>	<u>-As of December 31, 2010- Principal Retired</u>	<u>Loan Payable</u>
1990	Georgetown Sewage Plant & Gateway Area Force Main	\$ 6,719,514	2.00	20	\$ 6,719,514	\$ 4,965,887	\$ 1,753,627
1996	President Street Plant	10,020,200	4.00	18	10,020,200	6,329,227	3,690,973
2000	I & D Plant Improvement	8,205,660	3.53	20	8,205,660	2,994,212	5,211,448
2005	Crossroads Wastewater Plant	<u>24,496,559</u>	3.00	20	<u>24,496,559</u>	<u>1,215,830</u>	<u>23,280,729</u>
		<u>\$49,441,933</u>			<u>\$49,441,933</u>	<u>\$15,505,157</u>	<u>\$33,936,777</u>

A maturity schedule for the SRF loans is located on page 51.

CITY OF SAVANNAH, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS

NOTE 6- LONG-TERM LIABILITIES (CONTINUED)

(3) Parking Services Contractual Obligations

In 2003, the City entered into a contractual obligation related to Downtown Savannah Authority Revenue Refunding and Improvement Bonds (City of Savannah Capital Improvement Projects), Series 2003 issued in the principal amount of \$18,425,000. The proceeds of the bond sale were made available to the City to (1) fund a portion of the cost of constructing and equipping parking facilities to be located in the downtown area of the City, (2) refund and redeem all of the Authority's Series 1995 Bonds currently outstanding, and (3) fund all expenses incidental to the issuance of the Bonds. The portion of the bond proceeds used by the City's Parking Fund to finance garage construction, refund debt and pay issuance costs amounted to \$14,335,000 and has been allocated to the Parking Fund. The bonds bear interest at fixed rates ranging from 2.00% to 4.00% and mature serially beginning August 1, 2004.

In 2005, the City entered into a contractual obligation related to Downtown Savannah Authority Revenue Bonds (City of Savannah Ellis Square Parking Project), Series 2005 issued in the principal amount of \$24,820,000. The proceeds of the bond sale were made available to the City to provide a portion of the funds necessary to develop, acquire, construct, and equip underground parking facilities in the downtown area of the City. The bonds bear interest at fixed rates ranging from 4.25% to 5.00% and mature serially beginning August 1, 2019.

The Authority's Series 2003 and Series 2005 bonds are not a direct debt of the City; however, under the contract between the Authority and the City, the City is obligated to exercise its power of taxation to the extent necessary to pay the amounts required under the contract. Such contractually required amounts are presented on page 51.

(4) Sanitation Fund Resource Recovery Bonds

In 2003, the Resource Recovery Development Authority issued its Revenue Refunding Bonds, Series 2003 in the principal amount of \$18,845,000. In conjunction with the Series 2003 bond offering, the Authority and the City of Savannah entered into a contract, under which, the City will use the proceeds of the Series 2003 Bonds to (1) fund a portion of the cost of making improvements to the Authority's existing landfill, (2) refund all of the Authority's Series 1994 Bonds currently outstanding, (3) refund all of the Authority's Series 1995 Bonds currently outstanding, and (4) pay all expenses related to the issuance of the Bonds.

In 2009, the Resource Recovery Development Authority issued its Revenue Refunding Bonds, Series 2009 in the principal amount of \$12,315,000. In conjunction with the Series 2009 bond offering, the Authority and the City of Savannah entered into a contract, under which, the City will use the proceeds of the Series 2009 bonds to refund all of the Authority's outstanding Series 1997 bonds in the principal amount of \$12,330,000 and pay all costs incidental to the issuance of the Series 2009 bonds.

The Authority's Series 2003 and Series 2009 bonds are not a direct debt of the City; however, under the contract between the Authority and the City, the City is obligated to exercise its power of taxation to the extent necessary to pay the amounts required under the contract. Such contractually required amounts are presented on page 51.

CITY OF SAVANNAH, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

NOTE 6- LONG-TERM LIABILITIES (CONTINUED)

(5) Civic Center Fund Contractual Obligations

As disclosed above, in 2003 the City entered into a contractual obligation related to Downtown Savannah Authority Revenue Refunding and Improvement Bonds (City of Savannah Capital Improvement Projects), Series 2003 issued in the principal amount of \$18,425,000. The proceeds of the bond sale were made available to the City to (1) fund a portion of the cost of constructing and equipping parking facilities to be located in the downtown area of the City, (2) refund and redeem all of the Authority's Series 1995 Bonds currently outstanding, and (3) fund all expenses incidental to the issuance of the Bonds. The portion of the bond proceeds used by the City's Civic Center Fund to refund debt and pay issuance costs amounted to \$4,090,000 and has been allocated to the Civic Center Fund.

The Authority's Series 2003 bonds are not a direct debt of the City; however, under the contract between the Authority and the City, the City is obligated to exercise its power of taxation to the extent necessary to pay the amounts required under the contract. Such contractually required amounts are presented on page 51.

NOTE 7 - LANDFILL CLOSURE AND POSTCLOSURE CARE COSTS

State and federal laws and regulations require that the City place a final cover on its landfill when closed and perform certain maintenance and monitoring functions at the landfill site for thirty years after closure. In addition to operating expenses related to current activities of the landfill, an expense provision is being recognized based on the estimated future closure and postclosure care costs to be incurred near or after the date the landfill no longer accepts waste. The recognition of these landfill closure and postclosure care costs is based on the amount of landfill capacity utilized during the year. In 2010, the City recognized a postclosure expense of \$1,222,668, which is based on 61.95% usage (filled) of the landfill. It is estimated that an additional \$7,916,858 will be recognized as closure and postclosure care expenses through the date the landfill is expected to be filled to capacity. The estimated total cost of the landfill closure and postclosure care (\$20,806,692) is based on the amount that would be paid if all equipment, facilities, and services required to close, monitor, and maintain the landfill were acquired as of December 31, 2010. Based on landfill capacity, the estimated remaining useful life of the landfill is approximately 6.83 years. The actual cost of closure and postclosure care may fluctuate annually due to inflation, changes in technology, or changes in environmental laws and regulations.

At December 31, 2010, the City had accrued \$12,889,834 in landfill closure and postclosure costs. This amount was determined as follows:

Estimated total cost of closure and postclosure care	\$ 20,806,692
Percent utilized at 12/31/10	<u>61.95</u>
Total postclosure and closure liability at 12/31/10	12,889,834
Less amount recognized in prior years	<u>11,667,166</u>
Current year closure/postclosure expense (credit)	\$ <u>1,222,668</u>

CITY OF SAVANNAH, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS

NOTE 7 - LANDFILL CLOSURE AND POSTCLOSURE CARE COSTS (CONTINUED)

The City will fund the closure and postclosure care costs with user fees and subsidies from the General Fund. As of December 31, 2010, no amount of assets had been restricted for the payment of closure and postclosure care costs. The landfill postclosure and closure liability of \$12,889,834 is included in long-term liabilities on the Statement of Net Assets.

NOTE 8 - POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)

(1) Plan Description

The City maintains an agent multiple-employer defined benefit OPEB plan (the City of Savannah Employee Benefit Plan) to provide medical and life insurance benefits to its retirees. Membership in the Plan by City retirees is voluntary. In addition to eligible City retirees, eligible retirees of the Savannah Airport Commission, Metropolitan Planning Commission and Chatham-Savannah Youth Futures Authority may also participate in the Plan.

The Plan covers both general and uniform employees of the participating employers. As of January 1, 2008, employee membership data related to the OPEB plan was as follows:

Retirees and beneficiaries currently receiving benefits	676
Active plan participants	<u>2,515</u>
Total	<u>3,191</u>

The Plan provides members, upon eligible retirement, with healthcare insurance and life insurance benefits. The benefits provided are not guaranteed and are subject to change at any time. In addition, the benefit provisions are subject to annual appropriation of funds by the City's Mayor and Alderman. The Plan does not provide for automatic or ad hoc postretirement benefit increases; however, the benefit provisions provided by the Plan may be amended, established or terminated at any time by a vote of the City's Mayor and Alderman. The Plan Document specifies the types and levels of Plan benefits as well as member contribution requirements. The City of Savannah provides administration of the Plan, including setting funding policies, and reports the Plan as an agency fund in its Comprehensive Annual Financial Report. The Plan does not issue a stand-alone financial report.

(2) Summary of Significant Accounting Policies

The accrual basis of accounting is used with respect to the recognition in the financial statements of contributions, benefits paid, and refunds paid. Plan investments, if any, are reported at their fair value at the reporting date. The fair value of an investment is the amount that the Plan could

CITY OF SAVANNAH, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

NOTE 8 - POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (CONTINUED)

reasonably expect to receive for it in a current sale between a willing buyer and a willing seller and for financial reporting purposes is measured by the market price unless such prices are not available, in which case, fair value is estimated. As of December 31, 2010 the Plan reported no assets.

(3) Contributions and Reserves

As administrator of the Plan, the Mayor and Alderman of the City of Savannah are the authority under which the obligations of the plan members and the employers to contribute to the plan are established and are amended.

The funding of the plan is derived from two sources: member contributions and employer contributions. Member contributions are set at a level sufficient to achieve 30 percent of the expected funding target for pre-Medicare retirees and 25 percent for post-Medicare retirees. Employers are required to contribute the remaining amounts needed to achieve expected funding target. The funding target for a given year is set at a level sufficient to cover expected medical and prescription claims, insurance premiums and administration costs.

The plan is funded on a pay-as-you-go basis by both the City and the other participating employers. Required contribution rates of plan members for the valuation dated December 31, 2009 were set as follows:

<u>Class of Retiree</u>	<u>Monthly Contribution Per Retiree</u>
• Single retiree with Medicare	\$ 53.75
• Single retiree without Medicare	192.33
• 2 – Party Retiree, one with Medicare and one without Medicare	248.00
• 2 – Party Retiree, both with Medicare	101.33
• 2 – Party Retiree, neither with Medicare	362.42

The Plan has entered into no long-term contracts for contributions to the Plan with either employers or participants and, therefore, no amounts of contractually required contributions were outstanding at the reporting date.

Each of the participating employers (Savannah Airport Commission, Metropolitan Planning Commission and Youth Futures Authority) are required by Statement No. 45 of the Governmental Accounting Standards Board to disclose additional information with regard to funding policy, the

CITY OF SAVANNAH, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS

NOTE 8 - POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (CONTINUED)

employer's annual OPEB cost and contributions made, the funded status and funding progress of the employer's individual plan, and actuarial methods and assumptions used.

(4) OPEB Cost

For the fiscal year ended December 31, 2010, the City's annual OPEB cost was \$15,842,693, which was made up of the annual required contribution plus certain adjustments for interest on the net OPEB obligation. The dollar amount contributed by the City toward the OPEB cost was \$3,594,885. As of December 31, 2010 the City had a net OPEB obligation of \$40,565,665, the components of which are disclosed as the following:

Annual required contribution	\$15,611,153
Interest on net OPEB obligation	1,415,893
Adjustments to annual required contributions	<u>(1,184,352)</u>
Annual OPEB cost	\$15,842,694
Contributions made	<u>(3,594,885)</u>
Increase in net OPEB obligation	12,247,809
Net OPEB obligation – beginning of year	<u>28,317,856</u>
Net OPEB obligation – end of year	<u>\$40,565,665</u>

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the three most recent years is as follows:

Plan Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
12/31/2008	\$ 12,958,165	36.64%	\$ 17,090,269
12/31/2009	14,590,170	23.04	28,317,856
12/31/2010	15,842,694	22.69	40,565,665

CITY OF SAVANNAH, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

NOTE 8 - POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (CONTINUED)

(5) Funded Status and Funding Progress

As of the City's most recent OPEB actuarial valuation, dated December 31, 2009, the actuarial accrued liability for benefits was \$169,826,845, all of which was unfunded. As of the valuation date, the Plan had no assets; therefore, the actuarial value of assets was zero. Other information about the funded status of the Plan is as follows:

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability	Total Unfunded Actuarial Liability	Funded Ratio	Annual Covered Payroll	Ratio of the Unfunded Actuarial Liability to Annual Covered Payroll
12/31/2009	\$0.00	\$169,826,845	\$169,826,845	0.00%	\$96,058,030	176.79%

The projection of future benefit payments for an ongoing plan involves estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

(6) Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The methods and assumption used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

For the actuarial valuation dated December 31, 2009, the actuarial cost method used in determining the City's Annual Required Contribution (ARC) was the projected unit credit method. In addition, the asset valuation method used was the market value. Other significant assumptions used to determine the ARC were as follows:

- The inflation rate was assumed to be 4 percent annually.
- The investment rate of return was assumed to 5 percent annually.
- Projected salary increases were 5.85 percent at age 20 graded to 4.00 percent at age 62.
- The medical cost trend used was 9.50 percent graded to 5.00 percent over 9 years.

CITY OF SAVANNAH, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS

NOTE 8 - POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (CONTINUED)

- The drug cost trend used was 10.00 percent graded to 5.00 percent over 10 years.
- The amortization method used was level percent of pay and the amortization period for the most recent actuarial valuation was 27 years and the period is closed.

NOTE 9 - RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. Under the risk management program, the Risk Management Internal Service Fund provides coverage for worker's compensation claims, general liability claims, employee health benefit claims, unemployment compensation claims, and property damage claims. The City purchases property and liability insurance for claims in excess of coverage provided by the fund. As in the past three fiscal years, settled property damage claims in 2010 did not exceed commercial coverage.

All funds of the City participate in the program and make payments to the Risk Management Fund based on estimates of the amounts needed to pay prior and current year claims and to establish a reserve for catastrophic losses. During 2010, premiums paid into the fund by both the City and its employees exceeded liabilities incurred for the various types of claims covered. The amount available for catastrophic losses at December 31, 2010 was \$428,827.

The Risk Management Fund establishes claim liabilities based on estimates of the ultimate cost of claims (including future claim adjustment expenses) that have been reported but not settled, and of potential claims that have occurred but not yet been reported. The length of time for which such costs must be estimated varies depending on the coverage involved. Estimated amounts of salvage, subrogation, and reinsurance recoverable on unpaid claims are deducted from the liability for unpaid claims. Because actual claim costs depend on such complex factors as inflation, changes in doctrines of legal liability, and damage awards, the process used in computing claim liabilities does not necessarily result in the aggregate amount finally paid, particularly for coverages such as general liability. Adjustments to claims liabilities are charged or credited to expense in the period in which they are made.

The claims liability of \$11,437,019 reported as of year end is based on the requirements of Governmental Accounting Standards Board Statement 30, which requires that a liability for claims be established if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. At December 31, 2010, \$9,655,413 of those covered liabilities is considered to be long-term and \$1,781,606 is considered to be due within one year. Changes in the fund's claims liability amount for the current and prior fiscal years are presented below:

<u>Year</u>	<u>Beginning of Year Liability</u>	<u>Claims and Changes in Estimates</u>	<u>Claims Paid</u>	<u>End of Year Liability</u>
2008	\$ 9,480,653	\$ 16,411,524	\$ (15,233,813)	\$ 10,658,364
2009	10,658,364	21,889,940	(19,053,937)	13,494,367
2010	13,494,367	17,271,309	(19,328,657)	11,437,019

CITY OF SAVANNAH, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

NOTE 10 - INTERFUND TRANSFERS, RECEIVABLES AND PAYABLES

Interfund transfers in (out) for the year ended December 31, 2010, are as follows:

<u>Transfer From</u>	<u>Transfer To</u>	<u>Amount</u>	<u>Purpose</u>
General Fund	Hazardous Materials Team Fund	\$ 239,152	Provide resources to fund operating expenditures.
General Fund	Grant Fund	298,903	Provide resources to fund grant match requirements.
General Fund	Tax Allocation District I Fund	546,451	Provide resources to fund debt service expenditures.
General Fund	Civic Center Fund	717,185	Provide resources to fund operating expenses.
General Fund	Community Development Fund	1,141,750	Provide resources to fund operating expenditures and grant matches.
General Fund	Debt Service Fund	2,178,893	Provide resources to fund debt service expenditures.
General Fund	Sanitation Fund	3,631,402	Provide resources to fund operating expenses.
General Fund	City OPEB Reserve Fund	4,507,026	Provide resources to fund future benefit payments.
General Fund	Capital Improvement Fund	4,995,939	Provide resources to fund planned capital project expenditures.
Community Development Fund	City OPEB Reserve Fund	38,523	Provide resources to fund future benefit payments.
Capital Improvement Fund	SPLOST 1998-2003 Fund	3,779,905	Transfer restricted revenues to fund required to expend them.
Water and Sewer Fund	City OPEB Reserve Fund	891,000	Provide resources to fund future benefit payments.
Sanitation Fund	City OPEB Reserve Fund	681,000	Provide resources to fund future benefit payments.
Parking Fund	City OPEB Reserve Fund	189,000	Provide resources to fund future benefit payments.
Grant Fund	General Fund	55,218	Reimbursement of startup costs associated with recycling program.
Hotel/motel Tax Fund	Civic Center Fund	279,308	Transfer restricted revenues to fund required to expend them.
Hotel/motel Tax Fund	General Fund	5,825,788	Transfer restricted revenues to fund required to expend them.
Auto Rental Tax Fund	Civic Center Fund	919,268	Transfer restricted revenues to fund required to expend them.
Auto Rental Tax Fund	General Fund	306,423	Transfer restricted revenues to fund required to expend them.
Hazardous Materials Team Fund	City OPEB Reserve Fund	12,000	Provide resources to fund future benefit payments.
Civic Center Fund	City OPEB Reserve Fund	71,000	Provide resources to fund future benefit payments.
Internal Service Revolving Fund	City OPEB Reserve Fund	188,974	Provide resources to fund future benefit payments.
Total		\$ 31,494,108	

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 in the General Fund to finance various programs accounted for in other funds, including capital projects, in accordance with budgetary operations.

CITY OF SAVANNAH, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS

NOTE 10 - INTERFUND TRANSFERS, RECEIVABLES AND PAYABLES (CONTINUED)

At the fund level, three business-type funds recorded transfers out totaling \$543,320 that represented the value of assets reassigned to the general government during 2010. These amounts were reported as transfers out in the Water and Sewer Fund (\$391,930), the Sanitation Fund (\$121,390) and the Internal Service Fund (\$30,000).

Interfund receivable and payable balances as of December 31, 2010 are as follows:

<u>Payable from</u>	<u>Payable to</u>	<u>Amount</u>	<u>Purpose</u>
General Fund	Capital Improvements Fund	\$ 28,537,767	Committed funds for capital projects. Cash is transferred only as project costs are paid. This balance may not be paid within one year.
Community Development Fund	General Fund	457,360	Cash to be repaid upon receipt of amounts due from other governments as reimbursements for grant eligible expenditures.
SPLOST 2009-2014	General Fund	16,394,322	Cash advance to be repaid upon receipt of special purpose local option sales taxes.
Nonmajor governmental fund	General Fund	595,508	Cash to be repaid upon receipt of amounts due from other governments as reimbursements for grant eligible expenditures.
Nonmajor governmental fund	General Fund	341,684	Hotel/motel taxes receivable at year end which are to be transferred to General Fund when received.
Nonmajor governmental fund	General Fund	191,207	Cash to be repaid upon receipt of hazardous materials fees due from other governments.
Nonmajor governmental fund	General Fund	743,919	Cash to be repaid upon receipt of emergency communications fees due from other governments.
Nonmajor governmental fund	General Fund	20,940	Auto rental taxes receivable at year end which are to be transferred to General Fund when received.
Nonmajor governmental fund	Nonmajor business-type fund	62,819	Auto rental taxes receivable at year end which are to be transferred for use by Civic Center when received.
		<u>\$ 47,345,526</u>	

Advances to/from other funds are not expected to be repaid within one year. For the year ended December 31, 2010, advances to/from are as follows:

<u>Advance from</u>	<u>Advance to</u>	<u>Amount</u>	<u>Purpose</u>
General Fund	Tax Allocation District I Fund	\$ 546,451	Cash to be repaid upon receipt of incremental tax increases within taxing district.

CITY OF SAVANNAH, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

NOTE 11 – RECEIVABLE AND PAYABLE BALANCES

Receivables at December 31, 2010 were as follows:

	<u>Governmental Activities</u>	<u>Business-type Activities</u>
Taxes Receivable	\$25,094,301	
Due from other Governments	12,035,283	
Miscellaneous accounts receivable	2,271,705	\$28,910,473
Less: Allowance for Uncollectibles	<u>2,972,065</u>	<u>13,742,421</u>
Total	<u>\$36,429,224</u>	<u>\$15,168,052</u>

Payables at December 31, 2010 consisted of:

	<u>Governmental Activities</u>	<u>Business-type Activities</u>
Due to vendors	\$ 8,431,324	\$ 23,705,092
Accrued payroll tax liabilities and withholdings	<u>690,561</u>	
Total	<u>\$ 9,121,885</u>	<u>\$ 23,705,092</u>

NOTE 12 – FUND EQUITY AND RESERVED FUND BALANCE

The Statement of Net Assets shows certain amounts as restricted net assets. These amounts are restricted in their use by parties outside the City such as creditors, grantors, or contributors, or restricted by law or regulation. Components of Restricted Net Assets include:

Activity	Restricted by	Amount
Governmental Activities:		
Sales Tax Capital Projects	Law	\$ 41,267,555
Community Development projects	Grantor agencies	25,947,101
HUD Section 108 projects	Creditor – U. S. Dept. of Housing & Urban Development	369,498
Nonexpendable Perpetual Care	Cemetery perpetual care	5,040,933
Debt service	Special assessment bonds	148,565
Public safety communications	Law	3,867,444
Other grants	Grantor agencies	1,361,490
Business-Type Activities:		
Debt service	Bond covenants	2,335,675

CITY OF SAVANNAH, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS

NOTE 12 – FUND EQUITY AND RESERVED FUND BALANCE (CONTINUED)

The Balance Sheet – Governmental Funds shows Reserved Fund Balances for the following:

Reserved for encumbrances – represents funds obligated for outstanding contracts and purchase orders at year end.

Reserved for prepaid items – represents the balance of inventory for which the expenditure was recognized at the time of purchase.

Reserved for section 108 activities – denotes fund balance that is to be used only in relation to activities specified under a HUD Section 108 note.

Reserved for perpetual care – represents funds accumulated in the Cemetery fund for cemetery perpetual care.

Reserved for debt service – represents funds that will be used to repay special assessment bonds.

Reserved for sales tax capital projects – denotes fund balance reserved to pay for construction of capital projects that were approved by referendum. Sales tax is the funding source for these projects.

Reserved for public safety communications – represents unspent E911 fees collected from phone subscribers.

The Statement of Net Assets shows certain amounts as invested in capital assets, net of related debt. Governmental activities invested in capital assets, net of related debt included capital assets of \$554,921,563 less related debt of \$20,813,791, which includes contractor retainage payable of \$2,030,476, capital leases of \$1,137,714 and contractual obligations of \$35,325,296 less unspent bonds proceeds of \$17,679,695. The contractor retainage payable amount is presented in the financial statements in accounts payable and accrued liabilities. Business-type activities invested in capital assets, net of related debt included capital assets of \$407,658,323 less related debt of \$151,405,262, which includes contractor retainage payable of \$22,274,267 and debt of \$130,449,909 less unspent bond proceeds of \$1,318,914. The contractor retainage payable amount is presented in the financial statements in accounts payable and accrued liabilities.

For the year ended December 31, 2010, the Sanitation Fund reported a deficit in ending net assets of \$13,494,860. The City anticipates that the deficit in the Sanitation Fund will be eliminated by increased charges for services and General Fund transfers. In addition, the SPLOST 2009-2014 ended 2010 with a deficit fund balance of \$14,238,019. The City anticipates that the deficit in the SPLOST 2009-2014 Fund will be eliminated with special purpose local option sales tax revenues.

NOTE 13 - PROPERTY TAXES

Property is appraised and a lien on such property becomes enforceable 60 days after final notification on delinquency of property taxes. Property taxes are levied on all taxable real, public utilities, and personal property (including vehicles) located within the City. Assessed values for property tax purposes are determined by the Chatham County Board of Tax Assessors for all property except public utility. Assessed value is set at 40% of market value. Public utility assessed value is set by the State of Georgia.

CITY OF SAVANNAH, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

NOTE 13 - PROPERTY TAXES (CONTINUED)

The property tax calendar is as follows:

2010 (tentative) millage rate adopted by ordinance	December 31, 2009
Beginning of fiscal year for taxes	January 1, 2010
First installment real property tax bills rendered	April 11, 2010
First installment real property tax payment due	May 15, 2010
County Tax Digest approved by the State of Georgia	September 12, 2010
2010 final millage rate adopted by ordinance	July 25, 2010
Second installment real property tax bills rendered	October 4, 2010
Personal property tax bills rendered	October 11, 2010
Second installment real property tax payment due	November 21, 2010
Personal property tax payment due	November 27, 2010
Delinquency date - real property taxes	November 22, 2010
Delinquency date - personal property taxes	November 28, 2010

NOTE 14 - CONTINGENT LIABILITIES & VIOLATIONS OF FINANCE-RELATED LEGAL OR CONTRACTUAL PROVISIONS

The City participates in a number of Federal and State assisted grant programs, which are subject to financial and compliance audits. In accordance with the Single Audit Act Amendments of 1996 and OMB Circular A-133, June 1997 revision, the City will have a single audit performed for the year ended December 31, 2010. The City's compliance with applicable grant requirements will be established upon the completion of the single audit. The amount, if any, of expenditures which may be disallowed by the granting agencies can not be determined at this time although the City expects such amounts, if any, to be immaterial.

The City reviews all outstanding claims and judgments to determine if any estimated liabilities should be accrued at year end. Based on the review of the claims and past experience, it has been determined that there were no material claims and judgments outstanding at December 31, 2010, which have not been accrued.

The City is party to a lawsuit involving the construction of a City parking garage. The City's contractor alleges it is entitled to additional compensation. While the City is vigorously defending against the claim, a preliminary court decision found the City liable for additional garage construction costs. The City is currently appealing the court's decision; however, the amount of \$18,718,594 has been accrued in relation to the claim and includes amounts awarded as judgment and accrued interest to December 31, 2010. Because the claim related to construction costs of the City's Whitaker Street Parking Garage, the liability was recognized in the City's Parking Fund with a corresponding increase in the garage asset's value.

The City has been named as a potentially responsible party regarding environmental remediation of a closed landfill. A liability associated with the landfill remediation can not be estimated; however, the City expects such amounts, if any, to be immaterial.

In 2010, the City's Hotel/motel Tax Fund, a non-major governmental fund, violated the annual appropriated budget by 7.7%. The budgetary expenditures in excess of appropriations were derived from higher than anticipated hotel/motel tax revenues that are required by state law to be disbursed.

CITY OF SAVANNAH, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS

NOTE 15 - CONDUIT DEBT OBLIGATIONS

On October 1, 2001 the City issued the City of Savannah, Georgia Airport Revenue Refunding Bonds which currently refunded all of the outstanding City of Savannah Airport Revenue Bonds, Series 1992, purchased debt service reserve surety bonds, and paid certain costs of issuance. The proceeds defeased the 1992 Airport Revenue Bonds that were issued to finance the acquisition and construction of certain capital improvements at the Savannah-Hilton Head International Airport. Although the Series 2001 Bonds were issued by the City, they do not constitute and are not an obligation or indebtedness of the City, Chatham County, the State of Georgia or any political subdivision thereof. The City is not obligated to levy taxes in any nature for payment of the Bonds.

As the Bonds are not an obligation of the City, and as the Savannah Airport Commission is not a component unit of the City, the bonds are not reported as liabilities in the accompanying financial statements. As of December 31, 2010, the Series 2001 Revenue Bonds outstanding were \$17,785,000. At December 31, 2010, all Series 1992 bonds had been defeased.

CITY OF SAVANNAH
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
GENERAL FUND
YEAR ENDED DECEMBER 31, 2010

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
REVENUES:				
Property taxes	\$ 60,473,000	\$ 61,147,380	\$ 60,125,265	\$ (1,022,115)
Intangible, transfer and franchise taxes	17,256,250	17,123,440	17,713,544	590,104
General sales tax	40,360,529	39,829,833	38,934,660	(895,173)
Selective sales taxes	3,550,000	3,639,000	3,616,024	(22,976)
Business taxes	7,969,923	8,033,000	7,853,383	(179,617)
Penalties and interest on delinquent taxes	415,000	645,000	860,376	215,376
Licenses and permits	1,648,850	1,680,500	1,692,958	12,458
Inspection fees	1,246,900	1,258,150	1,628,814	370,664
Intergovernmental revenue	1,088,952	1,674,177	1,612,217	(61,960)
Charges for services	22,304,246	22,275,240	21,453,404	(821,836)
Indirect cost allocations	5,074,453	5,074,453	5,014,811	(59,642)
Fines and forfeitures	3,401,500	3,000,500	3,089,932	89,432
Investment income	1,100,000	129,000	114,925	(14,075)
Miscellaneous revenue	850,850	881,000	856,530	(24,470)
Total revenues	166,740,453	166,390,673	164,566,843	(1,823,830)
EXPENDITURES:				
Current:				
General administration	3,037,673	3,123,366	3,017,319	106,047
Management and financial services	9,270,337	8,955,861	8,779,060	176,801
Facilities maintenance	20,523,550	21,432,751	19,093,767	2,338,984
Police	59,737,780	58,957,164	57,183,552	1,773,612
Recorder's court	2,131,221	2,184,326	2,126,202	58,124
Fire	23,079,911	23,830,860	23,506,497	324,363
Leisure services	20,711,349	20,419,414	20,207,315	212,099
Tourism enhancement	2,894,543	3,442,221	3,356,102	86,119
Social and cultural	1,658,327	1,818,448	1,794,416	24,032
Public development	12,591,046	13,379,764	12,973,909	405,855
Total expenditures	155,635,737	157,544,175	152,038,139	5,506,036
Excess (deficiency) of revenues over (under) expenditures	11,104,716	8,846,498	12,528,704	3,682,206
OTHER FINANCING SOURCES (USES):				
Transfers in	5,138,438	5,675,000	6,187,429	512,429
Transfers out	(16,303,154)	(18,571,498)	(18,256,701)	314,797
Sale of capital assets	60,000	50,000		(50,000)
Total other financing sources (uses)	(11,104,716)	(12,846,498)	(12,069,272)	777,226
Net change in fund balance	\$ -	\$ (4,000,000)	459,432	\$ 4,459,432
FUND BALANCE - JANUARY 1			22,928,128	
FUND BALANCE - DECEMBER 31			<u>\$ 23,387,560</u>	

CITY OF SAVANNAH
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
COMMUNITY DEVELOPMENT FUND
YEAR ENDED DECEMBER 31, 2010

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
REVENUES:				
Intergovernmental Revenue	\$ 14,039,705	\$ 16,526,179	\$ 6,333,304	\$ (10,192,875)
Charges for services			1,157,513	1,157,513
Interest earned			1,652	1,652
Miscellaneous revenue			131,777	131,777
Total revenues	<u>14,039,705</u>	<u>16,526,179</u>	<u>7,624,246</u>	<u>(8,901,933)</u>
EXPENDITURES:				
Community development program and administration	15,106,727	17,754,515	8,526,819	9,227,696
Debt Service:				
Principal	115,000	115,000	115,000	
Interest and fiscal charges	<u>85,714</u>	<u>85,714</u>	<u>85,654</u>	<u>60</u>
Total expenditures	<u>15,307,441</u>	<u>17,955,229</u>	<u>8,727,473</u>	<u>9,227,756</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,267,736)</u>	<u>(1,429,050)</u>	<u>(1,103,227)</u>	<u>325,823</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	1,306,259	1,467,573	1,141,750	(325,823)
Transfers out	<u>(38,523)</u>	<u>(38,523)</u>	<u>(38,523)</u>	
Total other financing sources (uses)	<u>1,267,736</u>	<u>1,429,050</u>	<u>1,103,227</u>	<u>(325,823)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>		<u>\$ -</u>
FUND BALANCE - JANUARY 1				
FUND BALANCE - DECEMBER 31			<u>\$ -</u>	

**CITY OF SAVANNAH, GEORGIA
REQUIRED SUPPLEMENTARY INFORMATION
CITY OF SAVANNAH EMPLOYEES' RETIREMENT PLAN
SCHEDULE OF FUNDING PROGRESS
DECEMBER 31, 2010**

Actuarial Valuation Date January 1	Actuarial Value of Assets (a)	Actuarial Accrued Liability (b)	Total Unfunded Actuarial Liability (a-b)	Funded Ratio (a/b)	Covered Payroll (c)	Ratio of the Unfunded Actuarial Liability to Annual Covered Payroll ((a-b)/c)
2001	\$ 176,039,500	\$ 169,378,300	\$ 6,661,200	103.93%	\$ 66,514,100	10.01%
2002	190,310,800	186,290,400	4,020,400	102.16%	70,377,800	5.71%
2003	189,976,800	196,360,000	(6,383,200)	96.75%	72,266,000	(8.83%)
2004	192,361,400	212,365,700	(20,004,300)	90.58%	75,720,800	(26.42%)
2005	197,300,627	227,073,996	(29,773,369)	86.89%	77,420,010	(38.46%)
2006	205,331,266	244,043,469	(38,712,203)	84.14%	80,920,187	(47.84%)
2007	227,010,804	262,293,852	(35,283,048)	86.55%	88,273,742	(39.97%)
2008	242,750,326	283,174,301	(40,423,975)	85.72%	96,071,023	(42.08%)
2009	241,213,658	300,886,228	(59,672,570)	80.17%	103,128,935	(57.86%)
2010	266,971,991	320,881,955	(53,909,964)	83.20%	102,212,443	(52.74%)

* Effective January 1, 2000, the method for computing the actuarial value of plan assets was changed to a method that smooths the effects of short-term volatility in the market value of investments over a four year period.

**CITY OF SAVANNAH, GEORGIA
REQUIRED SUPPLEMENTARY INFORMATION
CITY OF SAVANNAH EMPLOYEES' RETIREMENT PLAN
SCHEDULE OF EMPLOYER CONTRIBUTIONS
DECEMBER 31, 2010**

Year Ended December 31	Annual Required Contribution	Percentage Contributed
2001	\$ 2,650,900	100.65%
2002	3,394,300	100.00%
2003	3,728,100	100.00%
2004	4,177,400	100.00%
2005	5,211,200	100.00%
2006	5,998,524	100.00%
2007	6,747,106	100.00%
2008	6,944,620	100.17%
2009	7,622,577	100.00%
2010	8,495,077	100.00%

**CITY OF SAVANNAH, GEORGIA
REQUIRED SUPPLEMENTARY INFORMATION
CITY OF SAVANNAH OTHER POST EMPLOYMENT BENEFITS PLAN
SCHEDULE OF FUNDING PROGRESS
DECEMBER 31, 2010**

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability	Total Unfunded Actuarial Liability	Funded Ratio	Annual Covered Payroll	Ratio of the Unfunded Actuarial Liability to Annual Covered Payroll
12/31/2005	\$ -	\$ 170,475,649	\$ 170,475,649	0.00%	\$ 75,576,872	225.57%
12/31/2007	-	160,168,208	160,168,208	0.00%	97,873,785	163.65%
12/31/2009	-	179,958,099	179,958,099	0.00%	101,788,736	176.80%

**CITY OF SAVANNAH, GEORGIA
REQUIRED SUPPLEMENTARY INFORMATION
CITY OF SAVANNAH OTHER POST EMPLOYMENT BENEFITS PLAN
SCHEDULE OF VALUATION DETAILS
DECEMBER 31, 2010**

Valuation date	December 31, 2009
Actuarial cost method	Projected Unit Credit
Amortization method	Level percent of pay, closed, 30 years
Remaining amortization period	27 years as of January 1, 2010
Asset valuation method	Market value
Actuarial assumptions:	
Investment rate of return	5.00%
Inflation rate	4.00%
Projected salary increases	5.85% at age 20 graded to 4.00% at age 62
Medical cost trend rate	9.50% graded to 5.00% over 9 years
Drug cost trend rate	10.00% graded to 5.00% over 10 years
Plan membership:	
Current retirees, beneficiaries, and dependents	676
Current active members	2,515
Terminated members entitled but not yet eligible	-
Total	<u><u>3,191</u></u>

CITY OF SAVANNAH, GEORGIA

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

NOTE A - BUDGET

The City adopted annual budgets for the 2010 fiscal year for the General Fund, all Special Revenue Funds and all Debt Service Funds. Budgets for all governmental fund types are adopted on a basis consistent with generally accepted accounting principles. Budgets for capital project funds are adopted as project length budgets.

Presentation of major fund budgets can be found in the Required Supplementary Information. Nonmajor fund budgets are detailed in the Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – Nonmajor Special Revenue and Debt Service Funds.

The City is organized into nine major departments that are called bureaus. The bureau is the legal level of control. The legal level of control is the level at which expenditures may not legally exceed the budget without approval by the City Council. The City Manager may approve changes below the legal level of control. Appropriations lapse at year-end with two exceptions. First, in the Capital Projects Funds appropriations are carried forward until project completion. Second, encumbered appropriations do not lapse but are carried forward to the ensuing budget year as budgetary amendments.

Budgeted amounts shown in the required supplemental information are as adopted by the City Council. Budgetary activity for 2010 is presented below:

Fund	Original Appropriation	Encumbered Appropriations Carried Forward From Prior Years	Budgetary Amendments	Final Appropriations
Major Funds:				
General	\$ 171,938,891	\$ 1,542,803	\$ 2,633,979	\$ 176,115,673
Community Development	15,345,964	28,855	2,618,933	17,993,752
Nonmajor Funds:				
Grant	7,237,161	211,018	2,551,821	10,000,000
Economic Development	-	-	1,500,000	1,500,000
Property Acquisition	-	420	2,099,580	2,100,000
Hazardous Materials Team	434,128	52,294	13,578	500,000
Public Safety Communications	5,452,263	60,357	21,357	5,533,977
Hote/motel Tax	9,642,500	-	1,157,500	10,800,000
Automobile Rental Tax	1,268,750	-	(68,750)	1,200,000
Confiscated Assets	-	-	175,000	175,000
City OPEB Reserve	-	-	-	-
General Obligation Bond Debt Service	-	-	3,000,000	3,000,000
Special Assessment Debt Service	-	-	100,000	100,000

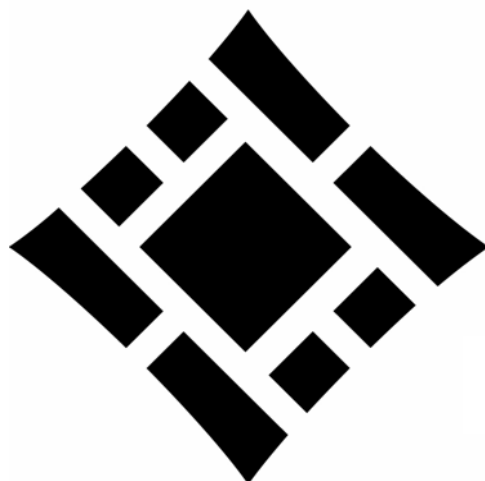
CITY OF SAVANNAH, GEORGIA

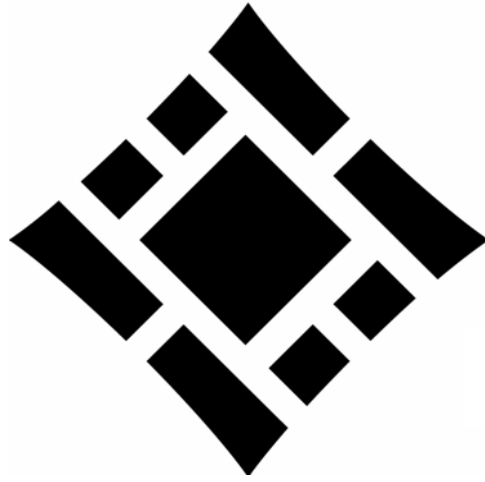
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

NOTE A – BUDGET (CONTINUED)

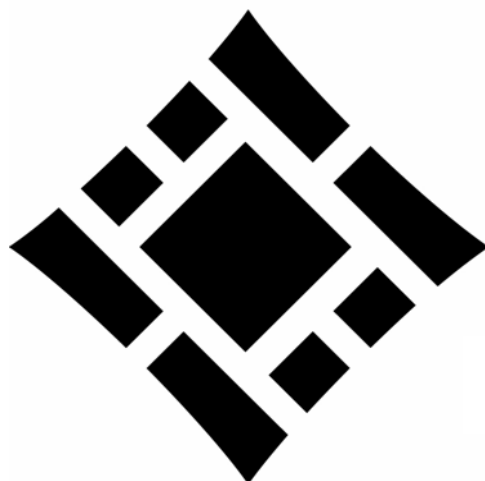
In accordance with State law, new appropriations for projects for the capital project funds were adopted by ordinance and totaled \$30,000,000 in 2010.

To prepare its budget for the next fiscal year, City Budget staff and departments work together to analyze funding needs beginning in the preceding June. The Budget Department prepares a draft budget for the City Manager in August. After reviewing the draft budget and meeting with the bureaus, the City Manager and Budget staff prepare a Recommended Service Program and Budget as well as a five year Capital Improvement Plan. Both are presented to City Council in October. Council conducts public hearings in November and December, and adopts budgeted revenues and appropriations for the upcoming fiscal year by ordinance in December. Subsequent budgetary amendments can be adopted upon majority vote of the City Council.





SUPPLEMENTAL SECTION
COMBINING STATEMENTS
OTHER SCHEDULES



COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES

NONMAJOR CITY FUNDS

In the Notes to the Financial Statements, the City has described its major funds and its internal service and fiduciary funds. Other non-major funds of the City include:

Special Revenue Funds

Special Revenue Funds account for the proceeds of specific revenue sources (other than special assessments, expendable trusts or major capital projects) that are legally restricted to expenditures for specified purposes.

The non-major Special Revenue Funds maintained by the City follow:

Grant Fund – The Grant Fund accounts for all grants not properly accounted for in another fund. This fund's major grant revenues are received from the State of Georgia for this service area under the Workforce Investment Act.

Economic Development Fund – The Economic Development Fund reports the proceeds and uses of a Section 108 Note guaranteed by the Secretary of HUD and secured by the City's future CDBG allocations. Note proceeds will be used to fund certain business loans and costs related to the development of an entrepreneurial center.

Property Acquisition Fund – The Property Acquisition Fund is used to account for the acquisition, redevelopment and sale of properties located within targeted neighborhoods. The primary focus of activities accounted for in this fund is neighborhood revitalization through urban renewal.

Hazardous Materials Team Fund - The Special Revenue Fund for the Hazardous Materials Team is used to account for the activities of a group of fire personnel who work to control and reduce risks related to industrial chemical events in Chatham County. Operating revenue for the Hazardous Materials Team Fund is supplied 25% by the City, 25% by Chatham County, and 50% by area facilities that manufacture, use or store hazardous materials.

Public Safety Communications Fund - The Public Safety Communications Fund reports the operation of the City's emergency communications (E-911) system and revenues generated from telephone subscriber surcharge fees.

Hotel/motel Tax Fund – The Hotel/Motel Tax Fund is used to account for the proceeds and uses of a six percent selective sales tax applied to occupied hotel and motel rooms throughout the City. This sales tax is applied to the taxable charges for the room and collected by merchants who then remit the taxes to the City Treasurer.

Automobile Rental Tax Fund – The Automobile Rental Tax Fund is used to account for the proceeds and uses of a three percent selective sales tax applied to automotive vehicle rentals from locations within the City of Savannah. This sales tax is applied to the rental charge of each motor vehicle and collected by merchants who then remit the taxes to the City Treasurer.

Confiscated Assets Fund - Income generated from assets seized in drug-related cases as well as the use of the funds is accounted for in the Special Revenue Fund Confiscated Assets Fund.

City OPEB Reserve Fund – The City OPEB Reserve Fund is used to accumulate assets for future payment of retiree benefits.

NONMAJOR CITY FUNDS (CONTINUED)

Permanent Fund

The Permanent Fund accounts for assets held by the City that are legally restricted to the extent that only earnings, and not principal, may be used for purposes that support the City's programs.

Cemetery Fund - The Cemetery Fund accounts for the revenues received for the upkeep of cemetery lots located in Greenwich, Bonaventure, and Laurel Grove perpetual care cemeteries. Interest earned on investments held by this fund is transferred to the General Fund to defray a portion of the cost of cemetery maintenance.

Debt Service Funds

Debt Service Funds account for funds accumulated and expended to pay principal, interest, and related costs of City debt, other than debt service payments made from the Enterprise Funds.

The Debt Service Funds maintained by the City are as follows:

Debt Service Fund for General Obligation Bonds - The Debt Service Fund for General Obligation Bonds accounts for the accumulation of resources for, and the payment of, general obligation principal, interest and related costs.

Debt Service Fund for Special Assessment Debt - The Debt Service Fund for Special Assessment Debt accounts for the accumulation of resources for, and the payment of, special assessment principal, interest and related costs.

Capital Projects Funds

The Capital Projects Funds account for financial resources to be used for the acquisition or construction of major capital projects.

Non-major Capital Projects Funds of the City are:

Sales Tax Road Funds – Two separate Sales Tax Road Funds account for the receipt and use of special sales tax proceeds for road improvement projects.

SPLOST 1998-2003 Fund – The SPLOST 1998-2003 Fund accounts for special purpose local option sales tax (SPLOST) revenues and expenditures of those revenues. SPLOST funds were previously collected over a five-year period beginning October 1998 and ending September 2003. In years prior to 2010, this fund was entitled the Drainage Improvement Fund.

Tax Allocation District I Fund - The Tax Allocation District I Fund is used to account for resources devoted to construction of capital improvements to a redevelopment district located east of the City's downtown. Incremental property tax revenues derived from the increases in market values of properties located within the district will be devoted to infrastructure improvements such as streets, drainage and open space.

NONMAJOR CITY FUNDS (CONTINUED)

Enterprise Funds

Enterprise Funds are used to account for operations (1) that are financed and operated in a manner similar to private business enterprises – where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charge; or, (2) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

Non-major Enterprise Funds maintained by the City include:

Civic Center Fund - The Civic Center Fund accounts for the operation of the Savannah Civic Center.

Golf Course Fund - The Golf Course Fund accounts for the transactions related to the lease between the City and EDR Management Inc. EDR Management Inc. operates the Bacon Park Golf Course and pays the City a monthly rent.

Resource Recovery Fund - The Resource Recovery Fund accounts for the transactions related to the Resource Recovery Development Authority (Authority) for the City of Savannah. The purpose of the Authority is to provide the recovery and utilization of resources contained in solid waste.

CITY OF SAVANNAH
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2010

	SPECIAL REVENUE FUNDS										PERMANENT FUND
	GRANT	ECONOMIC DEVELOPMENT	PROPERTY ACQUISITION	HAZARDOUS MATERIALS TEAM	PUBLIC SAFETY COMMUNICATIONS	HOTEL/MOTEL TAX	AUTOMOBILE RENTAL	CONFISCATED ASSETS	CITY OPEB RESERVE	TOTAL	CEMETERY
ASSETS											
Cash and investments	\$ -	\$ -	\$ 1,270,181	\$ -	\$ -	\$ 544,724	\$ -	\$ 200,267	\$ 26,334,507	\$ 28,349,679	\$ -
Receivables, net			545,952		308,663	683,369	83,759			1,621,743	104,189
Due from other governments	1,658,510			205,000	435,256					2,298,766	
Restricted assets:											
Cash and investments		158,706			3,136,984					3,295,690	4,936,744
Notes receivable		210,792								210,792	
Property held for resale			825,673							825,673	
Total assets	<u>\$ 1,658,510</u>	<u>\$ 369,498</u>	<u>\$ 2,641,806</u>	<u>\$ 205,000</u>	<u>\$ 3,880,903</u>	<u>\$ 1,228,093</u>	<u>\$ 83,759</u>	<u>\$ 200,267</u>	<u>\$ 26,334,507</u>	<u>\$ 36,602,343</u>	<u>\$ 5,040,933</u>
LIABILITIES AND FUND EQUITY											
Liabilities:											
Accounts payable	\$ 542,869	\$ -	\$ -	\$ 13,793	\$ 13,459	\$ 886,409	\$ -	\$ 21,500	\$ -	\$ 1,478,030	\$ -
Due to other funds	595,508			191,207	743,919	341,684	83,759			1,956,077	
Deferred revenue - other	520,133	191,043	1,371,625							2,082,801	104,189
Total liabilities	<u>1,658,510</u>	<u>191,043</u>	<u>1,371,625</u>	<u>205,000</u>	<u>757,378</u>	<u>1,228,093</u>	<u>83,759</u>	<u>21,500</u>		<u>5,516,908</u>	<u>104,189</u>
Fund equity:											
Reserved for Section 108 activities		178,455								178,455	
Reserved for perpetual care											4,936,744
Reserved for public safety communications					3,123,525					3,123,525	
Unreserved			1,270,181					178,767	26,334,507	27,783,455	
Total fund equity		<u>178,455</u>	<u>1,270,181</u>		<u>3,123,525</u>			<u>178,767</u>	<u>26,334,507</u>	<u>31,085,435</u>	<u>4,936,744</u>
Total liabilities and fund equity	<u>\$ 1,658,510</u>	<u>\$ 369,498</u>	<u>\$ 2,641,806</u>	<u>\$ 205,000</u>	<u>\$ 3,880,903</u>	<u>\$ 1,228,093</u>	<u>\$ 83,759</u>	<u>\$ 200,267</u>	<u>\$ 26,334,507</u>	<u>\$ 36,602,343</u>	<u>\$ 5,040,933</u>

This statement is continued from the previous page.

CITY OF SAVANNAH
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2010

	SPECIAL REVENUE FUNDS									PERMANENT FUND
	GRANT FUND	ECONOMIC DEVELOPMENT FUND	PROPERTY ACQUISITION FUND	HAZARDOUS MATERIALS TEAM	PUBLIC SAFETY COMMUNICATIONS	HOTEL/MOTEL TAX	AUTOMOBILE RENTAL	CONFISCATED ASSETS	CITY OPEB RESERVE	CEMETERY
REVENUES:										
Selective sales tax	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 11,651,576	\$ 1,225,691	\$ -	\$ -	\$ 12,877,267
Intergovernmental revenue	9,156,632			55,818				123,387		9,335,837
Charges for services		40,273	3,843	160,210	5,118,789					5,323,115
Investment income		4	5,898		10,565			631	81,762	98,860
Miscellaneous revenue	240,292		1,700							241,992
Total revenues	9,396,924	40,277	11,441	216,028	5,129,354	11,651,576	1,225,691	124,018	81,762	27,877,071
EXPENDITURES:										
Police					4,962,792			129,131		5,091,923
Fire				443,180						443,180
Tourism enhancement						5,546,480				5,546,480
Grant program and administration	9,640,609									9,640,609
Community development program and administration			500,971							500,971
Debt Service:										
Interest and fiscal charges		2,614								2,614
Total expenditures	9,640,609	2,614	500,971	443,180	4,962,792	5,546,480		129,131		21,225,777
Excess (deficiency) of revenues over (under) expenditures	(243,685)	37,663	(489,530)	(227,152)	166,562	6,105,096	1,225,691	(5,113)	81,762	174,468
Transfers in	298,903			239,152					6,578,523	7,116,578
Transfers out	(55,218)			(12,000)		(6,105,096)	(1,225,691)			(7,398,005)
Debt issuance proceeds		485,000								485,000
Payment to fiscal agent		(485,000)								(485,000)
Total other financing sources (uses)	243,685			227,152		(6,105,096)	(1,225,691)		6,578,523	(281,427)
Net change in fund balances		37,663	(489,530)		166,562			(5,113)	6,660,285	174,468
FUND BALANCES - JANUARY 1		140,792	1,759,711		2,956,963			183,880	19,674,222	4,762,276
FUND BALANCES - DECEMBER 31	\$ -	\$ 178,455	\$ 1,270,181	\$ -	\$ 3,123,525	\$ -	\$ -	\$ 178,767	\$ 26,334,507	\$ 4,936,744

This statement is continued on the next page.

CITY OF SAVANNAH
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2010

	DEBT SERVICE FUNDS			CAPITAL PROJECTS FUNDS					TOTAL NONMAJOR GOVERNMENTAL FUNDS
	GENERAL OBLIGATION BONDS	SPECIAL ASSESSMENTS	TOTAL	SALES TAX ROAD FUND I	SALES TAX ROAD FUND II	SPLOST 1998-2003	TAX ALLOCATION DISTRICT I	TOTAL	
REVENUES:									
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 155,499	\$ 155,499	\$ 155,499
Selective sales tax									12,877,267
Intergovernmental revenue							70,483	70,483	9,406,320
Charges for services									5,497,583
Special assessments		4,383	4,383						4,383
Investment income	3,227	557	3,784	72	1,109	18,156	83,597	102,934	205,578
Miscellaneous revenue									241,992
Total revenues	3,227	4,940	8,167	72	1,109	18,156	309,579	328,916	28,388,622
EXPENDITURES:									
Police									5,091,923
Fire									443,180
Tourism enhancement									5,546,480
Grant program and administration									9,640,609
Community development program and administration									500,971
Debt Service:									
Principal	1,775,000	2,478	1,777,478						1,777,478
Interest and fiscal charges	403,893	297	404,190				547,450	547,450	954,254
Capital outlay							287,305	287,305	287,305
Capital outlay - SPLOST funded					296,950	2,315,104		2,612,054	2,612,054
Total expenditures	2,178,893	2,775	2,181,668		296,950	2,315,104	834,755	3,446,809	26,854,254
Excess (deficiency) of revenues over (under) expenditures	(2,175,666)	2,165	(2,173,501)	72	(295,841)	(2,296,948)	(525,176)	(3,117,893)	1,534,368
OTHER FINANCING SOURCES (USES):									
Transfers in	2,178,893		2,178,893			3,779,905	546,451	4,326,356	13,621,827
Transfers out									(7,398,005)
Debt issuance proceeds									485,000
Payment to fiscal agent									(485,000)
Total other financing sources (uses)	2,178,893		2,178,893			3,779,905	546,451	4,326,356	6,223,822
Net change in fund balances	3,227	2,165	5,392	72	(295,841)	1,482,957	21,275	1,208,463	7,758,190
FUND BALANCES - JANUARY 1	892,509	23,303	915,812	19,705	391,692	1,587,666	17,508,632	19,507,695	49,901,351
FUND BALANCES - DECEMBER 31	\$ 895,736	\$ 25,468	\$ 921,204	\$ 19,777	\$ 95,851	\$ 3,070,623	\$ 17,529,907	\$ 20,716,158	\$ 57,659,541

This statement is continued from the previous page.

CITY OF SAVANNAH
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
NONMAJOR SPECIAL REVENUE FUNDS AND DEBT SERVICE FUNDS
YEAR ENDED DECEMBER 31, 2010

	GRANT FUND				ECONOMIC DEVELOPMENT FUND			
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
REVENUES:								
Intergovernmental revenue	\$ 6,910,845	\$ 9,762,665	\$ 9,156,632	\$ (606,033)	\$ -	\$ -	\$ -	\$ -
Charges for services						1,500,000	40,273	(1,459,727)
Investment income							4	4
Miscellaneous revenue			240,292	240,292				
Total revenues	6,910,845	9,762,665	9,396,924	(365,741)		1,500,000	40,277	(1,459,723)
EXPENDITURES:								
Grant program and administration	7,237,161	9,944,782	9,640,609	304,173				
Community development program and administration						1,500,000		1,500,000
Debt Service:								
Interest and fiscal charges							2,614	(2,614)
Total expenditures	7,237,161	9,944,782	9,640,609	304,173		1,500,000	2,614	1,497,386
Excess (deficiency) of revenues over (under) expenditures	(326,316)	(182,117)	(243,685)	(61,568)			37,663	37,663
Transfers in	326,316	237,335	298,903	61,568				
Transfers out		(55,218)	(55,218)					
Debt issuance proceeds							485,000	485,000
Payment to fiscal agent							(485,000)	(485,000)
Total other financing sources (uses)	326,316	182,117	243,685	61,568				
Net change in fund balance	\$ -	\$ -		\$ -	\$ -	\$ -	37,663	\$ 37,663
FUND BALANCE - JANUARY 1							140,792	
FUND BALANCE - DECEMBER 31			\$ -				\$ 178,455	

This schedule is continued on the next page.

CITY OF SAVANNAH
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
NONMAJOR SPECIAL REVENUE FUNDS AND DEBT SERVICE FUNDS
YEAR ENDED DECEMBER 31, 2010

	PROPERTY ACQUISITION FUND				HAZARDOUS MATERIALS TEAM			
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
REVENUES:								
Intergovernmental revenue	\$ -	\$ -	\$ -	\$ -	\$ 205,877	\$ 226,918	\$ 55,818	\$ (171,100)
Charges for services		2,100,000	3,843	(2,096,157)			160,210	160,210
Investment income			5,898	5,898				
Miscellaneous revenue			1,700	1,700				
Total revenues		2,100,000	11,441	(2,088,559)	205,877	226,918	216,028	(10,890)
EXPENDITURES:								
Fire					422,128	488,000	443,180	44,820
Community development program and administration		2,100,000	500,971	1,599,029				
Total expenditures		2,100,000	500,971	1,599,029	422,128	488,000	443,180	44,820
Excess (deficiency) of revenues over (under) expenditures			(489,530)	(489,530)	(216,251)	(261,082)	(227,152)	33,930
OTHER FINANCING SOURCES (USES):								
Transfers in					228,251	273,082	239,152	(33,930)
Transfers out					(12,000)	(12,000)	(12,000)	
Total other financing sources (uses)					216,251	261,082	227,152	(33,930)
Net change in fund balance	\$ -	\$ -	(489,530)	\$ (489,530)	\$ -	\$ -		\$ -
FUND BALANCE - JANUARY 1			1,759,711					
FUND BALANCE - DECEMBER 31			\$ 1,270,181				\$ -	

This schedule is continued from the previous page.

CITY OF SAVANNAH
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
NONMAJOR SPECIAL REVENUE FUNDS AND DEBT SERVICE FUNDS
YEAR ENDED DECEMBER 31, 2010

	PUBLIC SAFETY COMMUNICATIONS				HOTEL/MOTEL TAX			
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
REVENUES:								
Selective sales tax	\$ -	\$ -	\$ -	\$ -	\$ 9,642,500	\$ 10,800,000	\$ 11,651,576	\$ 851,576
Charges for services	4,800,000	5,050,000	5,118,789	68,789				
Investment income			10,565	10,565				
Total revenues	4,800,000	5,050,000	5,129,354	79,354	9,642,500	10,800,000	11,651,576	851,576
EXPENDITURES:								
Police	5,452,263	5,533,977	4,962,792	571,185				
Tourism enhancement					4,619,399	5,149,910	5,546,480	(396,570)
Total expenditures	5,452,263	5,533,977	4,962,792	571,185	4,619,399	5,149,910	5,546,480	(396,570)
Excess (deficiency) of revenues over (under) expenditures	(652,263)	(483,977)	166,562	650,539	5,023,101	5,650,090	6,105,096	455,006
OTHER FINANCING SOURCES (USES):								
Transfers in	652,263	483,977		(483,977)				
Transfers out					(5,023,101)	(5,650,090)	(6,105,096)	(455,006)
Total other financing sources (uses)	652,263	483,977		(483,977)	(5,023,101)	(5,650,090)	(6,105,096)	(455,006)
Net change in fund balance	\$ -	\$ -	166,562	\$ 166,562	\$ -	\$ -		\$ -
FUND BALANCE - JANUARY 1			2,956,963					
FUND BALANCE - DECEMBER 31			\$ 3,123,525				\$ -	

This schedule is continued from the previous page.

CITY OF SAVANNAH
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
NONMAJOR SPECIAL REVENUE FUNDS AND DEBT SERVICE FUNDS
YEAR ENDED DECEMBER 31, 2010

	AUTOMOBILE RENTAL				CONFISCATED ASSETS			
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
REVENUES:								
Selective sales tax	\$ 1,268,750	\$ 1,200,000	\$ 1,225,691	\$ 25,691	\$ -	\$ -	\$ -	\$ -
Intergovernmental revenue						175,000	123,387	(51,613)
Investment income							631	631
Total revenues	<u>1,268,750</u>	<u>1,200,000</u>	<u>1,225,691</u>	<u>25,691</u>		<u>175,000</u>	<u>124,018</u>	<u>(50,982)</u>
EXPENDITURES:								
Police						175,000	129,131	45,869
Total expenditures						<u>175,000</u>	<u>129,131</u>	<u>45,869</u>
Excess (deficiency) of revenues over (under) expenditures	<u>1,268,750</u>	<u>1,200,000</u>	<u>1,225,691</u>	<u>25,691</u>			<u>(5,113)</u>	<u>(5,113)</u>
OTHER FINANCING SOURCES (USES):								
Transfers out	<u>(1,268,750)</u>	<u>(1,200,000)</u>	<u>(1,225,691)</u>	<u>(25,691)</u>				
Total other financing sources (uses)	<u>(1,268,750)</u>	<u>(1,200,000)</u>	<u>(1,225,691)</u>	<u>(25,691)</u>				
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>		<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>(5,113)</u>	<u>\$ (5,113)</u>
FUND BALANCE - JANUARY 1							<u>183,880</u>	
FUND BALANCE - DECEMBER 31			<u>\$ -</u>				<u>\$ 178,767</u>	

This schedule is continued from the previous page.

CITY OF SAVANNAH
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
NONMAJOR SPECIAL REVENUE FUNDS AND DEBT SERVICE FUNDS
YEAR ENDED DECEMBER 31, 2010

	CITY OPEB RESERVE				GENERAL OBLIGATION BOND DEBT SERVICE			
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
REVENUES:								
Special assessments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Investment income			81,762	81,762			3,227	3,227
Total revenues			81,762	81,762			3,227	3,227
EXPENDITURES:								
Debt Service:								
Principal						1,775,000	1,775,000	
Interest and fiscal charges						1,225,000	403,893	821,107
Total expenditures						3,000,000	2,178,893	821,107
Excess (deficiency) of revenues over (under) expenditures	-	-	81,762	81,762	-	(3,000,000)	(2,175,666)	824,334
OTHER FINANCING SOURCES (USES):								
Transfers in			6,578,523	6,578,523		3,000,000	2,178,893	(821,107)
Total other financing sources (uses)			6,578,523	6,578,523		3,000,000	2,178,893	(821,107)
Net change in fund balance	\$ -	\$ -	6,660,285	\$ 6,660,285	\$ -	\$ -	3,227	\$ 3,227
FUND BALANCE - JANUARY 1			19,674,222				892,509	
FUND BALANCE - DECEMBER 31			<u>\$ 26,334,507</u>				<u>\$ 895,736</u>	

This schedule is continued from the previous page.

CITY OF SAVANNAH
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
NONMAJOR SPECIAL REVENUE FUNDS AND DEBT SERVICE FUNDS
YEAR ENDED DECEMBER 31, 2010

	SPECIAL ASSESSMENTS DEBT SERVICE			
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
REVENUES:				
Special assessments	\$ -	\$ 100,000	\$ 4,383	\$ (95,617)
Investment income			557	557
Total revenues		100,000	4,940	(95,060)
EXPENDITURES:				
Debt Service:				
Principal		50,000	2,478	47,522
Interest and fiscal charges		50,000	297	49,703
Total expenditures		100,000	2,775	97,225
Excess (deficiency) of revenues over (under) expenditures	-	-	2,165	2,165
Net change in fund balance	\$ -	\$ -	2,165	\$ 2,165
FUND BALANCE - JANUARY 1			23,303	
FUND BALANCE - DECEMBER 31			\$ 25,468	

This schedule is continued from the previous page.

CITY OF SAVANNAH
COMBINING STATEMENT OF FUND NET ASSETS
NONMAJOR ENTERPRISE FUNDS
DECEMBER 31, 2010

	RESOURCE RECOVERY	CIVIC CENTER	GOLF COURSE	TOTAL
<u>ASSETS</u>				
ASSETS				
Current assets:				
Cash and investments	\$ -	\$ 2,028,528	\$ 446,579	\$ 2,475,107
Due from other funds		62,819		62,819
Inventories		39,752		39,752
Total current assets		2,131,099	446,579	2,577,678
Noncurrent assets:				
Restricted assets:				
Cash and investments		579,081		579,081
Accounts receivable		42,853		42,853
Capital assets:				
Land	1,592,559	606,537		2,199,096
Plant, buildings, stations, reservoirs, etc		16,873,070	229,083	17,102,153
Improvements, other than buildings		244,345	3,630,321	3,874,666
Machinery and equipment		1,415,587	54,443	1,470,030
Other capital assets		887,026	4,692	891,718
Less accumulated depreciation		(15,805,349)	(3,333,741)	(19,139,090)
Construction in progress		2,191,347	606,456	2,797,803
Total noncurrent assets	1,592,559	7,034,497	1,191,254	9,818,310
Total assets	\$ 1,592,559	\$ 9,165,596	\$ 1,637,833	\$ 12,395,988
<u>LIABILITIES AND NET ASSETS</u>				
LIABILITIES				
Current liabilities:				
Accounts payable	\$ -	\$ 82,354	\$ 93,717	\$ 176,071
Interest payable		33,318		33,318
Current portion of contractual obligations		420,000		420,000
Current portion of compensated absences		62,577		62,577
Total current liabilities		598,249	93,717	691,966
Noncurrent liabilities:				
Payable from restricted assets:				
Customer deposits		621,934		621,934
Contractual obligations		1,795,384		1,795,384
Compensated absences		181,247		181,247
Net OPEB obligation		347,178		347,178
Total noncurrent liabilities		2,945,743		2,945,743
Total liabilities		3,543,992	93,717	3,637,709
NET ASSETS				
Invested in capital assets, net of related debt	1,592,559	4,197,179	1,097,537	6,887,275
Unrestricted		1,424,425	446,579	1,871,004
Total net assets	1,592,559	5,621,604	1,544,116	8,758,279
Total liabilities and net assets	\$ 1,592,559	\$ 9,165,596	\$ 1,637,833	\$ 12,395,988

CITY OF SAVANNAH, GEORGIA
COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS
NONMAJOR ENTERPRISE FUNDS
YEAR ENDED DECEMBER 31, 2010

	<u>RESOURCE RECOVERY</u>	<u>CIVIC CENTER</u>	<u>GOLF COURSE</u>	<u>TOTAL</u>
OPERATING REVENUES:				
Rental fees	\$ -	\$ 1,025,281	\$ 61,695	\$ 1,086,976
Recreation fees		378,643		378,643
Total operating revenues		1,403,924	61,695	1,465,619
OPERATING EXPENSES:				
Personal services		1,721,292		1,721,292
Contractual services		695,558	6,453	702,011
Commodities		95,671		95,671
Internal service		264,277		264,277
Depreciation		352,317	51,964	404,281
Total operating expenses		3,129,115	58,417	3,187,532
Operating Income (Loss)		(1,725,191)	3,278	(1,721,913)
NONOPERATING REVENUES (EXPENSES):				
Interest earned		4,268	1,606	5,874
Interest expense		(71,689)		(71,689)
Gain (loss) on disposal of assets				
Amortization		(14,030)		(14,030)
Total nonoperating revenues (expenses)		(81,451)	1,606	(79,845)
Income (loss) before contributions and transfers		(1,806,642)	4,884	(1,801,758)
CAPITAL CONTRIBUTIONS			272,355	272,355
TRANSFERS IN		1,915,761		1,915,761
TRANSFERS OUT		(71,000)		(71,000)
Change in net assets		38,119	277,239	315,358
Total net assets - beginning	1,592,559	5,583,485	1,266,877	8,442,921
Total net assets - ending	<u>\$ 1,592,559</u>	<u>\$ 5,621,604</u>	<u>\$ 1,544,116</u>	<u>\$ 8,758,279</u>

CITY OF SAVANNAH, GEORGIA
COMBINING STATEMENT OF CASH FLOWS
NONMAJOR ENTERPRISE FUNDS
YEAR ENDED DECEMBER 31, 2010

	CIVIC CENTER	GOLF COURSE	TOTALS
CASH FLOWS FROM OPERATING ACTIVITIES:			
Cash received from customers	\$ 1,398,981	\$ 61,695	\$ 1,460,676
Cash paid to suppliers	(340,277)	87,264	(253,013)
Cash paid to other funds for services	(264,277)		(264,277)
Cash paid to employees	(1,721,292)		(1,721,292)
Net cash provided (used) by operating activities	(926,865)	148,959	(777,906)
CASH FLOWS FROM NON CAPITAL FINANCING ACTIVITIES:			
Repayment of advance to (from) other funds	(11,093)		(11,093)
Transfers in	1,915,761		1,915,761
Transfers out	(71,000)		(71,000)
Net cash provided (used) by non capital financing activities	1,833,668		1,833,668
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Principal paid on long-term debt	(405,000)		(405,000)
Interest paid	(92,112)		(92,112)
Acquisition and construction of capital assets	(58,576)	(125,677)	(184,253)
Net cash provided (used) by capital and related financing activities	(555,688)	(125,677)	(681,365)
CASH FLOWS FROM INVESTING ACTIVITIES:			
Investment income	4,268	1,608	5,876
Net cash provided by investing activities	4,268	1,608	5,876
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	355,383	24,890	380,273
CASH AND CASH EQUIVALENTS, JANUARY 1 (INCLUDING RESTRICTED ACCOUNTS OF \$243,931 IN 2009)	2,252,226	421,689	2,673,915
CASH AND CASH EQUIVALENTS, DECEMBER 31 (INCLUDING RESTRICTED ACCOUNTS OF \$579,081 IN 2010)	<u>\$ 2,607,609</u>	<u>\$ 446,579</u>	<u>\$ 3,054,188</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES:			
Operating income (loss)	\$ (1,725,191)	\$ 3,278	\$ (1,721,913)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:			
Depreciation	352,317	51,964	404,281
Change in assets and liabilities:			
(Increase) decrease in receivables	(4,943)		(4,943)
(Increase) decrease in prepaid items and inventories	(10,712)		(10,712)
Increase (decrease) in accounts and other payables	461,664	93,717	555,381
Net cash provided (used) by operating activities	<u>\$ (926,865)</u>	<u>\$ 148,959</u>	<u>\$ (777,906)</u>

CITY OF SAVANNAH
COMBINING STATEMENT OF FUND NET ASSETS
INTERNAL SERVICE FUNDS
DECEMBER 31, 2010

	<u>REVOLVING</u>	<u>RISK MANAGEMENT</u>	<u>TOTAL</u>
<u>ASSETS</u>			
ASSETS			
Current assets:			
Cash and investments	\$ 10,350,798	\$ 11,180,167	\$ 21,530,965
Receivables, net	14,970	1,241,073	1,256,043
Prepaid items	20,947		20,947
Inventories	950,006		950,006
Total current assets	<u>11,336,721</u>	<u>12,421,240</u>	<u>23,757,961</u>
Capital assets:			
Plant, buildings, stations, reservoirs, etc	2,479,758		2,479,758
Improvements, other than buildings	419,908		419,908
Machinery and equipment	64,583,529		64,583,529
Machinery and equipment under capital lease	2,440,982		2,440,982
Less accumulated depreciation	(39,280,006)		(39,280,006)
Construction in progress	29,743		29,743
Total noncurrent assets	<u>30,673,914</u>	<u></u>	<u>30,673,914</u>
Total assets	<u><u>\$ 42,010,635</u></u>	<u><u>\$ 12,421,240</u></u>	<u><u>\$ 54,431,875</u></u>
<u>LIABILITIES AND NET ASSETS</u>			
LIABILITIES			
Current liabilities:			
Accounts payable	\$ 1,060,382	\$ 555,394	\$ 1,615,776
Interest payable	32,766		32,766
Current portion of compensated absences	226,929		226,929
Current portion of claims and judgments		1,781,606	1,781,606
Current obligation under capital leases	363,317		363,317
Total current liabilities	<u>1,683,394</u>	<u>2,337,000</u>	<u>4,020,394</u>
Noncurrent liabilities:			
Compensated absences	309,617		309,617
Claims and judgments		9,655,413	9,655,413
Obligations under capital leases	774,397		774,397
Total noncurrent liabilities	<u>1,084,014</u>	<u>9,655,413</u>	<u>10,739,427</u>
Total liabilities	<u>2,767,408</u>	<u>11,992,413</u>	<u>14,759,821</u>
NET ASSETS			
Invested in capital assets, net of related debt	29,536,200		29,536,200
Unrestricted	<u>9,707,027</u>	<u>428,827</u>	<u>10,135,854</u>
Total net assets	<u>39,243,227</u>	<u>428,827</u>	<u>39,672,054</u>
Total liabilities and net assets	<u><u>\$ 42,010,635</u></u>	<u><u>\$ 12,421,240</u></u>	<u><u>\$ 54,431,875</u></u>

CITY OF SAVANNAH
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
INTERNAL SERVICE FUNDS
YEAR ENDED DECEMBER 31, 2010

	<u>REVOLVING</u>	<u>RISK MANAGEMENT</u>	<u>TOTAL</u>
OPERATING REVENUES:			
Charges for services	\$ 17,170,299	\$ -	\$ 17,170,299
Risk management fees		27,022,615	27,022,615
	<u>17,170,299</u>	<u>27,022,615</u>	<u>44,192,914</u>
OPERATING EXPENSES:			
Depreciation	7,180,110		7,180,110
Central garage	4,769,259		4,769,259
Information services	5,189,446		5,189,446
Risk management		24,083,814	24,083,814
	<u>17,138,815</u>	<u>24,083,814</u>	<u>41,222,629</u>
Operating Income (Loss)	<u>31,484</u>	<u>2,938,801</u>	<u>2,970,285</u>
NONOPERATING REVENUES (EXPENSES):			
Interest earned	21,988	37,232	59,220
Interest expense	(54,164)		(54,164)
Gain (loss) on disposal of assets	483,533		483,533
	<u>451,357</u>	<u>37,232</u>	<u>488,589</u>
Total nonoperating revenues (expenses)			
Income (loss) before contributions	482,841	2,976,033	3,458,874
TRANSFERS OUT	<u>(218,974)</u>		<u>(218,974)</u>
Change in net assets	263,867	2,976,033	3,239,900
Total net assets - beginning	<u>38,979,360</u>	<u>(2,547,206)</u>	<u>36,432,154</u>
Total net assets - ending	<u>\$ 39,243,227</u>	<u>\$ 428,827</u>	<u>\$ 39,672,054</u>

**CITY OF SAVANNAH, GEORGIA
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
YEAR ENDED DECEMBER 31, 2010**

	<u>REVOLVING</u>	<u>RISK MANAGEMENT</u>	<u>TOTAL</u>
CASH FLOWS FROM OPERATING ACTIVITIES:			
Cash received from other funds for services	\$ 17,167,046	\$ -	\$ 17,167,046
Cash received for services and fees		26,558,949	26,558,949
Cash paid to suppliers	(9,470,471)		(9,470,471)
Cash paid for supplies and insurance		(26,000,942)	(26,000,942)
Net cash provided (used) by operating activities	<u>7,696,575</u>	<u>558,007</u>	<u>8,254,582</u>
CASH FLOWS FROM NON CAPITAL FINANCING ACTIVITIES			
Transfers Out	(188,974)		(188,974)
Net cash provided (used) by non capital financing activities	<u>(188,974)</u>		<u>(188,974)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Payments of obligations under capital lease	(348,271)		(348,271)
Interest paid	(64,194)		(64,194)
Proceeds from sale of equipment	710,237		710,237
Acquisition and construction of capital assets	(4,987,241)		(4,987,241)
Net cash provided (used) by capital and related financing activities	<u>(4,689,469)</u>		<u>(4,689,469)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:			
Investment income	21,988	37,232	59,220
Net cash provided by investing activities	<u>21,988</u>	<u>37,232</u>	<u>59,220</u>
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	2,840,120	595,239	3,435,359
CASH AND CASH EQUIVALENTS, JANUARY 1	<u>7,510,678</u>	<u>10,584,928</u>	<u>18,095,606</u>
CASH AND CASH EQUIVALENTS, DECEMBER 31	<u>\$ 10,350,798</u>	<u>\$ 11,180,167</u>	<u>\$ 21,530,965</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES:			
Operating income (loss)	\$ 31,484	\$ 2,936,833	\$ 2,968,317
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:			
Depreciation	7,180,110		7,180,110
Change in assets and liabilities:			
(Increase) decrease in receivables	(3,253)	(463,666)	(466,919)
(Increase) decrease in inventories	(259,244)		(259,244)
Increase (decrease) in accounts and other payables	747,478	142,188	889,666
Increase (decrease) in claims and judgments payable		(2,057,348)	(2,057,348)
Net cash provided (used) by operating activities	<u>\$ 7,696,575</u>	<u>\$ 558,007</u>	<u>\$ 8,254,582</u>

1. Revolving fund received \$30,000 of contributed property, plant and equipment from other funds of the City.

CITY OF SAVANNAH
COMBINING STATEMENT OF FIDUCIARY NET ASSETS
PENSION TRUST FUNDS AND AGENCY FUNDS
DECEMBER 31, 2010

	EMPLOYEES' RETIREMENT			AGENCY FUNDS			
	PENSION TRUST	OLD PENSION TRUST	TOTAL	RECORDERS COURT	FLEXIBLE BENEFITS	RETIREE BENEFITS	TOTAL
<u>ASSETS</u>							
Cash and cash equivalents	\$ 6,287,693	\$ 309,703	\$ 6,597,396	\$ 64,557	\$ 194,410	\$ 36,454	\$ 295,421
Accrued income	968,771		968,771				
Accounts receivable:							
From employers	12,903		12,903				
From participants	53,348		53,348		2,391		2,391
Investments, at fair value:							
U.S. government obligations	45,828,083		45,828,083				
Foreign corporate bonds	8,276,441		8,276,441				
Domestic corporate bonds	28,050,039		28,050,039				
Domestic stocks	94,019,157		94,019,157				
Domestic stock fund	22,979,954		22,979,954				
Foreign stocks	1,068,930		1,068,930				
International stock fund	22,785,867		22,785,867				
Real estate fund	18,311,852		18,311,852				
Total investments	<u>241,320,323</u>		<u>241,320,323</u>				
Total assets	<u>248,643,038</u>	<u>309,703</u>	<u>248,952,741</u>	<u>\$ 64,557</u>	<u>\$ 196,801</u>	<u>\$ 36,454</u>	<u>\$ 297,812</u>
<u>LIABILITIES</u>							
Payable from restricted assets:							
Accounts payable	\$ 318,641	\$ -	\$ 318,641	\$ 64,557	\$ 14,311	\$ 36,454	\$ 115,322
Benefits payable					67,305		67,305
Benefit plan surplus					115,185		115,185
Total liabilities	<u>318,641</u>		<u>318,641</u>	<u>\$ 64,557</u>	<u>\$ 196,801</u>	<u>\$ 36,454</u>	<u>\$ 297,812</u>
Held in trust for:							
Employee pension benefits	<u>\$ 248,324,397</u>	<u>\$ 309,703</u>	<u>\$ 248,634,100</u>				

**CITY OF SAVANNAH
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
PENSION TRUST FUNDS
YEAR ENDED DECEMBER 31, 2010**

	EMPLOYEES' RETIREMENT		
	PENSION TRUST	OLD PENSION TRUST	TOTAL
ADDITIONS			
Contributions:			
Employer	\$ 8,552,370	\$ -	\$ 8,552,370
Plan members	6,791,553		6,791,553
Total contributions	15,343,923		15,343,923
Investment income:			
Interest	3,108,042	1,154	3,109,196
Dividends	1,881,332		1,881,332
Real estate net income	2,244,216		2,244,216
Net appreciation (depreciation) in fair value of investments	20,474,068		20,474,068
Total investment income	27,707,658	1,154	27,708,812
Less investment expense	746,810		746,810
Net investment income (loss)	26,960,848	1,154	26,962,002
Total additions	42,304,771	1,154	42,305,925
DEDUCTIONS			
Benefits	15,566,772	19,483	15,586,255
Refunds of contributions	1,362,501		1,362,501
Administrative expense	192,422		192,422
Total deductions	17,121,695	19,483	17,141,178
Change in net assets	25,183,076	(18,329)	25,164,747
Beginning of year - January 1	223,141,321	328,032	223,469,353
End of year - December 31	\$ 248,324,397	\$ 309,703	\$ 248,634,100

CITY OF SAVANNAH, GEORGIA
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES - AGENCY FUNDS
YEAR ENDED DECEMBER 31, 2010

	JANUARY 1, 2010	ADDITIONS	DEDUCTIONS	DECEMBER 31, 2010
RECORDER'S COURT				
<u>ASSETS</u>				
Restricted assets:				
Cash and investments	\$ 102,117	\$ 5,112,536	\$ 5,150,096	\$ 64,557
Total assets	<u>\$ 102,117</u>	<u>\$ 5,112,536</u>	<u>\$ 5,150,096</u>	<u>\$ 64,557</u>
<u>LIABILITIES</u>				
Payable from restricted assets:				
Accounts payable	\$ 102,117	\$ 5,112,536	\$ 5,150,096	\$ 64,557
Total liabilities	<u>\$ 102,117</u>	<u>\$ 5,112,536</u>	<u>\$ 5,150,096</u>	<u>\$ 64,557</u>
FLEXIBLE BENEFITS PLAN				
<u>ASSETS</u>				
Restricted assets:				
Cash and investments	\$ 186,644	\$ 705,345	\$ 697,579	\$ 194,410
Accounts receivable	765	2,391	765	2,391
Total assets	<u>\$ 187,409</u>	<u>\$ 707,736</u>	<u>\$ 698,344</u>	<u>\$ 196,801</u>
<u>LIABILITIES</u>				
Payable from restricted assets:				
Accounts payable	\$ 3,705	\$ 14,311	\$ 3,705	\$ 14,311
Benefits payable	71,374	706,971	711,040	67,305
Benefit plan surplus	112,330	25,699	22,844	115,185
Total liabilities	<u>\$ 187,409</u>	<u>\$ 746,981</u>	<u>\$ 737,589</u>	<u>\$ 196,801</u>
RETIREE BENEFITS PLAN				
<u>ASSETS</u>				
Restricted assets:				
Cash and investments	\$ -	\$ 5,578,861	\$ 5,542,407	\$ 36,454
Total assets	<u>\$ -</u>	<u>\$ 5,578,861</u>	<u>\$ 5,542,407</u>	<u>\$ 36,454</u>
<u>LIABILITIES</u>				
Payable from restricted assets:				
Accounts payable	\$ -	\$ 256,462	\$ 220,008	\$ 36,454
Benefits payable		5,322,399	5,322,399	
Total liabilities	<u>\$ -</u>	<u>\$ 5,578,861</u>	<u>\$ 5,542,407</u>	<u>\$ 36,454</u>
TOTAL				
<u>ASSETS</u>				
Restricted assets:				
Cash and investments	\$ 288,761	\$ 11,396,742	\$ 11,390,082	\$ 295,421
Accounts receivable	765	2,391	765	2,391
Total assets	<u>\$ 289,526</u>	<u>\$ 11,399,133</u>	<u>\$ 11,390,847</u>	<u>\$ 297,812</u>
<u>LIABILITIES</u>				
Payable from restricted assets:				
Accounts payable	\$ 105,822	\$ 5,383,309	\$ 5,373,809	\$ 115,322
Benefits payable	71,374	6,029,370	6,033,439	67,305
Benefit plan surplus	112,330	25,699	22,844	115,185
Total liabilities	<u>\$ 289,526</u>	<u>\$ 11,438,378</u>	<u>\$ 11,430,092</u>	<u>\$ 297,812</u>

CITY OF SAVANNAH, GEORGIA
SCHEDULE OF PROJECTS FUNDED WITH SPECIAL SALES TAX PROCEEDS
FOR THE YEAR ENDED DECEMBER 31, 2010

PROJECT NUMBER		Total	Original	Current	Sales Tax Funded Expenditures				
		Estimated	Sales Tax	Estimated	PRIOR YEARS	CURRENT YEAR	TOTAL	Remaining Balance	
		Cost to be Funded from All Sources	Funding per Referendum Resolution	Cost to be Funded by Sales Tax					
SALES TAX FUND I:									
	Local Road, Sidewalk and Drainage Projects		\$ 10,875,470						
DR208	Broughton Street Cave-In	\$ 593,522		\$ 27,953	\$ 27,953	\$ -	\$ 27,953	\$ -	
OP204	Forsyth & Daffin Sidewalk Replacement	19,083		10,000	10,000		10,000		
OP301	LARP Paving Project	42,000		42,000	42,000		42,000		
OP305	Liberty Parkway Sidewalk	343,355		295,033	295,033		295,033		
OP306	School Sidewalks-Phase 1	28,842		28,842	28,842		28,842		
OP307	Windsor Forest School Sidewalks	19,690		19,690	19,690		19,690		
OP308	Juliette Lowe School Sidewalks	23,690		23,690	23,690		23,690		
OP309	Spencer, Bartow, Hodge School Sidewalks	26,118		26,118	26,118		26,118		
OP310	Heard, Smith School Sidewalks	6,204		6,204	6,204		6,204		
OP311	Haven, Pulaski School Sidewalks	96		96	96		96		
OP312	Largo-Tibet School Sidewalks	31,948		31,948	31,948		31,948		
OP608	Habersham Street Sidewalks	69,209		69,209	69,209		69,209		
OP609	Whitebluff Sidewalks	69,306		69,305	69,305		69,305		
OP610	Daffin Park Perimeter	88,517		88,517	88,517		88,517		
OP611	Eastside Sidewalks	500,778		483,510	483,510		483,510		
OP612	WB Elementary Sidewalks	83,066		82,864	82,864		82,864		
OP614	Thomas Square Sidewalks	55,831		907	907		907		
OP615	Richards Street Sidewalks	111,534		1,534	1,534		1,534		
OP617	Stillwood & Butler Sidewalks	57,514		57,514	57,514		57,514		
OP621	Forsyth Sidewalks-Phase II	11,766		11,766	11,766		11,766		
OP903	Gwinnett St. Underpass	350,037		94,887	94,887		94,887		
PD801	West 57th St. Blvd.	1,895,192		230,000	230,000		230,000		
RE503	Daffin Jogging Path	24,826		22,000	22,000		22,000		
SP111	Hazardous Sidewalk Repair	1,066,067		358	358		358		
SP200	Twickenham Area Paving	845,561		387,672	387,672		387,672		
SP201	Atlantic Paving	1,551,020		814,120	814,120		814,120		
SP202	Bon-Air, Riviera, Rogers & Lehwald Paving	384,240		295,920	295,920		295,920		
SP213	Hamilton Court	275,405		81,235	81,235		81,235		
SP300	Alta, Halsey, Industry & Ware Paving	596,002		514,940	514,940		514,940		
SP301	Gordonston Area Paving	1,144,800		971,542	971,542		971,542		
SP302	Adirondak, Bacon Park & Bruce Paving	336,908		257,815	257,815		257,815		
SP304	Felt Drive Paving	33,034		21,034	21,034		21,034		
SP305	Ohio Avenue Paving	396,255		190,268	190,268		190,268		
SP306	Charlton, DeRenne, Pierpont & 34th Paving	663,279		472,922	472,922		472,922		
SP307	Robin & Rendant Paving	767,889		527,433	527,433		527,433		
SP309	Laurel Grove Paving	247,813		203,720	203,720		203,720		
SP310	Ripley, Sheffield, Scott & Whitman	445,575		336,768	336,768		336,768		
SP311	Avondale Area Paving	560,805		510,416	510,416		510,416		
SP313	Semken Plant, Battley, Nunez & Waters Paving	555,238		468,158	468,158		468,158		
SP400	Columbia, Heard, Lloyd & Fayette Paving	293,279		98,023	98,023		98,023		
SP401	36th, Kinzie, Galway, Gunter, 50th, Gunnie, Corinth & Baudry Park Paving	43,676		14,100	14,100		14,100		
SP402	Central Avenue Paving	41,788		30,986	30,986		30,986		
SP501	Honeybee Area Paving	388,572		16,000	16,000		16,000		
SP502	Liberty City Paving	466,954		155,479	155,479		155,479		
SP504	Fulton Road Extension Paving	118,222		33,255	33,255		33,255		
SP602	1994 Street Paving-Phase II	343,090		12,422	12,422		12,422		
SP702	44th, 48th, Clifford, Barrington, Desoto, Etc.	457,472		166,702	166,702		166,702		
SP703	Archer, Bates, Blossum, Clivald & Elmdale	1,100,303		8,000	8,000		8,000		
SP704	49th, 56th, Latimer, Costa Rica, Cedar, Etc.	1,511,511		67,000	67,000		67,000		
SP705	Felt & Waubun Paving	1,293,611		936,508	936,508		936,508		
SP903	Deiter, Riverwalk & MLK Paving	462,567		27,000	27,000		27,000		
SP905	Stuart, Barry & 57th Paving	206,285		82,000	82,000		82,000		
SW312	Hoover Creek Sewer & Paving	865,895		400,000	400,000		400,000		
TOTALS-SALES TAX FUND I		\$ 21,915,240	\$ 10,875,470	\$ 9,825,383	\$ 9,825,383	\$ -	9,825,383	\$ -	

NOTE: (1) This schedule discloses projects that are funded by sales tax revenue. Projects may have additional funding sources.
(2) The Total Estimated Cost to be Funded From All Sources reported on this schedule is different than the amounts reported on the prior year's schedule.

This schedule is continued on the next page.

CITY OF SAVANNAH, GEORGIA
SCHEDULE OF PROJECTS FUNDED WITH SPECIAL SALES TAX PROCEEDS
FOR THE YEAR ENDED DECEMBER 31, 2010

		Total Estimated Cost to be Funded from All Sources	Original Sales Tax Funding per Referendum Resolution	Current Estimated Cost to be Funded by Sales Tax	Sales Tax Funded Expenditures			
Project Number					Prior Years	Current Year	Total	Remaining Balance
SALES TAX FUND II:								
	Savannah Roads, Sidewalks and Drainage		\$ 5,691,151					
DR129	Local Match GEMA Grants	\$ 6,384,971		\$ 29,982	\$ 29,982	\$ -	\$ 29,982	\$ -
DR208	Broughton Street Cave-In	593,522		13,850	13,850		13,850	
OP305	Liberty Parkway Sidewalk	343,355		48,322	48,322		48,322	
OP810	Beacon Light	85,944		36	36		36	
PD801	West 57th Street Boulevard	1,895,192		470,000	173,050	296,950	470,000	
SP111	Hazardous Sidewalk Repair	1,066,067		7,251	7,251		7,251	
SP213	Hamilton Court	275,405		98,005	98,005		98,005	
SP303	Cuyler-Brownsville Kline	54,412		1,211	1,211		1,211	
SP312	Dennis, Eugene & Mosley Paving	367,958		207,845	207,845		207,845	
SP318	Repair-Install Curbs	171,616		7,700	7,700		7,700	
SP415	Kimball, McLaws, Desoto Paving	417,676		178,056	178,056		178,056	
SP501	Honeybee Area Paving	388,572		29,579	29,579		29,579	
SP502	Liberty City Paving	466,954		38,135	38,135		38,135	
SP504	Fulton Road Extension Paving	118,222		84,967	84,967		84,967	
SP507	Bridge Maintenance	296,524		7,760	7,760		7,760	
SP601	1994 Street Paving-Phase I	310,174		279,242	279,242		279,242	
SP602	1994 Street Paving-Phase II	343,090		198,595	198,595		198,595	
SP603	1994 Street Paving-Phase III	1,176,089		910,276	910,276		910,276	
SP605	Adams, Kimbell & Mild Paving	29,394		29,394	29,394		29,394	
SP702	44th, 48th, Clifford, Barrington, Desoto, Etc.	457,472		258,345	258,345		258,345	
SP703	Archer, Bates, Blossum, Cliwald & Elmdale	1,100,303		786,255	786,255		786,255	
SP704	49th, 56th, Latimer, Costa Rica, Cedar, Etc.	1,511,511		1,140,303	1,140,303		1,140,303	
SP705	Felt & Waubun Paving	1,293,611		160,719	160,719		160,719	
SP706	41st, Gwinnett Lane, Dieter, Entleman, Etc.	47,804		47,804	47,804		47,804	
SP707	Carver Village Street Improvements	751,202		751,202	751,202		751,202	
SP708	Holland Drive Improvements	185,929		146,821	146,821		146,821	
SP802	Abercorn-62nd-65th Paving	122,545		122,545	122,545		122,545	
SP903	Deiter, Riverwalk & MLK Paving	462,567		435,567	435,567		435,567	
TOTALS SALES TX FUND II		\$ 20,718,081	\$ 5,691,151	\$ 6,489,767	\$ 6,192,817	\$ 296,950	\$ 6,489,767	\$ -

- NOTE: (1) This schedule discloses projects that are funded by sales tax revenue. Projects may have additional funding sources.
(2) The Total Estimated Cost to be Funded From All Sources reported on this schedule is different than the amounts reported on the prior year's schedule.

CITY OF SAVANNAH, GEORGIA
SCHEDULE OF PROJECTS FUNDED WITH SPECIAL SALES TAX PROCEEDS
FOR THE YEAR ENDED DECEMBER 31, 2010

Project Number		Total Estimated Cost to be Funded from All Sources	Original Sales Tax Funding per Referendum Resolution	Current Estimated Cost to be Funded by Sales Tax	Sales Tax Funded Expenditures			
					Prior Years	Current Year	Total	Remaining Balance
SPLOST 98-2003								
	Savannah Drainage Projects		\$ 77,500,000					
DR111	Kayton Pump Station Phase 2	\$ 1,045,695		\$ 987,471	\$ 987,471	\$ -	\$ 987,471	\$ -
DR112	Harman Canal Drainage Improvements	1,255,555		1,219,554	1,219,554		1,219,554	
DR113	Kayton Canal Equipment Purchase	948,947		948,947	948,947		948,947	
DR114	Kayton Railroad Bridge Replacement	513,231		513,231	513,231		513,231	
DR115	Montgomery Crossroads Bridge	30,000		30,000	13,685	246	13,931	16,069
DR116	Montgomery Crossroads Equipment Purchase	1,413,719		1,409,619	1,409,619		1,409,619	
DR117	Springfield Canal Bridges	156,166		156,166	156,166		156,166	
DR118	Williams Ward Detention	370,094		370,094	370,094		370,094	
DR119	Springfield Canal 2-Year Storm	2,966,555		2,966,555	2,966,555		2,966,555	
DR120	Westside Equipment Purchase	2,226,160		283,900	283,900		283,900	
DR121	Westside Detention	895,997		112	112		112	
DR122	Westside Pump Station & Line	13,663,284		12,728,054	12,728,054		12,728,054	
DR123	Westside Interceptor	9,228,632		3,171,712	3,171,712		3,171,712	
DR124	Montgomery Crossroads Pump Station	10,271,611		10,213,431	10,213,431		10,213,431	
DR125	Wilshire Canal	2,848,286		2,848,286	2,848,286		2,848,286	
DR126	Holland Canal	3,137,685		3,137,685	3,137,685		3,137,685	
DR127	Windsor Canal	3,489,132		1,659,473	1,659,473		1,659,473	
DR129	Local Match GEMA Grants	6,384,971		2,651,266	2,651,266		2,651,266	
DR130	Kayton Spill Clean Up	1,071,380		39,002	39,002		39,002	
DR201	DeRenne Pump Station	15,812,819		970,000	970,000		970,000	
DR204	Casey South Drainage	24,716,779		21,532,614	21,532,614		21,532,614	
DR205	Demere Ward Detention	75,751		75,751	75,751		75,751	
DR206	Springfield Canal Roads	285,014		285,014	285,014		285,014	
DR207	Nicholson Woods-White Bluff	53,307		48,657	48,657		48,657	
DR211	Windsor Sub-Basin	50,926		50,926	50,926		50,926	
DR212	SCADA I	17,330		17,330	17,330		17,330	
DR214	Pump Station Metal Building Upgrade	850,000		850,000	207,462	38,531	245,993	604,007
DR301	Springfield Canal	11,682,884		7,652,969	7,652,969		7,652,969	
DR304	SCADA II	36,446		36,446	36,446		36,446	
DR305	Bilbo Basin	15,766,207		157,366	157,366		157,366	
DR501	Cranman Drive Culvert Replacement	336,133		336,133	336,133		336,133	
DR503	Wilshire Basin Study	9,480,032		1,746,690	1,746,690		1,746,690	
DR507	Downtown Bilbo Drainage Basin	150,000		150,000				150,000
DR601	City Lot Drainage Improvements	277,975		23,475	23,475		23,475	
DR800	Westside Flooding Remediation	1,540,616		640,616	640,616		640,616	
DR803	Jackson Woods Drainage-Phase 2	2,066,525		98,736	98,736		98,736	
DR805	Nicholson Woods-Phase 2	235,505		75,142	75,142		75,142	
DR901	Windsor-Wilshire Basin	525,668		525,668	525,668		525,668	
DR910	Storm Sewer Rehab	1,621,535		115,919	115,862	57	115,919	
WT510	Extension to Unserved Areas	115,854		58,437	58,437		58,437	
	Other Capital Outlay Projects		16,292,341					
OP120	RR Roundhouse Battlefield Park	1,503,258		190,000	190,000		190,000	
OP327	Electric Street Cars	1,385,419		170,000	170,000		170,000	
OP541	Hwy 21/Snow Green Land	1,600,000		1,600,000		1,502,879	1,502,879	97,121
OP611	Eastside Sidewalks	500,778		17,268	17,268		17,268	
OP638	Railroad Property Acquisition	5,468,232		3,590,551	3,590,551		3,590,551	
PB310	History Museum Bldg Repair	837,066		15,000	15,000		15,000	
PB412	Forsyth Park Fort	6,722,855		1,003,549	737,593	265,956	1,003,549	
PB621	Ellis Square Parking Garage	52,024,977		1,691,000	1,691,000		1,691,000	
PD400	Savannah Gardens Phase I	12,403,389		872		872	872	
PD801	West 57th Street Boulevard	1,895,192		555,117	555,117		555,117	
PD901	Meding Street Curve	206,059		206,059	206,059		206,059	
RE412	Boan Tract Open Space	22,812		22,000	22,000		22,000	
RE604	Band Shell	581,450	787,500	577,953	484,461	19,839	504,300	73,653
RE805	Daffin Park Master Plan	3,939,189		3,495,000	3,336,387	138,281	3,474,668	20,332
SP212	1% Sidewalk Construction	674,423		674,423	674,423		674,423	
SP214	Wheelchair Access Ramps	319,719		735	735		735	
SP308	Cuyler-Brownsville Sidewalk	28,665		23,265	23,265		23,265	
SP326	Littleneck Road Bridge Replacement	700,000		700,000				700,000
SP610	1% Sidewalk Construction	1,068,137		808,309	808,309		808,309	
SQ411	MLK Median Landscaping	682,883		322,000	322,000		322,000	
SQ502	Elbert Square Acquisition	828,635		828,635	828,635		828,635	
SQ701	Liberty Square Reconstruction	280,000		280,000				280,000
TE502	MLK Median Installation	330,607		48,000	48,000		48,000	
OP515	Fire Capital Outlay	229,535	250,000	172,566	172,566		172,566	
	Open Space Acquisition		3,339,424					
OP339	Wilshire Complex	418,258		12,257	12,257		12,257	
OP529	Mohawk Lake Acquisition	350,000		350,000		348,443	348,443	1,557
PB820	Crusader Neighborhood Center	422,698		110,746	110,746		110,746	
RE307	Windsor Forest Pond	121,979		121,979	121,979		121,979	
RE511	Cuyler-Brownsville Park	1,141,463		404,457	404,457		404,457	
RE512	Vernon River Park	275,345		113,042	113,042		113,042	
RE611	Open Space Acquisition	491,896		489,613	391,683		391,683	97,930
RE612	Habersham Woods Park	183,543		183,543	183,543		183,543	
RE613	Stark-Clinch Greenspace	122,107		122,107	122,107		122,107	
RE615	Southside Park-Mohawk	595,734		595,735	595,735		595,735	
RE807	Largo-Windsor Area Lake	1,161,430		402,232	402,232		402,232	
TOTALS SPLOST 98-2003 FUND		\$ 247,132,141	\$ 98,169,265	\$ 100,680,460	\$ 96,324,687	\$ 2,315,104	\$ 98,639,791	\$ 2,040,669

NOTE: (1) This schedule discloses projects that are funded by sales tax revenue. Projects may have additional funding sources.
(2) The Total Estimated Cost to be Funded From All Sources reported on this schedule is different than the amounts reported on the prior year's schedule.

This schedule is continued from the previous page.

CITY OF SAVANNAH, GEORGIA
SCHEDULE OF PROJECTS FUNDED WITH SPECIAL SALES TAX PROCEEDS
FOR THE YEAR ENDED DECEMBER 31, 2010

PROJECT NUMBER	Total Estimated Cost to be Funded from All Sources	Original Sales Tax Funding per Referendum Resolution	Current Estimated Cost to be Funded by Sales Tax	Sales Tax Funded Expenditures			Remaining Balance	
				PRIOR YEARS	CURRENT YEAR	TOTAL		
SPLOST 2003-2008 FUND:								
		\$ 64,770,000						
DR122	Savannah Roads, Sidewalks and Drainage	\$ 13,663,284		\$ 933,574	\$ 727,166	\$ -	\$ 727,166	\$ 206,408
DR127	Windsor Canal	3,489,132		1,829,659	1,106,143	37,236	1,143,379	686,280
DR204	Casey South Phase 2	24,716,779		3,012,930	3,012,713	36,162	3,048,875	127,055
DR215	Bilbo-North Casey Drainage	325,000		325,000	173,517	86,655	260,172	64,828
DR305	Bilbo Drainage Improvements	15,766,207		15,508,846	15,507,925	915	15,508,840	
DR503	Wishire North Branch	9,480,032		7,733,341	7,733,341		7,733,341	
DR505	Brick Line Replacement	350,188		192,941				192,941
DR802	Evergreen Drainage Improvements	1,150,000		1,150,000	830,515	188,424	1,018,939	131,061
DR803	Jackson Woods Drainage-Phase 2	2,066,525		1,952,224	1,902,685	43,345	1,946,030	6,194
DR804	Brick Line Replacement	753,723		753,723	325,564	428,159	753,723	
DR809	Bilbo Drainage Improvements	2,000		2,000	2,000		2,000	
DR904	Paradise Park Drainage Improvements	1,600,000		1,600,000	179,623	44,759	224,382	1,375,618
DR905	Springfield Drainage Improvements	1,000,000		1,000,000	206,558	6,972	213,530	786,470
DR906	Sylvan Terrace Sub-basin	17,553		17,553	17,553		17,553	
DR911	45th Street Sub-basin Improvements	13,082,719		13,082,719	314,206	148,501	462,707	12,620,012
PD302	Cann Park Sidewalks	222,104		222,104				222,104
PD303	Gordonston Sidewalk Improvements	84,597		84,598	84,598		84,598	
PD304	Entrepreneurial Center Parking	100,000		100,000	14,969	14,969	85,031	
SP115	Fernwood-Parkwood Curb-Gutter	2,119,820		2,100,000	1,312,572	266,385	1,578,957	521,043
SP204	Historic District-ADA Ramps	707,191		315,970	315,970		315,970	
SP205	State Routes ADA Ramps	110,886		110,886	110,886		110,886	
SP207	Edgemore-Sackville Curb	2,037,758		212,511	212,511		212,511	
SP413	Riverstreet Ramps Reconstruction	532,660		315,000	315,000		315,000	
SP415	Street Paving	417,676		3,634	3,634		3,634	
SP416	Street Reconstruction	12,008		12,008		12,008		12,008
SP717	President Street-General McIntosh Sidewalk	43,097		43,097	43,097		43,097	
SP718	Bay Street Reconstruction Crosswalk	550,918		550,918	550,918		550,918	
SP804	1% Sidewalk Construction-Phase 2	769,584		674,584	674,584		674,584	
SP904	Street Reconstruction	1,714,074		1,714,073	1,714,073		1,714,073	
SP910	1% Sidewalk Construction	1,068,137		259,828	259,828		259,828	
TE101	East Anderson Curve Reconstruction	705,000		267,000		45,524	45,524	221,476
TE205	Gwinnett Street Improvements	1,520,551		1,520,551				1,520,551
TE305	LaRoche-Delesseps Widening	3,500,000		3,500,000				3,500,000
TE512	Jimmy DeLoach Parkway Signal	126,590		29,069		29,069	29,069	
TE708	LaRoche-Delesseps Design	300,000		300,000	125,569		125,569	174,431
TE709	Gwinnett St. Widening Design	467,449		467,449	316,937	71,703	388,640	78,809
TE813	Traffic Signal-Chatham Parkway	135,931		135,931	135,931		135,931	
SQ411	MLK Median Landscaping	682,883		11,452	11,452		11,452	
SQ804	MLK Streetscape	3,364,702		3,364,548	290,206	(45,542)	244,664	3,119,884
	Parks, Recreation and Squares		22,231,471					
PB821	Cultural Arts Center	10,700,000		3,000,000	1,010,012	35,253	1,045,265	1,954,735
PB828	Westside Land Assemblage	4,382,322		2,759,500	2,759,500		2,759,500	
PB831	Battlefield Park Roundhouse Roof	186,256		21,335	21,335		21,335	
OP832	Battlefield-RR Roundhouse SPLOST	7,763,665		7,763,664	7,763,664		7,763,664	
PT803	Baker-Fell Street Park	289,000		175,000	175,000		175,000	
PT905	Ellis Square Restoration	3,279,667		3,254,667	2,836,590	401,818	3,238,408	16,259
RE220	Bacon Park Athletic Field Rehab	787,802		576,896	576,896		576,896	
	Other Capital Outlay		9,339,424					
OP641	Hope 6 Infrastructure	3,440,814		1,930,814	1,930,814		1,930,814	
OP634	West Savannah & Corridors	29,302		15,000	15,000		15,000	
OP923	Gate Precast Property Acquisition	2,181,641		240,500	240,500		240,500	
PB530	Paulsen Building Purchase/Renovation	2,400,000		2,400,000		1,748,450	1,748,450	651,550
PB136	Roof Replacement Community Planning	73,520		73,520	73,520		73,520	
PB621	Ellis Square Parking Garage	52,024,977		7,114,296	2,114,296		2,114,296	5,000,000
PB730	Bacon Park Tennis Courts Reconst.	731,868		376,104	376,104		376,104	
PB824	Moses Jackson-Phase 2	2,050,230		1,049,424	1,049,424		1,049,424	
PB827	Bacon Park Clubhouse Renovations	834,392		380,000	107,669	272,331	380,000	
PD101	MURP II	1,286,912		434,934	434,934		434,934	
PD102	Midtown Street Improvements	190,000		190,000	9,663		9,663	180,337
PD107	Woodville Park Improvement	1,563		1,563	1,563		1,563	
PD108	Dixon Park	23,381		23,381	23,381		23,381	
PD109	Dixon Park Street Improvement	77,561		77,560	77,560		77,560	
PD110	Feller Terrace Passive Park	12,262		12,262	12,262		12,262	
PD111	East Savannah Lighting	84,938		84,938	84,938		84,938	
PD112	Bryant Park	15,000		15,000				15,000
PD114	Housing Construction Svc. Office	153,691		1,480	1,480		1,480	
PD201	Carver Heights Community Center	351,000		351,000				351,000
PD202	Hudson Hill Sidewalk Improvements	93,612		93,612	93,612		93,612	
PD203	Sylvan Terrace Irrigation System	98,465		98,464	98,464		98,464	
PD205	Metro Sidewalk West 41st Street	49,430		49,430	49,430		49,430	
PD301	Ogeechee Road Streetscape	356,500		6,500		63,265	77,015	6,500
PD309	Waters Avenue Corridor	717,831		367,831	13,750		63,265	290,816
PD310	Youth Advancement Center	839,163		416,000	22,361	345,733	368,094	47,906
PD400	Savannah Gardens Phase I	12,403,389		242,766		242,766	242,766	
PD402	Ogeechee Public Row Improvements	100,000		100,000				100,000
PD801	West 57th Street Blvd.	1,895,192		484,599		76,755	76,755	407,844
PD803	CB-Buffer@Ironworks Business				13	(13)		
PD805	WS-Acquisition Moses Jackson Property	128,868		128,868	8,700	105,524	114,224	14,644
PD806	WS Augusta Avenue-5 Buildings	1,004,989		1,004,989	397,110	19,975	417,085	587,904
PD808	WS-Tree Lawn & Buffering	10,012		10,012	10,012		10,012	
PD901	Meding Street Curve	206,059						
PD902	Montgomery-Meding-56th	152,870		152,870	152,870		152,870	
PD903	Eastside Sidewalk Access	100,158		100,157	100,157		100,157	
PD904	West 56th Street Rebrickng	378,314		378,314	378,314		378,314	
PD906	Midtown Acquisition	433,352		433,352	433,352		433,352	
PD907	Kline Street Play Area	125,984		125,984	117,622	8,362	125,984	
PD908	37th & Bulloch Greenspace	77,504		77,504	25,960	4,022	29,982	47,522
PD909	Historic Street Lighting CB	5,335		5,335	5,335		5,335	
PD910	Rockwell Park	76,970		76,970	76,970		76,970	
PD911	40th Street Lane Paving	27,666		27,666	27,666		27,666	
PD912	Municipal Parking Lot	31,900		31,900	31,900		31,900	
PD915	Right-of-Way Improvements	135,000		135,000	135,000		135,000	
PD916	Edgemore-Sackvill Curbing	97,490		97,490	97,490		97,490	
PD916	Public Safety Equipment	1,300,000	1,300,000	1,241,500	1,241,500		1,241,500	
TOTALS SPLOST 2003-2008 FUND		\$ 222,954,575	\$ 97,640,895	\$ 103,782,665	\$ 63,745,937	\$ 4,724,516	\$ 68,470,453	\$ 35,312,212

NOTE: (1) This schedule discloses projects that are funded by sales tax revenue. Projects may have additional funding sources.
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(3) The Current Estimated Cost to be Funded by Sales Tax reported on this schedule is different than the amounts reported on the prior year's schedule.

CITY OF SAVANNAH, GEORGIA
SCHEDULE OF PROJECTS FUNDED WITH SPECIAL SALES TAX PROCEEDS
FOR THE YEAR ENDED DECEMBER 31, 2010

		Total	Original	Current	Sales Tax Funded Expenditures			
		Estimated	Sales Tax	Estimated				
PROJECT		Cost to be	Funding per	Cost to be				
NUMBER		Funded from	Referendum	Funded by	PRIOR	CURRENT	TOTAL	Remaining
		All Sources	Resolution	Sales Tax	YEARS	YEAR		Balance
SPLOST 2009-2014 FUND:								
	Savannah Roads, Sidewalks and Drainage		\$ 16,500,000					
PD301	Ogeechee Road Streetscape	\$ 356,500		\$ 350,000	\$ -	\$ -	\$ -	\$ 350,000
PD308	Fellwood Homes Site Infrastructure	3,900,000		3,900,000	2,831,020	714,615	3,545,635	354,365
PD309	Water Avenue Streetscape	717,831		350,000	3,000		3,000	347,000
PD401	Wheaton Streetscape Design	500,000		500,000				500,000
	Parks, Recreation and Squares		28,900,000					
OP208	Children's Museum - Battlefield Park	6,040,597		6,000,000	5,576,273	387,732	5,964,005	35,995
PB220	Bacon Park Tennis Building	1,151,280		1,151,280	1,142,595	8,685	1,151,280	
PB227	Grayson Stadium Renovations	3,015,625		3,000,000	1,528,065	856,144	2,384,209	615,791
PB821	Cultural Arts Center	10,700,000		7,700,000				7,700,000
	Public Safety		96,100,000					
CC206	Civic Center Arena/Public Safety Headquarters	5,397,178		5,397,178	1,608	7,289	8,897	5,388,281
OP136	Public Safety Video Surveillance	1,500,000		1,500,000	669,752		669,752	830,248
PB138	Savannah Public Services Complex	1,146,286		733,000	495,803		495,803	237,197
PB423	New Fire Stations	1,750,000		1,750,000	8,655	137,719	146,374	1,603,626
PB426	Police Precincts	1,760,000		1,760,000	1,636,330	171,884	1,808,214	(48,214)
PB428	Public Safety Headquarters	190,000		190,000	5,838	14,256	20,094	169,906
PB828	Westside Land Assemblage	4,382,322		1,602,822	817,614	5,689	823,303	779,519
PB836	Savannah Public Safety Metroplex	1,752,040		1,000,000	397,389	231,222	628,611	371,389
	Other Capital Outlay		18,500,000					
PD400	Savannah Gardens Phase I	12,403,389		10,960,000	285,477	1,625,521	1,910,998	9,049,002
TOTALS SPLOST 2009-2014 FUND		\$ 56,663,047	\$ 160,000,000	\$ 47,844,280	\$ 15,399,419	\$ 4,160,756	\$ 19,560,175	\$ 28,284,105

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- (3) The Current Estimated Cost to be Funded by Sales Tax reported on this schedule is different than the amounts reported on the prior year's schedule.

This schedule is continued from the previous page.

**CITY OF SAVANNAH, GEORGIA
SCHEDULE OF HOTEL/MOTEL TAX
FOR THE YEAR ENDED DECEMBER 31, 2010**

In accordance with O.C.G.A. 48-13-51(a) 3.2, the City of Savannah levies a 6% tax on hotel/motel lodging and disburses collected funds to the Convention and Visitors Bureau, Savannah Civic Center and to the Georgia International & Maritime Trade Center.

This schedule provides information on the amount of Hotel/Motel tax cash receipts and the amount of such receipts which were disbursed or contractually committed to be disbursed to the Convention and Visitors Bureau of the Savannah Chamber of Commerce, the Georgia International & Maritime Trade Center and the Savannah Civic Center.

	<u>Amount</u>	<u>Amount as a Percentage of Revenue</u>
Hotel/Motel tax cash receipts	\$ 11,651,576	
Expenditures made to:		
Convention and Visitors Bureau	\$ 3,883,470	33.33%
Georgia International & Maritime Trade Center	\$ 1,663,010	14.27%
Savannah Civic Center	\$ 279,308	2.40%

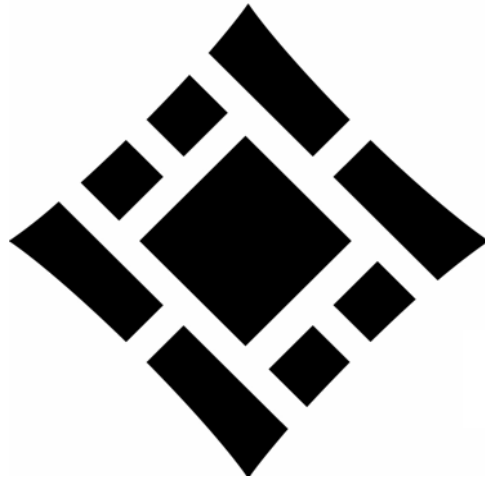
CITY OF SAVANNAH, GEORGIA
SCHEDULE OF REVENUES AND EXPENDITURES/EXPENSES - RENTAL MOTOR VEHICLE TAX
FOR THE YEAR ENDED DECEMBER 31, 2010

During 2010, the City collected rental motor vehicle excise tax as authorized in O.C.G.A. 48-13-93.

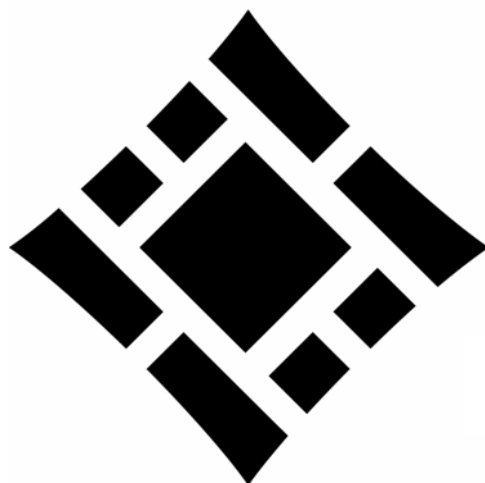
	<u>Amount</u>	<u>Amount as a Percentage of Revenue</u>
Rental motor vehicle tax	\$ 1,225,691	
Transfers made to:		
General Fund	\$ 306,423	25.00%
Civic Center Fund	\$ 919,268	75.00%

The General Fund uses this revenue for repair, restoration and maintenance of monuments, streets and structures in the historic district of the City of Savannah.

The Civic Center Fund uses this revenue for operating, capital and debt requirements of the Savannah Civic Center.



STATISTICAL SECTION



STATISTICAL SECTION

Statistical tables differ from financial statements since they usually cover more than one fiscal year and may present non-accounting data. These tables reflect social and economic data, financial trends and the fiscal capacity of the City. Due to the nature of the information contained therein, the tables are unaudited.

STATISTICAL SECTION

This part of the City of Savannah's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the government's overall financial health.

Contents	Pages
Financial Trends	109-113
<i>These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.</i>	
Revenue Capacity	114-117
<i>These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax.</i>	
Debt Capacity	118-122
<i>These schedules present information to help the reader assess the affordability of the government's current levels of outstanding debt and the government's ability to issue additional debt in the future.</i>	
Demographic and Economic Information	123-124
<i>These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.</i>	
Operating Information	125-132
<i>These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs.</i>	

City of Savannah, Georgia
Net Assets By Component,
Last Nine Fiscal Years
(accrual basis of accounting)
(amounts expressed in thousands)

	Fiscal Year								
	2002	2003	2004	2005	2006	2007	2008	2009	2010
Governmental activities									
Invested in capital assets, net of related debt	\$ 165,185	\$ 188,766	\$ 214,000	\$ 347,514	\$ 373,002	\$ 439,045	\$ 483,504	\$ 518,489	\$ 534,164
Restricted	55,139	61,667	59,868	53,328	65,605	78,722	55,819	51,637	37,174
Unrestricted	67,613	65,312	64,487	70,479	87,831	83,379	92,040	73,444	83,795
Total governmental activities net assets	<u>\$ 287,937</u>	<u>\$ 315,745</u>	<u>\$ 338,355</u>	<u>\$ 471,321</u>	<u>\$ 526,438</u>	<u>\$ 601,146</u>	<u>\$ 631,363</u>	<u>\$ 643,570</u>	<u>\$ 655,133</u>
Business-type activities									
Invested in capital assets, net of related debt	\$ 151,958	\$ 160,949	\$ 179,160	\$ 192,485	\$ 217,173	\$ 219,644	\$ 246,580	\$ 260,204	\$ 255,749
Restricted	1,387	180	194	226	283	349	384	2,328	2,336
Unrestricted	103,816	100,964	93,088	102,190	90,300	106,703	91,201	82,735	91,229
Total business-type activities net assets	<u>\$ 257,161</u>	<u>\$ 262,093</u>	<u>\$ 272,442</u>	<u>\$ 294,901</u>	<u>\$ 307,756</u>	<u>\$ 326,696</u>	<u>\$ 338,165</u>	<u>\$ 345,267</u>	<u>\$ 349,314</u>
Primary government									
Invested in capital assets, net of related debt	\$ 317,143	\$ 349,715	\$ 393,160	\$ 539,999	\$ 590,175	\$ 658,689	\$ 730,084	\$ 778,693	\$ 789,913
Restricted	56,526	61,847	60,062	53,554	65,888	79,071	56,203	53,965	39,510
Unrestricted	171,429	166,276	157,575	172,669	178,131	190,082	183,241	156,179	175,024
Total primary government net assets	<u>\$ 545,098</u>	<u>\$ 577,838</u>	<u>\$ 610,797</u>	<u>\$ 766,222</u>	<u>\$ 834,194</u>	<u>\$ 927,842</u>	<u>\$ 969,528</u>	<u>\$ 988,837</u>	<u>\$1,004,447</u>

Note: 10 years of information not available. GASB 34 implementation was 2002.

City of Savannah, Georgia
Changes in Net Assets,
Last Nine Fiscal Years
(accrual basis of accounting)
(amounts expressed in thousands)

Expenses	Fiscal Year								
	2002	2003	2004	2005	2006	2007	2008	2009	2010
Governmental activities:									
General administration	\$ 1,996	\$ 2,319	\$ 2,416	\$ 2,159	\$ 2,410	\$ 2,701	\$ 3,214	\$ 3,573	\$ 4,898
Management and financial services	4,471	5,503	4,706	5,074	4,580	5,917	6,529	6,957	5,977
Facilities maintenance	26,903	28,486	26,472	30,519	33,227	35,181	43,897	33,777	32,327
Police	32,010	36,345	36,184	52,052	55,392	63,125	69,067	67,048	65,473
Recorder's court	1,596	1,732	1,758	1,810	1,818	2,113	2,228	2,229	2,225
Fire	14,741	15,576	16,105	19,120	19,020	22,472	24,999	25,236	25,479
Leisure services	12,543	13,490	12,615	13,245	13,106	15,895	17,266	21,530	22,508
Tourism enhancement	4,226	4,937	5,739	6,281	7,625	8,448	8,889	8,364	8,923
Social and cultural	1,917	2,061	2,066	2,015	2,034	1,866	2,004	1,711	1,794
Public development	5,430	5,552	5,415	6,500	10,012	14,096	12,369	12,544	12,229
Grant program and administration	6,468	8,275	8,583	9,440	3,585	5,492	6,718	5,531	8,533
Community development program and administration	12,094	10,387	10,366	12,138	11,977	15,450	12,278	12,933	10,064
Interest on long-term debt	1,528	1,337	1,189	1,136	1,126	1,090	1,020	1,128	1,185
Interest on capital leases	208	182	209	299	484	466	355	69	54
Total governmental activities expenses	126,131	136,182	133,822	161,786	166,396	194,312	210,833	202,630	201,669
Business-type activities:									
Water and sewer	39,615	40,608	42,606	43,604	45,234	48,893	51,395	52,322	52,818
Sanitation	24,104	29,728	32,144	26,586	36,956	29,420	26,334	25,960	23,095
Parking facilities	4,294	4,449	4,784	5,476	5,155	5,455	7,555	10,125	10,569
Civic center	2,811	2,881	2,961	2,825	2,924	3,073	3,147	2,943	3,215
Golf course	240	217	179	152	126	95	64	62	58
Resource recovery	12,692	13,227	14,365	14,980	18,414	8,261	2,510		
Total business-type activities expenses	83,756	91,110	97,040	93,623	108,809	95,197	91,005	91,412	89,755
Total primary government expenses	\$ 209,886	\$ 227,293	\$ 230,862	\$ 255,408	\$ 275,205	\$ 289,509	\$ 301,838	\$ 294,042	\$ 291,424
Program Revenues									
Governmental activities:									
Charges for services:									
Management and financial services	\$ 2,372	\$ 2,549	\$ 2,855	\$ 2,795	\$ 2,612	\$ 2,564	\$ 2,620	\$ 2,765	\$ 2,871
Facilities maintenance	422	395	480	1,068	3,065	2,956	3,793	3,389	4,826
Police	2,466	3,240	5,575	18,479	20,675	22,387	23,881	23,672	23,891
Recorder's court	3,224	3,631	3,262	3,578	3,424	3,156	2,569	2,690	2,845
Fire	269	199	180	223	191	207	438	313	305
Leisure services	655	724	669	641	733	816	785	755	824
Tourism enhancement						30	1,065	1,046	1,149
Public development	1,588	2,007	2,493	2,678	3,327	3,417	2,744	1,629	2,032
Grant program and administration	193	351	128	10	596	301		5	
Community development program and administration	1,572	3,222	3,211	222	4,721	11,437	3,948	5,599	3,645
Operating grants and contributions	16,024	15,808	15,460	12,388	10,104	10,679	12,642	12,784	15,244
Capital grants and contributions	21,842	18,802	15,451	26,946	31,708	66,108	34,285	16,980	12,844
Total governmental activities program revenues	50,625	50,928	49,764	69,027	81,156	124,058	88,770	71,627	70,476
Business-type activities:									
Charges for services:									
Water and sewer	42,437	44,069	46,072	46,544	51,179	55,034	56,038	57,062	58,397
Sanitation	25,277	25,249	26,097	27,450	27,658	26,873	22,182	20,564	19,844
Parking facilities	5,910	6,017	5,975	6,532	7,126	7,481	8,219	10,073	11,032
Civic center	1,398	1,243	1,258	1,376	1,374	1,212	1,417	1,303	1,404
Golf course	188	176	197	166	146	169	85	85	62
Resource recovery	12,695	13,228	14,367	14,972	18,414	8,261	2,510		
Operating grants and contributions	41	35	80		48	45	41	49	54
Capital grants and contributions			1,145				14,489	5,476	1,064
Total business-type activities program revenues	87,947	90,017	95,191	97,040	105,945	99,075	104,981	94,612	91,857
Total primary government program revenues	\$ 138,572	\$ 140,945	\$ 144,955	\$ 166,067	\$ 187,101	\$ 223,133	\$ 193,751	\$ 166,239	\$ 162,333
Net (expense)/revenue									
Governmental activities	\$ (75,505)	\$ (85,255)	\$ (84,058)	\$ (92,758)	\$ (85,240)	\$ (70,254)	\$ (122,063)	\$ (131,003)	\$ (131,193)
Business-type activities	4,191	(1,093)	(1,849)	3,417	(2,864)	3,878	13,976	3,200	2,102
Total primary government net expense	\$ (71,314)	\$ (86,348)	\$ (85,907)	\$ (89,341)	\$ (88,104)	\$ (66,376)	\$ (108,087)	\$ (127,803)	\$ (129,091)

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City of Savannah, Georgia
Changes in Net Assets,
Last Nine Fiscal Years
(accrual basis of accounting)
(amounts expressed in thousands)

	Fiscal Year								
	2002	2003	2004	2005	2006	2007	2008	2009	2010
General Revenues and Other Changes in Net Assets									
Governmental activities:									
Taxes									
Property taxes	\$ 35,117	\$ 37,570	\$ 40,451	\$ 43,684	\$ 50,918	\$ 53,742	\$ 57,794	\$ 61,664	\$ 62,386
Intangible, transfer and franchise taxes	13,649	13,978	13,922	15,479	16,236	17,128	19,055	17,163	17,713
General sales taxes	36,008	31,066	35,214	37,636	43,752	43,196	43,680	36,287	38,860
Selective sales taxes	9,981	11,957	12,717	13,746	15,373	16,440	16,418	15,209	16,493
Business taxes	5,763	6,183	6,753	7,248	7,691	7,974	8,109	7,977	7,853
Penalties and interest on delinquent taxes	514	1,005	769	862	746	474	428	632	860
Grants and contributions not restricted to specific programs	2,000	1,994	2,073	2,075	2,108	1,988	534	2,995	1,093
Investment earnings, unrestricted	2,172	1,370	1,490	2,917	4,549	5,645	3,044	993	396
Gain on sale of capital assets							5,042	1,494	484
Miscellaneous	483	879	676	1,178	1,548	747	765	716	395
Contributions to cemetery perpetual care	221	266	199	179	220	234	207	202	154
Transfers	(1,703)	(2,366)	(7,596)	(3,897)	(2,783)	(2,607)	(2,796)	(2,122)	(3,930)
Total governmental activities	104,204	103,901	106,669	121,106	140,358	144,961	152,280	143,210	142,757
Business-type activities:									
Selective sales taxes	875								
Grants and contributions not restricted to specific programs	3,196	2,371	2,924	11,106	6,553	6,089		1,145	433
Investment earnings, unrestricted	2,251	1,162	1,585	3,308	6,204	6,170	3,329	89	6
Gain on sale of capital assets								545	416
Miscellaneous	123	125	94	730	179	195	395		
Special items							(9,026)		(2,841)
Transfers	1,703	2,366	7,596	3,897	2,783	2,607	2,796	2,122	3,930
Total business-type activities	8,148	6,025	12,198	19,041	15,719	15,061	(2,506)	3,901	1,944
Total primary government	<u>\$112,352</u>	<u>\$109,926</u>	<u>\$118,868</u>	<u>\$140,147</u>	<u>\$156,077</u>	<u>\$160,022</u>	<u>\$149,774</u>	<u>\$147,111</u>	<u>\$144,701</u>
Change in Net Assets									
Governmental activities	\$ 28,699	\$ 18,646	\$ 22,611	\$ 28,348	\$ 55,118	\$ 74,707	\$152,280	\$ 12,207	\$ 11,564
Business-type activities	12,339	4,932	10,349	22,458	12,855	18,939	(2,506)	7,101	4,046
Total primary government	<u>\$ 41,038</u>	<u>\$ 23,577</u>	<u>\$ 32,960</u>	<u>\$ 50,806</u>	<u>\$ 67,973</u>	<u>\$ 93,646</u>	<u>\$149,774</u>	<u>\$ 19,308</u>	<u>\$ 15,610</u>

¹ The increase from the prior period was caused by the merger of the Chatham County Police Department into the City of Savannah Police Department.

² The increase from the prior period was caused by payments received from Chatham County for policing services provided to the County.

Note: 10 years of information not available. GASB 34 implementation was 2002.

**City of Savannah, Georgia
Fund Balances of Governmental Funds,
Last Nine Fiscal Years
(modified accrual basis of accounting)
(amounts expressed in thousands)**

	Fiscal Year								
	2002	2003	2004	2005	2006	2007	2008	2009	2010
General Fund									
Reserved	\$ 1,092	\$ 800	\$ 968	\$ 958	\$ 1,160	\$ 1,331	\$ 1,248	\$ 1,546	\$ 1,551
Unreserved	14,982	16,169	16,973	17,114	18,751	20,380	20,724	21,382	21,837
Total general fund	<u>\$ 16,074</u>	<u>\$ 16,969</u>	<u>\$ 17,941</u>	<u>\$ 18,072</u>	<u>\$ 19,911</u>	<u>\$ 21,711</u>	<u>\$ 21,972</u>	<u>\$ 22,928</u>	<u>\$ 23,388</u>
All other governmental funds									
Reserved	\$ 45,274	\$ 52,964	\$ 52,720	\$ 46,539	\$ 57,306	\$ 66,340	\$ 59,558	\$ 73,312	\$ 66,016
Unreserved, reported in:									
Special revenue funds	10	36	1,790	1,316	2,489	8,482	14,936	21,618	27,783
Debt service funds	3,071	1,375	754	775	813	857	883	893	896
Capital projects funds	27,048	28,460	26,047	32,369	39,114	41,178	38,419	21,756	18,773
Total all other governmental funds	<u>\$ 75,403</u>	<u>\$ 82,836</u>	<u>\$ 81,312</u>	<u>\$ 80,999</u>	<u>\$ 99,722</u>	<u>\$ 116,857</u>	<u>\$ 113,796</u>	<u>\$ 117,579</u>	<u>\$ 113,468</u>

City of Savannah, Georgia
Changes in Fund Balances of Governmental Funds,
Last Nine Fiscal Years
(modified accrual basis of accounting)
(amounts expressed in thousands)

	Fiscal Year								
Revenues	2002	2003	2004	2005	2006	2007	2008	2009	2010
Taxes	\$ 98,130	\$102,509	\$108,953	\$119,269	\$132,517	\$140,939	\$ 143,934	\$ 139,814	\$ 142,136
Licenses and permits	2,514	2,974	3,499	3,705	4,383	4,609	3,918	2,900	1,693
Intergovernmental	41,042	38,481	32,802	37,091	40,399	39,312	34,061	19,088	23,036
Charges for services	5,541	6,652	9,886	23,261	25,698	32,201	30,326	30,623	28,109
Fines	2,977	3,391	3,603	3,869	3,854	3,453	2,890	2,977	3,090
Investment earnings	1,882	1,132	1,300	2,909	5,106	6,659	3,930	1,292	473
Special assessments	122	252	34	21	10	6	8	5	4
Miscellaneous	5,037	5,575	5,610	6,050	7,429	6,004	7,293	8,064	12,121
Total revenues	<u>157,245</u>	<u>160,966</u>	<u>165,686</u>	<u>196,175</u>	<u>219,396</u>	<u>233,183</u>	<u>226,360</u>	<u>204,763</u>	<u>210,662</u>
Expenditures									
General administration	1,820	1,887	1,939	1,995	2,394	2,820	2,998	3,018	3,017
Management and financial services	7,337	7,469	7,959	8,428	7,979	8,386	9,405	9,168	8,779
Facilities maintenance	17,743	18,599	18,755	20,052	20,916	22,125	30,940	21,274	19,065
Police	31,137	33,483	35,532	51,140	57,206	58,474	65,097	63,923	62,155
Recorder's court	1,563	1,627	1,784	1,820	1,934	2,031	2,117	2,143	2,126
Fire	14,223	14,854	15,924	17,651	19,657	21,152	23,163	23,754	23,919
Leisure services	11,035	11,317	11,885	12,132	12,827	13,668	14,725	19,130	20,034
Tourism enhancement							8,784	8,334	8,903
Social and cultural	1,917	2,061	2,066	2,015	2,034	1,866	2,004	1,711	1,794
Public development	3,916	3,566	3,999	4,051	5,287	8,434	12,763	13,046	12,974
Other governmental services	9,452	11,532	12,655	14,324	19,083	16,112			
Grant program and administration	6,967	7,020	7,615	6,788	4,462	5,356	6,616	5,700	8,706
Community development program and administration	11,095	9,485	9,482	10,979	10,674	15,040	10,849	11,438	8,576
Capital outlay	14,626	22,068	25,935	39,778	30,303	35,590	40,450	34,238	27,807
Debt service									
Principal	3,720	3,890	1,890	167	167	1,487	1,540	1,615	1,892
Interest	1,604	1,417	1,223	1,139	1,129	1,119	1,050	1,083	1,040
Total expenditures	<u>138,155</u>	<u>150,273</u>	<u>158,641</u>	<u>192,459</u>	<u>196,052</u>	<u>213,660</u>	<u>232,501</u>	<u>219,575</u>	<u>210,787</u>
Excess of revenues over (under) expenditures	<u>19,090</u>	<u>10,693</u>	<u>7,044</u>	<u>3,716</u>	<u>23,344</u>	<u>19,523</u>	<u>(6,141)</u>	<u>(14,812)</u>	<u>(125)</u>
Other financing sources (uses)									
Transfers in	10,972	16,364	15,194	23,820	26,316	32,992	21,259	22,818	25,947
Transfers out	(12,675)	(18,730)	(22,790)	(27,717)	(29,098)	(33,581)	(23,837)	(24,083)	(29,473)
Debt issuance proceeds								37,000	485
Premium on bond debt								505	
Payment to fiscal agent								(16,995)	(485)
Proceeds from the sale of capital assets							5,920	706	
Total other financing sources (uses)	<u>(1,703)</u>	<u>(2,366)</u>	<u>(7,596)</u>	<u>(3,897)</u>	<u>(2,782)</u>	<u>(589)</u>	<u>3,342</u>	<u>19,951</u>	<u>(3,526)</u>
Net change in fund balances	<u>\$ 17,387</u>	<u>\$ 8,327</u>	<u>\$ (551)</u>	<u>\$ (182)</u>	<u>\$ 20,562</u>	<u>\$ 18,934</u>	<u>\$ (2,799)</u>	<u>\$ 5,139</u>	<u>\$ (3,651)</u>
Debt service as a percentage of noncapital expenditures	4.3%	4.1%	2.3%	0.9%	0.8%	1.5%	1.3%	1.5%	1.6%

City of Savannah, Georgia
Assessed Value and Estimated Actual Value of Taxable Property,
Last Ten Fiscal Years
(amounts expressed in thousands)

Fiscal Year Ended December 31	Real Property		Personal Property		Utilities & Other Property		Total		Total Direct Tax Rate
	Assessed Value	Estimated True Value	Assessed Value	Estimated True Value	Assessed Value	Estimated True Value	Assessed Value	Estimated True Value	
2001	\$ 1,937,406	\$ 4,824,300	\$ 615,008	\$ 1,537,520	\$ 188,451	\$ 471,128	\$ 2,740,865	\$ 6,832,949	13.50
2002	2,127,008	5,317,520	576,203	1,440,508	196,043	490,108	2,899,254	7,248,136	13.30
2003	2,275,009	5,687,523	554,473	1,386,183	198,369	495,923	3,027,851	7,569,628	13.30
2004	2,472,515	6,181,287	620,591	1,551,478	195,374	488,435	3,288,480	8,221,200	13.10
2005	2,803,935	7,009,838	677,225	1,693,063	112,397	280,993	3,593,557	8,983,893	12.90
2006	3,311,999	8,279,998	682,244	1,705,610	107,829	269,573	4,102,072	10,255,180	12.70
2007	3,761,698	9,404,245	753,881	1,884,703	95,036	237,590	4,610,615	11,526,538	12.50
2008	4,107,486	10,268,716	776,482	1,941,205	102,629	256,571	4,986,597	12,466,492	12.50
2009	4,107,062	10,267,655	802,929	2,007,323	100,259	250,648	5,010,250	12,525,625	12.50
2010	3,965,101	9,912,753	704,214	1,760,535	99,165	247,913	4,768,480	11,921,200	13.00

Source: Chatham County Tax Assessor's Office.

Note: Property in the county is reassessed annually. The county assesses property at 40% of estimated true value for all types of real and personal property. Estimated true value is calculated by dividing assessed value by 40%. Tax rates are per \$1,000 of assessed value.

City of Savannah, Georgia
Direct and Overlapping¹ Property Tax Rates,
Last Ten Fiscal Years

Fiscal Year	City of Savannah	City of Savannah Special District²	Schools	County	Chatham Area Transit Authority	State	Total Direct & Overlapping Rates
2001	13.500		18.576	10.367	0.853	0.250	43.546
2002	13.300		17.550	10.367	0.820	0.250	42.287
2003	13.300	0.200	17.770	10.367	0.820	0.250	42.707
2004	13.100	0.200	17.600	10.367	0.820	0.250	42.337
2005	12.900	0.200	17.277	11.037	0.820	0.250	42.484
2006	12.700	0.200	15.817	10.837	0.820	0.250	40.624
2007	12.500	0.200	13.795	10.537	0.820	0.250	38.102
2008	12.500	0.200	13.404	10.537	0.820	0.250	37.711
2009	12.500	0.200	13.404	10.537	0.820	0.250	37.711
2009	12.500	0.200	13.404	10.537	0.820	0.250	37.711
2010	13.000	0.200	14.131	10.537	0.820	0.250	38.938

Source: Chatham County Tax Assessors Office.

¹ Overlapping rates are those of local and county governments that apply to property owners within the City of Savannah. Not all overlapping rates apply to all City of Savannah property owners (e.g., the rates for the special districts apply only to the proportion of the government's property owners whose property is located within the geographic boundaries of the special district).

² In 2003, the City of Savannah created special district called the "Water Transportation District." Only properties located within this district are subject to this millage levy.

**City of Savannah, Georgia
Principal Property Taxpayers,
Current Year and Nine Years Ago
(amounts expressed in thousands)**

Taxpayer	Type of Business	2010			2001		
		Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Georgia Power Company	Electric Utility	\$ 35,521,586	1	0.74%	\$ 37,791,100	2	1.38%
Oglethorpe Mall, LLC	Regional Shopping Mall	31,691,400	2	0.66%	28,240,000	5	1.03%
International Paper Co.	Paper Manufacturer	28,571,902	3	0.60%	36,050,600	3	1.32%
Gulfstream Aerospace Corporation	Airplane Manufacturer	24,325,925	4	0.51%			
The Home Depot	Regional Distribution Center	23,459,706	5	0.49%	45,598,385	1	1.67%
Savannah Hotel LLC	Westin Hotel	22,026,800	6	0.46%	14,558,400	9	0.53%
Columbia Properties Savannah	Marriott Hotel	21,854,920	7	0.46%			
HH Savannah, LLC	Hyatt Hotel	18,725,462	8	0.39%	1,156,400	10	0.42%
A T & T	Telephone Utility	18,457,836	9	0.39%	32,390,187	4	1.19%
Intercat-Savannah Inc.	Chemical Refinery	9,308,475	10	0.20%			
Solomon Wholesale Drug Company	Wholesale Drugs				20,222,199	6	0.74%
Friedmans Inc.	Retail Jewelry Sales				17,624,639	7	0.64%
Savannah Teachers Properties	Regional Shopping Mall				16,786,400	8	0.61%
Totals		<u>\$ 233,944,012</u>		<u>4.91%</u>	<u>\$ 250,418,310</u>		<u>9.53%</u>

Source: Chatham County Tax Assessors Office

**City of Savannah, Georgia
Property Tax Levies and Collections,
Last Ten Fiscal Years**

Fiscal Year Ended December 31	Total Tax Levy for Fiscal Year¹	Collected within the Fiscal Year of the Levy		Prior Year Taxes Collected During Year	Total Collections	Ratio of Collections to Tax Levy	Accumulated Delinquent Taxes	Ratio of Accumulated Delinquent to Current Tax
		Amount	Percentage of Levy					Levy
2001	\$ 36,570,321	\$ 34,146,452	93.4%	\$ 1,338,578	\$ 35,485,030	97.0%	\$ 5,014,010	13.7%
2002	35,597,373	32,317,361	90.8%	2,632,577	34,949,938	98.2%	5,040,340	14.2%
2003	37,696,759	34,555,246	91.7%	3,760,478	38,315,724	101.6%	4,173,640	11.1%
2004	40,619,278	37,230,666	91.7%	2,968,339	40,199,005	99.0%	4,234,601	10.4%
2005	44,725,663	40,829,059	91.3%	3,698,502	44,527,561	99.6%	3,566,995	8.0%
2006	50,431,393	45,219,546	89.7%	3,707,869	48,927,415	97.0%	4,474,976	8.9%
2007	56,494,504	50,982,105	90.2%	4,769,537	55,751,642	98.7%	3,748,723	6.6%
2008	61,135,192	53,665,288	87.8%	4,974,910	58,640,197	95.9%	3,536,441	5.8%
2009	62,693,628	53,401,109	85.2%	5,930,968	59,332,077	94.6%	4,953,270	7.9%
2010	62,449,811	53,185,063	85.2%	6,940,202	60,125,265	96.3%	6,264,071	10.0%

Source: City of Savannah.

¹ Includes:

- Real Property
- Industrial Area
- Personal Property
- Utility
- Vehicles
- Mobile Home Taxes

Note: The Levy Year is from January 1 to December 31. Real property is billed in two installments - March and October. Personal property is billed annually with payments due in November.

City of Savannah, Georgia
Ratios of Outstanding Debt by Type,
Last Ten Fiscal Years

Fiscal Year	Governmental Activities					Business -Type Activities						Total Primary Government	Percentage of Household Income	Per Capita
	General Obligation Bonds	Contractual Obligations	Long-term Notes	Special Assessment Bonds	Capital Leases	Water & Sewer Bonds	Water & Sewer Notes	Resource Recovery Bonds	Sanitation Bonds	Parking Contractual Obligations	Civic Center Contractual Obligations			
2001	\$ 2,650,000	\$ 27,525,000	\$ 2,000,000	\$ 537,058	\$ 3,839,384	\$ 47,365,000	\$ 36,210,068	\$ 40,265,000	\$ 24,195,000	\$ 12,345,000	\$ 4,280,000	\$ 201,211,510	5.1%	\$ 1,463
2002	2,325,000	24,325,000	1,955,000	387,309	4,077,659	43,995,000	34,116,468	35,820,000	23,635,000	11,370,000	4,070,000	186,076,436	4.8%	1,399
2003	1,700,000	21,290,000	1,855,000	257,139	3,963,424	56,945,000	19,165,171	30,435,000	35,700,000	16,710,000	4,090,000	192,110,734	4.8%	1,445
2004		21,290,000	1,755,000	167,086	3,116,859	52,070,000	18,065,666	23,670,000	34,925,000	15,420,000	3,800,000	174,279,611	4.1%	1,311
2005		21,290,000	1,655,000	99,693	3,215,652	47,100,000	16,929,702	15,300,000	34,135,000	38,695,000	3,800,000	182,220,047	4.0%	1,370
2006		21,290,000	1,555,000	32,300	5,919,607	42,015,000	15,755,986		33,325,000	37,850,000	3,800,000	161,542,893	3.5%	1,215
2007		19,920,000	1,455,000	14,907	4,213,270	36,815,000	33,734,845		31,370,000	36,985,000	3,425,000	167,933,022	3.5%	1,263
2008		18,490,000	1,350,000	9,932	1,819,834	31,450,000	32,481,556		29,340,000	36,105,000	3,045,000	154,091,322	3.1%	1,159
2009		37,000,000	1,235,000	4,957	1,485,985	42,515,000	36,192,332		27,210,000	35,200,000	2,655,000	183,498,274	3.5%	1,380
2010		35,225,000	1,120,000	2,478	1,137,714	36,655,000	33,936,777		24,825,000	34,270,000	2,250,000	169,421,969	3.2%	1,243

City of Savannah, Georgia
Ratios of General Bonded Debt Outstanding,
Last Ten Fiscal Years

Fiscal Year	General Obligation Bonds	Assessed Value (Thousands of Dollars)	Percentage of Actual Taxable Value of Property	Population	Per Capita
2001	\$ 2,650,000	\$2,740,865	0.10%	137,560	\$19.26
2002	2,325,000	2,899,254	0.08%	132,985	17.48
2003	1,700,000	3,027,851	0.06%	132,985	12.78
2004	-	3,288,480	0.00%	132,985	0.00
2005	-	3,593,557	0.00%	132,985	0.00
2006	-	4,102,072	0.00%	132,985	0.00
2007	-	4,610,615	0.00%	132,985	0.00
2008	-	4,986,597	0.00%	132,985	0.00
2009	-	5,010,250	0.00%	132,985	0.00
2010	-	4,768,480	0.00%	136,286	0.00

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

City of Savannah, Georgia
Direct and Overlapping Governmental Activities Debt
As of December 31, 2010

	Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Overlapping Debt
City of Savannah			
General Obligation Bonded Debt	\$ -	100.00%	\$ -
Contractual Obligations:			
Resource Recovery Development Authority	24,825,000	100.00%	24,825,000
Downtown Savannah Authority (Capital Improvement Project)	11,700,000	100.00%	11,700,000
Downtown Savannah Authority (Parking Improvements)	24,820,000	100.00%	24,820,000
Downtown Savannah Authority (Stormwater Improvements)	<u>35,225,000</u>	100.00%	<u>35,225,000</u>
Total Direct General Obligation Supported Bonded Debt	<u>96,570,000</u>		<u>96,570,000</u>
Chatham County			
Contractual Obligations:			
Downtown Savannah Authority (Chatham County Projects), Series 2005	15,265,000	38.18%	5,828,177
Chatham County Public Health Facilities Projects	645,000	38.18%	246,261
Downtown Savannah Authority (Chatham County Projects), Series 2005A	5,940,000	38.18%	2,267,892
Downtown Savannah Authority (Union Mission), Series 2009	2,400,000	38.18%	916,320
Mosquito Control Facility	4,083,873	38.18%	1,559,223
Savannah/Chatham County School Board			
General Obligation Bonded Debt	77,230,000	38.18%	29,486,414
Contractual Obligations:			
Downtown Savannah Authority (School Improvement Project)	<u>1,650,000</u>	38.18%	<u>629,970</u>
Total Indirect General Obligation Supported Bonded Debt	<u>107,213,873</u>		<u>40,934,257</u>
Total Direct and Indirect General Obligation Supported Bonded Debt	<u><u>\$203,783,873</u></u>		<u><u>\$ 137,504,257</u></u>

**City of Savannah, Georgia
Legal Debt Margin Information,
Last Ten Fiscal Years**

Legal Debt Margin Calculation for Fiscal Year 2010

Assessed value 2010 Tax Roll	<u>\$ 4,768,480,439</u>
General Bonded Debt Limit, 10% of Assessed Value	\$ 476,848,044
Debt applicable to limit:	
Total bonded debt	\$ 36,655,000
Less: revenue bonds	<u>36,655,000</u>
Total net debt applicable to limit	<u>-</u>
Legal debt margin	<u>\$ 476,848,044</u>

	Fiscal Year									
	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
Debt Limit	\$ 273,317,892	\$ 289,925,413	\$ 302,785,111	\$ 328,847,995	\$ 359,355,708	\$ 410,207,224	\$ 461,061,466	\$ 498,659,695	\$ 501,024,955	\$ 476,848,044
Total net debt applicable to limit	2,650,000	2,325,000	1,700,000	-	-	-	-	-	-	-
Legal debt margin	<u>\$ 270,667,892</u>	<u>\$ 287,600,413</u>	<u>\$ 301,085,111</u>	<u>\$ 328,847,995</u>	<u>\$ 359,355,708</u>	<u>\$ 410,207,224</u>	<u>\$ 461,061,466</u>	<u>\$ 498,659,695</u>	<u>\$ 501,024,955</u>	<u>\$ 476,848,044</u>
Total net debt applicable to the limit as a percentage of debt limit	0.97%	0.80%	0.56%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

Note: Under state law, the City of Savannah's outstanding general obligation debt should not exceed 10 percent of total assessed property value. By law, the general obligation debt subject to the limitation may be offset by amounts set aside for repaying general obligation bonds. Excludes special assessment bonds that are not legally a part of the City's debt.

**City of Savannah, Georgia
Pledged-Revenue Coverage,
Last Ten Fiscal Years**

Fiscal Year	Water and Sewer Revenue Bonds (000)						Special Assessment Bonds			
	Gross Revenue ¹	Less: Total	Net Available Revenue	Debt Service		Coverage	Special Assessment Collections ³	Debt Service		Coverage
		Expenses & Transfers Out ²		Principal	Interest			Principal	Interest	
2001	\$ 48,210	\$ 30,001	\$ 18,209	\$ 3,215	\$2,500	3.19	\$ 214,953	\$ 169,996	\$ 40,936	1.02
2002	47,590	30,858	16,732	3,370	2,354	2.92	152,352	32,032	149,749	0.84
2003	45,109	28,388	16,721	3,545	2,019	3.01	275,558	23,239	130,170	1.80
2004	47,276	30,521	16,755	4,875	2,025	2.43	41,420	90,053	15,428	0.39
2005	49,575	31,264	18,311	4,970	1,903	2.66	24,834	67,393	10,025	0.32
2006	55,135	32,994	22,141	5,085	1,778	3.23	12,894	67,393	5,982	0.18
2007	59,340	36,506	22,834	5,200	1,649	3.33	8,476	17,393	1,938	0.44
2008	58,678	38,543	20,135	5,365	1,484	2.94	9,417	4,976	895	1.60
2009	58,142	42,358	15,784	4,485	1,201	2.78	5,566	4,976	596	1.00
2010	60,396	41,631	18,765	5,860	1,108	2.69	4,940	2,479	297	1.78

¹ Includes transfers in and excludes interest earned on construction funds.

² Excludes depreciation expense.

³ Includes special assessment principal and interest collected.

**City of Savannah, Georgia
Demographic and Economic Statistics,
Last Ten Calendar Years**

Year	Population	Personal Income (000)	Per Capita Personal Income	Chatham County Retail Sales (000,000)	Unemployment Rate	School Enrollment
2001	132,985	\$ 3,763,077	\$ 28,297	\$ 4,403	3.2%	42,764
2002	132,985	3,829,702	28,798	4,511	3.8%	42,118
2003	132,985	3,989,949	30,003	4,600	4.0%	41,903
2004	132,985	4,199,932	31,582	5,078	3.9%	41,615
2005	132,985	4,479,201	33,682	5,562	3.9%	41,571
2006	132,985	4,783,204	35,968	6,464	3.7%	41,225
2007	132,985	5,047,446	37,955	6,409	3.9%	40,520
2008	132,985	5,254,902	39,515	6,128	6.6%	40,244
2009	132,985	5,099,709	38,348	5,846	9.8%	41,152
2010	136,285	5,304,651 *	38,923 *	5,780	8.9%	40,973

Sources: Population information provided by the U.S. Census Bureau. Personal income data provided by the Bureau of Economic Analysis. Chatham County retail sales estimated by the City of Savannah. Unemployment rates provided by the U.S. Department of Labor. School enrollment provided by the Savannah/Chatham School Board and public and private schools.

* Estimated. Data for 2010 not available at time of publishing.

**City of Savannah, Georgia
Principal Employers,
Current Year and Nine Years Ago**

Employer	2010			2001		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Gulfstream Aerospace	6,000	1	4.09%	5,000	1	4.66%
Ft. Stewart/Hunter Army Airfield	5,109	2	3.48%	4,283	4	3.99%
Memorial Health University Medical Center	4,643	3	3.17%	4,400	3	4.10%
Savannah/Chatham County Bd. Of Education	4,093	4	2.79%	5,000	2	4.66%
St. Joseph's/Cander Health System	3,304	5	2.25%	3,700	6	3.45%
Wal-Mart	2,935	6	2.00%			
City of Savannah	2,500	7	1.71%	1,991	9	1.86%
Momentum Resources II, Inc.	1,703	8	1.16%			
Savannah College of Art and Design	1,500	9	1.02%			
Chatham County	1,500	10	1.02%	1,590	10	1.48%
Savannah International Airport	-		-	3,600	7	3.35%
State of Georgia	-		-	3,750	5	3.49%
International Paper Company	-		-	2,000	8	1.86%

Information provided by Chatham County.

City of Savannah, Georgia
Full-time Equivalent City Government Employees by Function/Program,
Last Ten Fiscal Years

<u>Function/Program</u>	<u>Full-time Equivalent Employees as of December 31</u>									
	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
General government										
General administration	31.50	32.50	32.50	35.00	36.00	41.00	43.00	43.00	43.00	35.00
Management and financial services	94.75	93.85	93.85	97.85	105.85	107.85	108.85	110.85	110.85	105.60
Information technology	33.00	33.00	34.00	34.00	35.00	35.00	37.00	37.00	37.00	34.00
Real property services	0.00	5.00	5.00	6.00	8.00	6.00	6.00	6.00	6.00	5.00
Recorder's court	29.50	28.50	28.50	28.50	27.50	27.50	27.50	27.50	28.50	27.50
Public works										
Park and Tree	61.00	64.00	64.00	64.00	65.00	66.00	66.00	66.00	66.00	66.00
Cemeteries	35.00	35.00	31.00	27.63	27.63	27.63	27.63	31.63	31.63	26.63
Streets and Drainage	150.00	151.00	150.00	151.00	155.00	158.00	160.00	160.00	161.00	143.00
Vehicle maintenance	44.00	45.00	45.00	45.00	44.00	44.00	44.00	44.00	44.00	41.00
Public safety										
Police	494.52	501.52	506.28	513.28	699.28	724.28	745.28	756.28	756.28	748.64
Communications center	47.00	51.00	51.00	51.00	85.00	87.00	84.00	91.00	91.00	90.00
Fire and emergency services	260.00	260.00	260.00	278.00	297.00	304.00	328.00	328.00	328.00	324.00
Leisure services	199.83	199.83	201.61	200.61	203.50	204.44	214.50	215.51	215.01	203.61
Public development	112.50	116.50	116.50	123.50	127.50	130.50	137.00	142.00	142.50	139.00
Sanitation	185.50	185.50	185.50	188.50	188.50	196.50	198.50	222.50	223.50	221.50
Civic center	20.50	20.50	20.00	20.00	20.00	20.00	21.00	25.00	25.00	24.00
Water and sewer	269.00	275.00	275.00	277.00	282.00	290.00	301.00	301.00	302.00	299.00
Parking services	56.90	56.90	63.90	64.90	66.40	66.40	77.15	77.65	78.65	78.75
Total	2,124.50	2,154.60	2,163.64	2,205.77	2,473.16	2,536.10	2,626.41	2,684.92	2,689.92	2,612.23

Source: City Budget Office

**City of Savannah, Georgia
Operating Indicators by Function/Program,
Last Ten Fiscal Years**

<u>Function/Program</u>	<u>Fiscal Year</u>									
	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
Police										
Violent crimes	1,792	1,417	1,257	1,255	1,245	1,182	1,319	1,292	1,128	845
Property crimes	13,211	13,020	11,995	11,581	11,857	9,924	9,852	11,250	10,654	9,202
Fire										
Fire calls	1,295	1,320	1,167	1,119	1,038	1,390	1,237	882	842	959
Dwelling fires	374	462	422	407	196	410	329	152	337	422
Rescues	117	125	120	96	119	100	150	165	189	200
Refuse Disposal										
Total system City tons	183,771	185,422	196,823	200,118	199,414	192,214	201,637	157,237	163,221	109,341
Other public works										
Traffic sign repairs	7,694	5,880	5,660	3,885	4,075	5,100	7,573	5,200	8,910	7,778
Pothole repairs	1,215	1,113	840	840	1,835	1,616	2,530	1,400	720	732
Storm drain inlets cleaned	3,513	3,513	5,386	5,128	5,421	4,444	4,734	6,512	5,287	4,416
Leisure services										
Youth baseball participants	1,522	1,284	1,410	1,436	1,311	1,207	1,160	1,350	1,165	1,171
Youth football participants	825	927	1,046	1,403	1,475	1,509	1,576	1,623	2,040	1,976
Neighborhood center participants	7,072	6,393	6,709	7,350	7,490	6,664	7,433	7,775	5,865	7,021
Water										
Average daily ground water production (MGD)	25.16	25.83	24.66	25.39	23.99	24.04	25.59	25.03	23.39	23.36
Average daily surface water production (MGD)	36.59	38.37	35.52	33.47	31.53	30.10	29.92	28.43	27.51	32.53
Sewer										
Average flow (MGD)	22.60	23.92	27.72	25.33	27.03	26.33	25.26	24.27	26.31	25.99
Public Development										
Permits issued for commercial/industrial construction	67	97	76	109	102	102	146	61	76	49
Permits issued for residential construction	111	113	283	544	618	731	758	457	471	498

Sources: Crime data from Bureau of Justice Statistics.

Other data from various city departments.

**City of Savannah, Georgia
Capital Asset Statistics by Function/Program,
Last Ten Fiscal Years**

<u>Function/Program</u>	<u>Fiscal Year</u>									
	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
Police										
Stations	4	4	4	4	6	6	6	5	5	5
Fire										
Stations	11	12	13	13	13	15	15	15	15	15
Refuse Collection										
Available landfill capacity (cubic yards)	978,900	1,009,374	699,464	362,382	214,471	2,608,718	2,471,818	2,210,699	1,933,345	1,815,878
Other public works										
Streets (miles)	578	578	578	578	578	593	638	676	682	682
Signalized intersections						208	241	243	244	248
Cemeteries	5	5	5	5	5	5	5	5	5	5
Leisure services										
Parks (acreage)	460	460	460	460	460	460	661	661	661	663
Playgrounds	55	55	55	55	55	55	55	55	55	57
Water										
Wells	41	41	41	41	41	42	43	47	47	49
Sewer										
Treatment capacity (MGD)	35.45	35.45	35.45	35.45	35.45	35.45	35.45	36.95	36.95	36.95
Parking facilities										
Parking garages	3	3	3	3	3	4	4	5	5	5
Civic Center										
Arenas	1	1	1	1	1	1	1	1	1	1
Meeting rooms	6	6	6	6	6	6	6	6	6	6
Theaters	1	1	1	1	1	1	1	1	1	1

Sources: Various city departments.

Note: Data not available for all indicators for all years. Also, certain functions/programs have no available capital asset indicators.

**CITY OF SAVANNAH, GEORGIA
WATER SYSTEM PRODUCTION AND NUMBER OF SYSTEM CUSTOMERS
LAST TEN CALENDAR YEARS**

Year	Ground Water Production		Surface Water Production		Number of Water Accounts¹	Number of Sewer Accounts¹
	Daily Average (MGD)	Peak Day (MGD)	Daily Average (MGD)	Peak Day (MGD)		
2001	25.16	31.83	36.59	46.70	79,923	77,650
2002	25.83	37.55	38.37	49.49	81,059	78,784
2003	24.66	33.76	35.52	43.43	82,714	80,456
2004	25.39	35.88	33.47	45.19	83,990	81,706
2005	23.99	31.02	31.53	45.70	85,430	83,122
2006	24.04	33.40	30.10	45.71	85,994	83,673
2007	25.59	34.17	29.92	44.06	88,891	86,533
2008	25.03	33.70	28.43	42.20	90,398	87,975
2009	23.39	31.55	27.51	38.16	91,722	89,162
2010	23.36	32.97	32.53	43.67	91,931	89,388

¹ Water and Sewer account counts based on the total dwelling units served.

**CITY OF SAVANNAH, GEORGIA
SEWAGE TREATMENT PLANT FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2010**

Sewage Treatment Facility	Capacity (MGD)	Average Flow (MGD)	Maximum Dry Weather Daily Flow (MGD)	Maximum Wet Weather Daily Flow (MGD)	Year of Last Upgrade	Treatment Process
President Street Plant	27.00	20.01	18.50	24.08	1997	Primary treatment, activated sludge, clarifier, chlorinator, gravity thickener, belt press, clarifiers, chlorination, sludge incineration: 2MGD reclaim water by filtration.
Wilshire Plant	4.50	2.58	3.88	3.93	1999	Activated sludge, clarifier, gravity thickener, chlorinator, belt press, sludge disposed at landfill.
Georgetown Plant	2.45	1.58	1.74	1.80	2005	Activated sludge, clarifiers, effluent filtration, ultra-violet disinfection, belt press, sludge disposed at landfill.
Crossroads Plant	3.00	1.81	2.10	2.31	2008	Screening, grit removal, flow equalization, activated sludge clarifiers, filtration, ultra-violet disinfection, post aeration, belt press, sludge disposed at landfill.
Total	<u>36.95</u>	<u>25.99</u>	<u>26.22</u>	<u>32.12</u>		

**CITY OF SAVANNAH, GEORGIA
WATER AND SEWER RATES
LAST TEN CALENDAR YEARS**

Year	Bi-Monthly Water Rates for Residential and Commercial Customers						Bi-Monthly Sewage Rates for Residential and Commercial Customers						Industrial Water Rate (\$ per MG)
	Inside City			Outside City			Inside City			Outside City			
	Base Charge	First 1,500 cu. ft. per 100 cu. ft.	Over 1,500 cu. ft. per 100 cu. ft.	Base Charge	First 1,500 cu. ft. per 100 cu. ft.	Over 1,500 cu. ft. per 100 cu. ft.	Base Charge	First 1,500 cu. ft. per 100 cu. ft.	Over 1,500 cu. ft. per 100 cu. ft.	Base Charge	First 1,500 cu. ft. per 100 cu. ft.	Over 1,500 cu. ft. per 100 cu. ft.	
2001	\$11.06	\$0.46	\$0.64	\$16.59	\$0.69	\$0.96	\$8.80	\$1.08	\$1.46	\$13.20	\$1.62	\$2.19	\$567.45
2002	11.06	0.46	0.64	16.59	0.69	0.96	8.80	1.14	1.52	13.20	1.71	2.28	566.62
2003	11.06	0.46	0.64	16.59	0.69	0.96	8.80	1.22	1.60	13.20	1.83	2.40	580.08
2004	11.06	0.48	0.66	16.59	0.72	0.99	8.80	1.32	1.70	13.20	1.98	2.55	602.04
2005	11.06	0.48	0.66	16.59	0.72	0.99	8.80	1.44	1.82	13.20	2.16	2.73	628.99
2006	11.06	0.50	0.68	16.59	0.75	1.02	8.80	1.58	1.96	13.20	2.37	2.94	651.81
2007	11.06	0.56	0.74	16.59	0.84	1.11	8.80	1.74	2.12	13.20	2.61	3.18	714.80
2008	11.06	0.62	0.80	16.59	0.93	1.20	8.80	1.94	2.32	13.20	2.91	3.48	783.85
2009	11.06	0.70	0.88	16.59	1.05	1.32	8.80	2.16	2.54	13.20	3.24	3.81	925.39
2010	11.06	0.74	0.92	16.59	1.11	1.38	8.80	2.34	2.72	13.20	3.51	4.08	725.88

**CITY OF SAVANNAH, GEORGIA
WATER AND SEWER CONNECTION FEES
EFFECTIVE FOR THE YEAR ENDED DECEMBER 31, 2010**

Meter Size¹	Meter Installation Fee (per meter)	
	Installed by Plumber	Installed by City
5/8 to 3/4 inch	\$300	\$350
1 inch	350	400
1 1/2 inch	500	550

¹Larger meters are provided by the City to licensed plumbers at various fees sufficient to cover City costs.

	Tap-in Fee per ERU²	
	Inside City	Outside City
Water Tap-in	\$600	\$900
Sewer Tap-in	400	500

²Equivalent Residential Unit which is generally equivalent to a water demand of 300 gallons per day.

Note: In addition to the above meter installation fees and tap-in fees, other surcharges are charged for new connections to the water and sewer system on a per ERU basis. The amount of the surcharge fee varies by geographic area and such fees are computed to recover the system's capital costs incurred to serve the specific area. Water impact fees vary by geographic area from zero to \$2,238 per ERU. Sewer impact fees vary by geographic area from \$345 to \$2,300 per ERU.

**CITY OF SAVANNAH, GEORGIA
MAJOR WATER AND SEWER CUSTOMERS
FOR THE YEAR ENDED DECEMBER 31, 2010**

Ten largest residential/commercial customers of the water and sewer system:

Customer	Product/Business	2010 Customer Revenue	Percent of 2010 Water and Sewer Fund Gross Revenue
Housing Authority of Savannah	Public housing	\$ 743,508	1.26%
Memorial Medical Center	General hospital	414,882	0.70%
Coastal Correctional Institute	State prison	382,459	0.65%
Candler/St. Josephs Hospital	General hospital	266,520	0.45%
Georgia Ports Authority	State port	235,125	0.40%
Chatham County Detention Center	County jail	231,073	0.39%
Atlantic-Armstrong State University	State university	191,680	0.33%
Savannah Hotel Association LLC	Hotel	185,176	0.31%
Roger Wood Packaging Company	Meat processing	169,141	0.29%
Gulfstream Aerospace	Aircraft manufacturer	162,352	0.28%
		<u>\$ 2,981,916</u>	5.06%

Major industrial customers of the water system:

Customer	Product/Business	2010 Customer Revenue	Percent of 2010 Water and Sewer Fund Gross Revenue	2010 Consumption (MG)
Weyerhaeuser	Bleached pulp	\$ 3,543,485	6.02%	4,881
International Paper	Unbleached kraft products	1,837,123	3.12%	2,530
Savannah Foods	Sugar refinery	484,442	0.82%	667
		<u>\$ 5,865,050</u>	9.96%	<u>8,078</u>