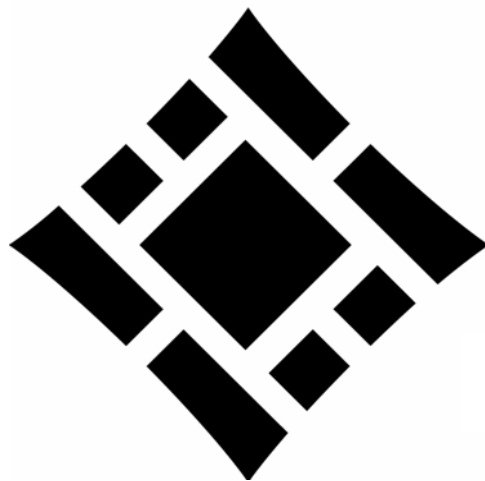




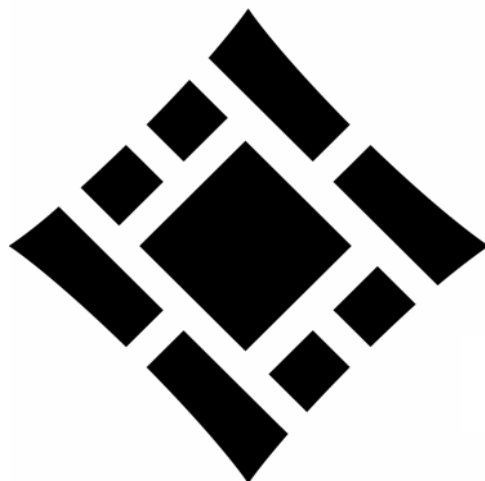
Comprehensive Annual Financial Report Year Ended December 31, 2012



**COMPREHENSIVE ANNUAL FINANCIAL REPORT
CITY OF SAVANNAH, GEORGIA
YEAR ENDED DECEMBER 31, 2012**



**PREPARED BY:
FINANCE DEPARTMENT
May 1, 2013**



**CITY OF SAVANNAH, GEORGIA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
YEAR ENDED DECEMBER 31, 2012**

TABLE OF CONTENTS

INTRODUCTORY SECTION

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

FINANCIAL SECTION

Independent Auditors' Report	1-2
Management's Discussion and Analysis	3-13
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Position	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 Position	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 Position - Proprietary Funds	20
Statement of Revenues, Expenses, and Changes in Fund Net Position - Proprietary Funds	21
Statement of Cash Flows - Proprietary Funds	22
Statement of Fiduciary Net Position - Fiduciary Funds	23
Statement of Changes in Fiduciary Net Position - 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 Employer Contributions – City of Savannah Other Post Employment Benefits Plan	77
Schedule of Valuation Details – City of Savannah Other Post Employment Benefits Plan	78
Notes to Required Supplementary Information	79-80

SUPPLEMENTAL SECTION

Combining and Individual Fund Statements and Schedules: 81-84

Combining Balance Sheet - Nonmajor Governmental Funds	85-86
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - Nonmajor Governmental Funds	87-88
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - Nonmajor Special Revenue and Debt Service Funds	89-93
Combining Statement of Fund Net Position - Nonmajor Enterprise Funds	94
Combining Statement of Revenues, Expenses, and Changes in Net Position - Nonmajor Enterprise Funds	95
Combining Statement of Cash Flows - Nonmajor Enterprise Funds	96
Combining Statement of Fund Net Position - Internal Service Funds	97
Combining Statement of Revenues, Expenses, and Changes in Net Position - Internal Service Funds	98
Combining Statement of Cash Flows - Internal Service Funds	99
Combining Statement of Fiduciary Net Position - Pension Trust Funds and Agency Funds	100
Combining Statement of Changes in Fiduciary Net Position - Pension Trust Funds	101
Combining Statement of Changes in Assets and Liabilities - Agency Funds	102

Other Supplemental Information:

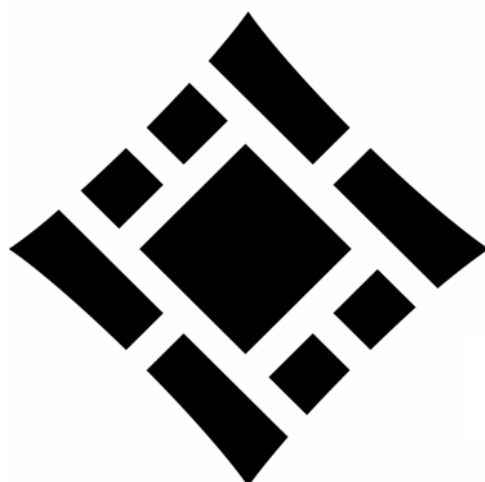
Schedule of Projects Funded with Special Sales Tax Proceeds	103-107
Schedule of Hotel/Motel Tax	108
Schedule of Revenues and Expenditures/Expenses - Rental Motor Vehicle Tax	109

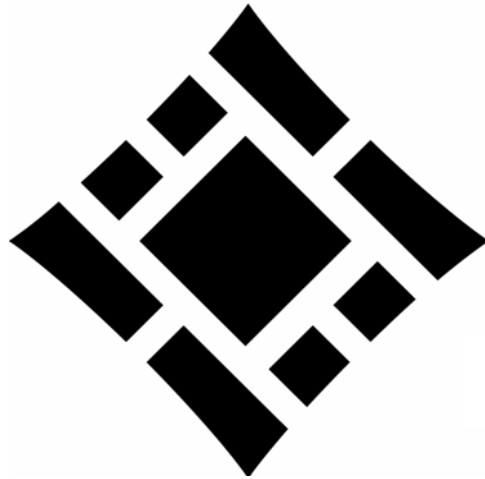
STATISTICAL SECTION

Net Position by Component	110
Changes in Net Position	111-112
Fund Balances of Governmental Funds	113
Changes in Fund Balances of Governmental Funds	114
Assessed Value and Estimated Actual Value of Taxable Property	115
Direct and Overlapping Property Tax Rates	116
Principal Property Taxpayers	117
Property Tax Levies and Collections	118
Ratios of Outstanding Debt by Type	119

STATISTICAL SECTION (continued)

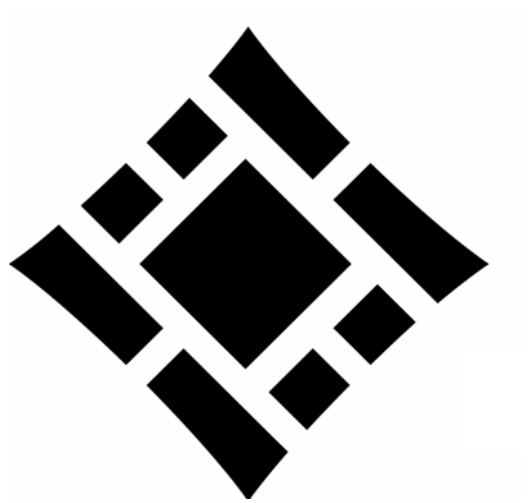
	<u>PAGE</u>
Ratios of General Bonded Debt Outstanding	120
Direct and Overlapping Governmental Activities Debt	121
Legal Debt Margin Information	122
Pledged-Revenue Coverage	123
Demographic and Economic Statistics	124
Principal Employers	125
Full-time Equivalent City Government Employees by Function/Program	126
Operating Indicators by Function/Program	127
Capital Asset Statistics by Function/Program	128
Water System Production and Number of System Customers	129
Sewage Treatment Plant Flows	130
Water and Sewer Rates	131
Water and Sewer Connection Fees	132
Major Water and Sewer Customers	133





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 1, 2013

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, 2012. 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, 2012. The Independent Auditors' 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 136,285 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; and, 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) 18 institutions of higher learning, and (v) the nation's largest landmark historic district. Unemployment within the region has been relatively high when compared to the national and state levels. As of December 2012, unemployment in the Savannah metropolitan area was 9.6% compared to 7.8% nationally and 8.7% for the State of Georgia as a whole. While unemployment rates are higher locally than state and national levels, several positive announcements in 2012 should provide momentum for an improved economic outlook going into 2013. Gulfstream, maker of private jets, delivered its first large-cabin, long-range G650 business jet. This premium jet is the fastest certified civilian aircraft in production and demand is expected to be strong in 2013, as evidenced by the five-year, 200 order backlog. A recent new comer to the Savannah manufacturing scene, Mitsubishi Power Systems, delivered its first commercial gas turbine from its local manufacturing facility. As natural gas demand in the energy generation markets increases, it is expected that orders for turbines will increase accordingly. Another local manufacturer, JCB, is producing 17 versions of skid-steer loaders and recently began recruiting for 300 new workers at its plant. In addition, JCB has established an apprenticeship program that works with the local community to provide the skilled labor required for the company's manufacturing processes.

Overall, six industry groups account for approximately three-quarters of the jobs in the Savannah area: educational and health services (16.0%), state and local government (14.9%), leisure and hospitality (13.4%), retail trade (11.4%), professional and business services (11.7%), and manufacturing (9.5%). The federal government is also a significant economic presence thanks to Fort Stewart and Hunter Army Airfield, which together provide employment to over 32,000 military and civilian personnel and have an annual financial impact of \$7.1 billion. Ft. Stewart is the largest military installation east of the Mississippi River and accounts for nearly three-fourths of the military employment in the area.

Tourism related numbers, as evidenced by hotel/motel related tax receipts, continued a strong rebound that began in 2010. After decreasing by 8% in 2009, hotel/motel tax collections have increased on average 10% per year over the past three years. Savannah was recently named “A Best City for Nightlife in the USA” by U.S. News & World Report and continues to be a destination of choice year round. As it did in 2011, the City again played host to the Rock & Roll Marathon race series. The race brought over 17,000 runners and visitors to the streets of Savannah and infused an estimated \$30 million into the local economy. It was also announced that the race series has been extended three more years through 2016. Savannah’s landmark historic district continues to be the number one tourist destination in Georgia with over 12 million visitors annually.

2012 was another successful year for the Georgia Ports Authority (GPA). GPA operates the Port of Savannah, which is the fourth largest and fastest growing container port in the United States. For its FY 2012, the Port of Savannah handled more than 2.9 million TEUs (twenty foot equivalent units) in throughput – the highest volume in its history. Over the past five years, GPA has been working on a strategic expansion and modernization plan aimed at accommodating long-term growth in the Southeast. This plan, once completed, will allow the GPA to more than double the amount of cargo volume that it can handle through its facilities. The current effort to deepen Savannah’s harbor will be key in accommodating the additional cargo brought to the port by the next generation of super-sized cargo carriers. The harbor deepening project would add six feet to the shipping channel’s depth and also provide a boost to the local economy as the project is estimated to cost more than \$600 million by the time it is completed. Other port related improvements include the \$73 million Jimmy DeLoach Parkway extension, due to come online in December 2015, the recently completed Highway 307 overpass and the 6,000-foot rail extension at the Mason Intermodal Container Transfer Facility.

Long-term Financial Planning

As of December 31, 2012, unassigned fund balance in the general fund (17.8% 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 15% and 20% of total general fund expenditures and transfers out). No draw on general fund reserves is planned in the 2013 budget. In addition to the unassigned 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 2012, the sales tax stabilization reserves totaled \$5,501,000 and no draw on these reserves is anticipated for 2013.

The adopted 2013 Budget conservatively assumed no growth in the total taxable value of property in the City and tentatively set a 2013 property tax of 12.5 mills, the same rate that was set for 2012. Since 1996, the property tax rate has been reduced 4.96 mills or 28%. Further decreases in the City’s millage rate will be challenging to achieve in the near term as property values have been stagnant due to the recent deep economic recession. Additional pressure on the City’s property tax rate will be exerted by the recently completed Local Option Sales Tax (LOST) negotiations. State law requires that cities and counties re-negotiate the allocation of LOST every ten years. In March 2013 Chatham County and the cities in the county completed the decennial negotiation for the LOST that will be effective for the nearly ten year period of April 2013 through December 2022. Savannah’s share of the LOST which was 67.21% prior to April 2013 will go to 58% for the remainder of 2013 and will be set at 57% effective in January 2014 through 2022. In connection with this decline in LOST share, Savannah will be relieved of paying the County for housing municipal prisoners at the county jail. The impact of the change in the LOST share and reduced jail costs is projected to be a decline in net revenue of approximately \$4.8 million for 2013. The reduction in LOST revenues for 2013 will require the City to re-visit the tentative property tax rate set in the 2013 budget.

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 2013 through 2017 identifies projects and funding that total \$170.6 million and includes major categories of water and sewer, public buildings, parks and recreation, community development, drainage, streets and traffic improvements. The General Fund is projected to contribute \$26.2 million or 15% of the funding for the five year plan. Year one of the five year plan, which was adopted by the mayor and council in November 2012, totals \$24.8

million in project funding. Major projects include police and fire station construction, landfill construction and infrastructure upgrades for storm drainage and water/sewer delivery and collection.

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 commitment to public safety will continue to focus on crime reduction efforts to maintain historically low crime levels throughout the City. Facility enhancements will drive this effort with plans to complete the renovations of the police training facility and to continue planning for the relocation of police headquarters, the downtown precinct and the central precinct. Several new fire stations will be coming on board in the next 12 to 24 months in order to help the City's fire department maintain its current ISO2 rating. Construction of a new station on Chatham Parkway should begin in 2013 and be complemented by the replacement of two temporary stations at Bradley and Sweetwater, respectively.

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 2012, the City had spent over \$10.5 million on the first phase of the redevelopment of this 44+ acre site that once contained 389 blighted rental properties. The City has provided infrastructure improvements and other assistance to this project that will culminate in a mixed-use neighborhood containing approximately 500 new mixed income housing units. Other community development efforts will be directed at Martin Luther King, Jr. Blvd., Montgomery Street, Waters Avenue and Augusta Avenue.

Park and recreation initiatives will focus on improving the City's existing facilities and also capitalizing on new opportunities. The City has earmarked \$20.4 million in total funding for construction of a new cultural arts center. This facility, once constructed, will provide a 500 seat community use theater, a 100 seat blackbox with equipment/workspace, classrooms, craft art studios and a media center. A location for this facility has been purchased at the intersection of Oglethorpe Avenue and MLK, Jr. Boulevard. The City is also in the planning phase for the new arena facility that was approved as part of the latest special purpose local option sales tax referendum. Current efforts for this project include the identification and evaluation of possible sites for the facility. Once completed, this new facility will replace the City's existing arena and will better meet the requirements of touring shows and attract more shows with a larger variety of entertainment genres. It is also anticipated that the new arena will encourage capital investment, increase the tax base, improve job opportunities and increase tourism within the City.

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, 2011. 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.

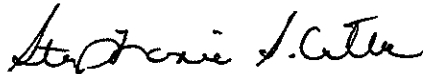
In addition, the City also received the GFOA's Distinguished Budget Presentation Award for the 2012 Service Program and Budget document. To qualify for the Distinguished Budget Presentation Award, the City's budget document must be proficient in several categories including policy documentation, financial 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,



Stephanie S. Cutter
City Manager



Richard M. Evans
Chief Financial Officer

**CITY OF SAVANNAH, GEORGIA
PRINCIPAL OFFICIALS
2012**

ELECTED OFFICIALS

MAYOR

Edna B. Jackson

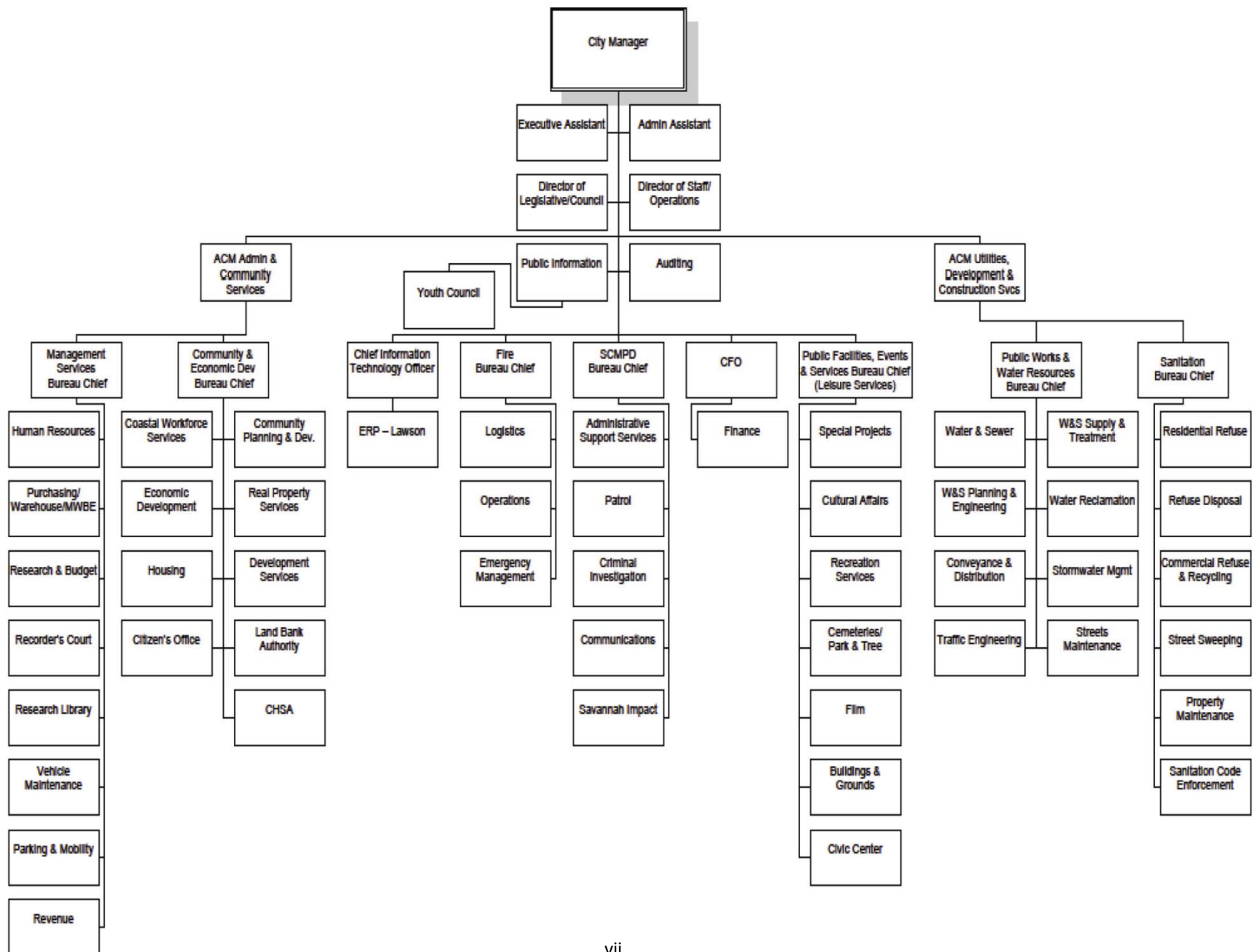
ALDERMEN

Carol Bell
Van R. Johnson II
John Hall
Dr. Estella Edwards Shabazz

Tom Bordeaux
Mary Osborne
Mary Ellen Sprague
Tony Thomas

OTHER OFFICIALS

Stephanie Cutter City Manager
Peter Shonka Assistant City Manager
Richard M. Evans..... Chief Financial Officer
David F. Maxwell, CPA Finance Director
Megan Duffy..... Auditing Director



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, 2011

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

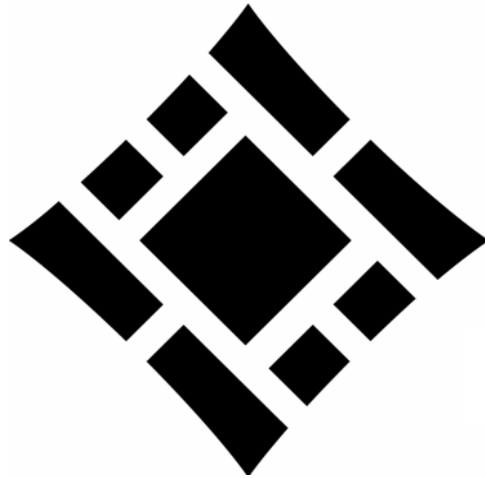


Christopher P. Moine

President

Jeffrey R. Emer

Executive Director



FINANCIAL SECTION

INDEPENDENT AUDITORS' REPORT

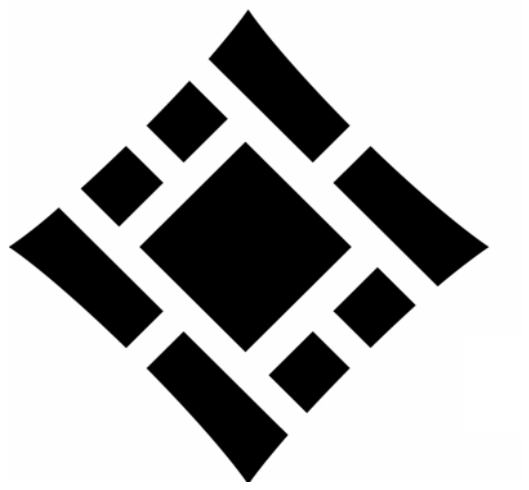
MANAGEMENT'S DISCUSSION AND ANALYSIS

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, 2012 and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City, as of December 31, 2012, and the respective changes in financial position, and, where applicable cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 3 and 72 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The supplementary data, combining and individual nonmajor fund financial statements and schedules, listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supplementary data, combining and individual nonmajor fund financial statements and schedules are the responsibility of management and were derived from and related directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying account and other records used to prepare the basic financial statements or to the basic financials statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary data, the combining and individual nonmajor fund financial statements and schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 1, 2013, 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Karp, Renning & Tindel, P.C.

Savannah, Georgia
May 1, 2013

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, 2012. 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 - v of this report.

Financial Highlights

- The assets of the City exceeded its liabilities at the close of 2012 by \$1,103,021,526 (net position). Of this amount, \$154,311,029 is unrestricted net position.
- The government's total net position increased by \$46,399,433 during 2012. Approximately 64.9% of this increase is attributable to governmental activities - operating and capital grants/contributions. The remaining 35.1% is attributable to business-type activities, primarily the water and sewer utility.
- As of the close of 2012, the City's governmental funds reported combined ending fund balances of \$145,576,300, an increase of \$18,562,933 for the year ended December 31, 2012. The increase is mostly attributable to the collection of intergovernmental revenues within the SPLOST 2009-2014 Fund.
- The unassigned fund balance for the general fund at the end of 2012 was \$31,284,363 or 17.8% of total general fund expenditures and transfers-out for that year. For the year ended December 31, 2012, the fund balance in the general fund increased \$322,105.
- The City's total long term liabilities experienced a net decrease of \$12,977,374 during the 2012 fiscal year. Of this amount, \$2,705,034 was recognized in the governmental activities and \$10,272,340 was recognized in the business-type activities. The decrease was attributable to scheduled debt service payments due in 2012 on previously outstanding borrowings and credit for contributions made to the City's OPEB Trust Fund.
- The City's Net OPEB Obligation at the end of 2012 was \$15,980,378 as compared to \$16,748,249 at the end of 2011. In 2012, the City contributed \$10,918,652 to the OPEB Trust Fund, which was 107.5% of the 2012 annual other post-employment benefits cost.

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 position" presents information on all of the City's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating. The "statement of activities" presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported 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, 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 nineteen 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, 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 the 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 - 80 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 81 - 109 of this report.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City, total assets and deferred outflows of resources exceeded total liabilities and deferred inflows of resources by \$1,103,021,526 at the close of the most recent fiscal year.

The following table provides a comparative summary of the City's net position for 2012 and 2011:

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

	Governmental Activities		Business-type Activities		Total	
	2012	2011	2012	2011	2012	2011
Current and other assets	\$222,669	\$202,691	\$137,329	\$128,936	\$359,998	\$331,627
Capital assets	582,085	576,037	404,289	407,072	986,374	983,109
Total assets	<u>804,754</u>	<u>778,728</u>	<u>541,618</u>	<u>536,008</u>	<u>1,346,372</u>	<u>1,314,736</u>
Deferred outflows of resources			101	140	101	140
Total assets and deferred outflows of resources	<u>\$804,754</u>	<u>\$778,728</u>	<u>\$541,719</u>	<u>\$536,148</u>	<u>\$1,346,473</u>	<u>\$1,314,876</u>
Other liabilities	12,473	14,088	27,157	27,580	39,630	41,668
Long-term liabilities outstanding	69,421	72,126	129,072	139,344	198,493	211,470
Total liabilities	<u>81,894</u>	<u>86,214</u>	<u>156,229</u>	<u>166,924</u>	<u>238,123</u>	<u>253,138</u>
Deferred inflows of resources	<u>5,328</u>	<u>5,116</u>			<u>5,328</u>	<u>5,116</u>
Net position:						
Net investment in capital assets	564,537	557,007	276,219	267,671	840,756	824,678
Restricted	105,611	86,328	2,344	2,395	107,955	88,723
Unrestricted	<u>47,384</u>	<u>44,063</u>	<u>106,927</u>	<u>99,158</u>	<u>154,311</u>	<u>143,221</u>
Total net position	<u>717,532</u>	<u>687,398</u>	<u>385,490</u>	<u>369,224</u>	<u>1,103,022</u>	<u>1,056,622</u>
Total liabilities, deferred inflows of resources and net position	<u>\$804,754</u>	<u>\$778,728</u>	<u>\$541,719</u>	<u>\$536,148</u>	<u>\$1,346,473</u>	<u>\$1,314,876</u>

The largest portion of the City's net position (76.2% or \$840,755,892) 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 position (9.8% or \$107,954,605) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position (14.0% or \$154,311,029) 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 2012 fiscal year, the City is able to report positive balances in all three categories of net position, 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 position increased by \$46,399,433. About 64.9% of this increase is attributable to governmental activities mainly due to operating and capital grants/contributions received in 2012. 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 position for the years ended December 31, 2012 and 2011:

City of Savannah - Changes in Net Position (\$000)						
	Governmental Activities		Business-Type Activities		Total	
	2012	2011	2012	2011	2012	2011
Revenues:						
Program revenues:						
Charges for services	\$ 40,087	\$ 37,175	\$ 100,238	\$ 94,089	\$ 140,325	\$ 131,264
Operating grants and contributions	11,867	15,879	71	70	11,938	15,949
Capital grants and contributions	35,836	40,145	530	950	36,366	41,095
General revenues:						
Property taxes	55,627	55,607			55,627	55,607
General sales taxes	42,623	39,962			42,623	39,962
Other taxes	45,347	43,314			45,347	43,314
Grants and contributions not restricted as to use	1,131	1,075			1,131	1,075
Other	2,443	2,879	565	608	3,008	3,487
Total revenues	<u>234,961</u>	<u>236,036</u>	<u>101,404</u>	<u>95,717</u>	<u>336,365</u>	<u>331,753</u>
Expenses (net of indirect costs):						
General administration and management	8,454	31,979			8,454	31,979
Facilities maintenance	36,408	33,226			36,408	33,226
Public safety	96,426	78,204			96,426	78,204
Leisure services, social and cultural	32,515	27,468			32,515	27,468
Public development	9,165	8,317			9,165	8,317
Community development and workforce training	16,290	17,492			16,290	17,492
Interest on long-term debt and capital leases	1,021	1,122			1,021	1,122
Water and sewer			53,240	48,673	53,240	48,673
Sanitation and solid waste disposal			23,257	20,842	23,257	20,842
Parking services			10,264	9,487	10,264	9,487
Civic center and golf course			3,138	2,948	3,138	2,948
Total expenses	<u>200,279</u>	<u>197,808</u>	<u>89,899</u>	<u>81,950</u>	<u>290,178</u>	<u>279,758</u>
Increase in net position before contributions and transfers	34,682	38,228	11,505	13,767	46,187	51,995
Contributions	212	180			212	180
Transfers	(4,761)	(6,143)	4,761	6,143		
Change in net position	30,133	32,265	16,266	19,910	46,399	52,175
Net position - January 1	687,399	655,133	369,223	349,313	1,056,622	1,004,446
Net position - December 31	<u>\$ 717,532</u>	<u>\$ 687,398</u>	<u>\$ 385,489</u>	<u>\$ 369,223</u>	<u>\$ 1,103,021</u>	<u>\$ 1,056,621</u>

Governmental activities. Governmental activities increased the City's net position by \$30,133,431. Key elements of this increase are as follows:

- Capital grants and contributions were recognized in 2012 in the amount of \$35,836,043. Most of this revenue, \$30,156,630, was special purpose local option sales taxes received from Chatham County. An additional amount totaling \$446,465 was the value of infrastructure assets such as roads and bridges constructed by other governments and private developers, which were conveyed to the City during the year.
- Property taxes increased by \$19,957 (less than 1%) during the year as compared to 2011. This relative stability within the property tax revenue stream resulted from stagnant property values and a stable millage rate.
- General sales tax revenues increased in 2012 compared to the previous year by \$2,661,855 (6.7%). This additional revenue is reflective of increased retail sales within the community.
- Selective sales tax revenues increased in 2012 by \$1,725,952 (9.9%) compared to 2011. This increase is mostly attributable to increased tourist traffic for the City in 2012 compared to 2011, which increased the hotel/motel revenues by \$1,394,841.

For 2012, overall governmental activity expenses increased by \$2,470,218 (1.2%) as compared to 2011. The general administration and management activity decreased \$23,525,850 in 2012. This decrease was due mainly to the recognition in 2011 of a one-time contribution of \$26,334,507 to the City's OPEB Trust Fund. These funds had been previously accumulated for this purpose.

In 2012, the public safety activity, which includes police and fire protection, experienced a net increase in expenses of \$18,221,118. Within the public safety activity, expenses for police services increased by \$12,482,606 (22.6%) for 2012 as compared to 2011. In addition, expenses for fire protection services increased by \$5,310,258 (25.3%) in 2012 as compared to 2011 and expenses for recorder's court were higher by \$428,254 (23.1%). Significant expense increases in the public safety activity can be mainly attributed to an increase in OPEB expense of \$7,999,044 in the police function and \$3,066,981 in the fire function.

The facilities maintenance activity, which includes maintenance of streets, drainage ways and public intersections, increased expenses by \$3,182,259 (9.6%) in 2012 compared to the prior year. Most of this increase can be attributed to the storm water management department, which increased expenses by \$427,136 (9.0%) and the street maintenance function, which increased expenses by \$1,281,854 (12.3%). A 2012 expense decrease occurred in traffic engineering, which reduced expenses by \$6,831 or 0.1%.

The leisure services, social and cultural function increased expenses in 2012 by \$5,047,241 (18.4%) compared with 2011. More specifically, expenses for leisure services were higher by \$4,228,809 (24.2%) with most of this total attributable to OPEB expense, which was \$2,761,680 higher in 2012. In addition, three individual departments within leisure services saw significant expense increases in 2012: youth services (\$212,290), senior services (\$230,128) and park & tree maintenance (\$207,075).

Expenses related to public development increased in 2012 by \$847,678 compared to 2011. Specific increases in 2012 were experienced by the citizens office, which increased \$318,566 and development services, which increased \$155,519. Also in 2012, additional, non-recurring expenditures were recognized for a runoff election, a city attorney search and local option sales tax negotiations within the public development function.

Expense reductions related to public development were experienced in the bureau chief's office (\$520,462), the entrepreneurial center (\$150,396) and the City's contribution to the Savannah Development and Renewal Authority (\$242,266).

Business-type activities. Business-type activities increased the City's net position by \$16,266,002. Key elements of this increase are as follows:

- Charges for services for business-type activities overall increased by \$6,149,354 or 6.5%. The water and sewer activity increased charges for services by \$1,965,600 or 3.3% in 2012 as compared to 2011. This increase is attributable to higher metered water and sewer revenues for both in-side the city and out-side the city utility customers. The sanitation activity increased charges for services by \$3,407,652 or 15.8%. This increase resulted from higher

revenues for services provided to both residential and commercial collection and disposal customers. Parking facility charges for services increased in 2012 by \$946,726 or 8.5% compared to 2011. An increase of \$389,618 resulted from parking garages revenues and an increase of \$396,984 resulted from parking meter/parking citation revenues.

- Capital grants and contributions, all of which were associated with the water and sewer activity, in the amount of \$530,145 were recognized in 2012. This amount represents the value of infrastructure such as water and sewer lines contributed by developers to the City during the year. In 2012, the amount of capital grants and contributions recognized was lower than the amount recognized in 2011 by \$420,274.

Overall, expenses for business-type activities increased in 2012 by \$7,949,055, or 9.7%. The majority of this increase was due to increased expenses in the water and sewer activity, which increased expenses by \$4,566,914 (9.4%) in 2012, compared to 2011. Within the water and sewer activity for 2012, increases were experienced in expenses related to personal services (\$3,548,044) and commodities (\$587,880). Conversely, within the water and sewer activity, expenses related to contractual services increased only slightly compared to 2011 (\$315,797 or 2.5%), while expenses for internal services declined in 2012 by \$131,862 (2.7%). In the sanitation activity, overall expenses were higher by \$2,415,405 for 2012 compared to 2011. Increases in personal service expenses totaling \$1,870,641 (19.6%) and contractual service expenses totaling \$418,899 (11.3%) accounted for most of the expense increase for the sanitation activity. The parking facility activity experienced year over year increases in expenses totaling \$776,493 or 8.2%. In 2012, parking activity expenses related to personal services and contractual services increased by \$476,628 and \$278,215 respectively.

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, unassigned 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 2012 fiscal year, the City's governmental funds reported combined ending fund balances of \$145,576,300, an increase of \$18,562,933 for the year ended December 31, 2012. Approximately 21.5% of the fund balance (\$31,284,363) is classified as unassigned in the City's general fund. These funds are available for spending in future years without restrictions. The largest portion of fund balance, \$76,210,838 or 52.3% is classified as restricted. These balances are available for spending in future years but are restricted for specific purposes. Of the restricted amount reported at year end, \$55,562,244 is for SPLOST projects, \$17,070,182 is for tax allocation district projects, \$2,381,783 is for public safety purposes, \$925,902 is for debt service and \$270,727 is for economic development purposes. The City's committed fund balance at year end was \$32,736,741. Committed fund balances represent amounts that have been constrained by the mayor and council for specific purposes. As of December 31, 2012, committed fund balance consisted of \$30,519,448 for other capital projects, \$1,397,254 for property redevelopment and \$820,039 in open purchase orders. The final category of fund balance shown is nonspendable and consists of assets set aside for perpetual care of the City's cemeteries. Nonspendable fund balance at year end was \$5,344,358.

The general fund is the chief operating fund of the City. At the end of the current fiscal year, unassigned fund balance of the general fund was \$31,284,363. As a measure of the general fund's liquidity, it is useful to compare unassigned fund balance to total fund expenditures. Unassigned fund balance represents 17.8% of total general fund expenditures plus transfers-out.

The fund balance of the City's general fund increased in 2012 by \$322,105. Key factors in this increase are as follows:

- Property tax revenues decreased by \$829,412 (1.4%) compared to the prior year. This decrease in property tax revenues resulted mainly from fewer delinquent taxes being collected in 2012 compared to 2011.
- Revenues from inspection fees increased by \$640,729 (43.2%) compared to the prior year. The additional revenue was derived from increased permitting activity for commercial and residential construction.
- General sales tax revenues increased \$1,814,580 (4.5%) in 2012 compared to the prior year. This increase is due to increased taxable sales during 2012 compared to 2011.
- Business tax revenues were higher in 2012 by \$423,652 (6.0%) compared to 2011. This increase can be attributed to an increase in insurance premium taxes of \$397,397 and an increase in preservation fees of \$26,255.

Overall total expenditures (and transfers out) of the general fund increased \$11,654,488 (7.1%) for 2012 compared to the prior year. Significant increases in general fund expenditures were related to police \$2,682,329 (4.6%), facilities maintenance \$1,537,567 (6.9%), fire \$1,517,942 (6.5%) and general administration \$1,512,915 (55.7%). General fund transfers out increased a total of \$3,593,795 during 2012 compared to 2011. General fund transfers to the capital improvement fund increased \$4,125,460 (79.2%). In addition, general fund transfers to the public safety communications fund increased \$678,625 (311.1%).

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 2012, this fund expended \$9,356,543 on the City's community development program and its administration. In addition, in 2012 the community development fund expended \$152,882 for debt service payments related to Section 108 loans owed by the City.

The City also maintains the SPLOST 2009-2014 fund, which 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. In 2012, the SPLOST 2009-2014 fund received \$30,156,630 in special purpose local option sales tax revenues and expended \$11,020,976 for the construction of capital projects. As of the end of 2012, the SPLOST 2009-2014 fund had a fund balance of \$25,100,062, all of which is required for projects specified within the authorizing referendum.

Proprietary funds. The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. Unrestricted net position of the water and sewer fund at the end of the year amounted to \$91,825,464, which is an increase from the prior year of \$5,287,321. Though not restricted as such, this balance is earmarked for capital improvements needed for the water and sewer system in future years. Unrestricted sanitation fund net position at year end was a deficit of \$5,201,888, an increase from 2011 of \$271,529. Unrestricted parking services net position increased by \$1,817,976 for 2012. Unrestricted net position for the non-major enterprise funds at the end of 2012 were \$2,626,077, which is \$392,727 (17.6%) higher than the prior year end.

General Fund Budgetary Highlights

The difference between the original budget appropriations and the final amended budget appropriation for expenditures and transfers out reflects an increase of \$5,996,838 which is 3.5%. Significant budget changes included an increase in the appropriation for transfers to the capital improvement fund of \$4,970,523 an increase in the appropriation for general administration expenditures of \$749,050 and an increase in the appropriation for fire expenditures of \$471,813. Significant budget decreases included amounts appropriated for management and financial services (reduced \$442,902), police (reduced \$386,912), leisure services (reduced

\$254,943) and public development (reduced \$609,104). Overall for the general fund in 2012, actual expenditures and transfers out were below the final budget amount by \$2,795,160 or about 1.6%. Unfavorable budgetary variances between the final amended budget and actual results were experienced during 2012 in recorders court (\$8,708 or 0.4%), leisure services (\$315,840 or 1.6%), and public development (\$854,988 or 9.2%).

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, 2012, amounted to \$986,372,649 (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 net increase in the value of the City's investment in capital assets for the current fiscal year was \$3,263,275 (a \$6,046,978 net increase for governmental activities and a \$2,783,703 net decrease 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 \$15,668,524 were completed or acquired during the year. The total value of governmental capital assets of all types still under construction at year end was \$104,780,301.
- A variety of street and drainage construction projects with a total value of \$1,705,692 were completed or acquired during the year. Machinery and other rolling stock valued at \$5,962,438 were placed into service during the year. Buildings and other improvements valued at \$4,080,110 were completed during the year.
- Various business-type plant capital asset projects, including land purchases, with a total value of \$17,203,137 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 \$54,668,882.

The following table summarizes the City's governmental activity and business-type activity capital assets by major category as of the end of 2012 and 2011:

City of Savannah - Capital Assets (\$000)						
	Governmental Activities		Business-type Activities		Total	
	2012	2011	2012	2011	2012	2011
Land	\$ 62,805	\$ 58,885	\$ 7,896	\$ 7,895	\$ 70,701	\$ 66,780
Plants and Buildings	49,950	46,009	582,496	566,550	632,446	612,559
Improvements other than buildings	68,002	67,862	33,835	33,807	101,837	101,669
Machinery, equipment and fixtures	100,576	98,207	33,813	32,891	134,389	131,098
Streets and drainage	467,329	465,623			467,329	465,623
Construction in progress	104,780	90,534	54,669	59,483	159,449	150,017
Less accumulated depreciation	(271,358)	(251,083)	(308,421)	(293,554)	(579,779)	(544,637)
Total	<u>\$582,084</u>	<u>\$576,037</u>	<u>\$404,288</u>	<u>\$407,072</u>	<u>\$986,372</u>	<u>\$983,109</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 2012, the City had total bonded debt (excluding special assessment debt) outstanding of \$45,867,032 (net of unamortized premiums and discounts). In addition to bonded debt, the City also had outstanding notes of \$29,640,610, and contractual obligations that secured bonds issued by certain public authorities (which are not part of the City entity) totaling \$64,455,285. All three types of debt obligations totaled \$139,962,927. Of this amount, \$60,746,790 comprises debt backed by the full faith and credit of the City and \$79,216,137 represents bonds secured by specified revenue sources.

The following table summarizes outstanding debt of the City as of the end of 2012 and 2011:

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

	Governmental Activities		Business-type Activities		Total	
	2012	2011	2012	2011	2012	2011
Revenue bonds	\$ -	\$ -	\$ 45,867	\$ 53,007	\$ 45,867	\$ 53,007
Contractual obligations	31,106	33,596	33,349	34,722	64,455	68,318
Notes	840	980	28,801	31,171	29,641	32,151
Total	<u>\$ 31,946</u>	<u>\$ 34,576</u>	<u>\$ 108,017</u>	<u>\$ 118,900</u>	<u>\$ 139,963</u>	<u>\$ 153,476</u>

* Excluding special assessment debt.

As of the end of 2012, the City's total debt had decreased by \$13,513,206 (8.8%) when compared to the amount outstanding at the end of 2011. This decrease resulted from the City meeting regularly scheduled debt service payments during 2012. 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 \$453,562,744. As of December 31, 2012 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 City of Savannah as of the end of 2012 was 9.6% compared to 8.7% as of the end of 2011. The unemployment rate for the City of Savannah as of December 2012 was higher than that of the state of Georgia as a whole (8.7%). The national average as of December 2012 was 7.8%.
- The City's property tax digest has decreased in total value 9.0% over the past five years. The City's property tax digest value reached a peak in 2009 and has declined each year since then with an average annual decrease of 3.2%.
- Chatham County retail sales increased in 2012 after experiencing declines in three out of the past four years. Retail sales in 2012 were 4.4% higher in 2012 compared to 2011. Retail sales in 2012, at \$6.3 billion, were at their highest level since 2007.

All of these factors were considered in preparing the City of Savannah's budget for the 2013 fiscal year. The 2013 adopted budget is balanced and includes a tentative property tax millage rate of 12.5 mills, which is equivalent to the adopted millage for 2012.

Rates for water and sewer service for 2013 are increased from 2012. The base charges will remain the same; however, consumption charges will increase for the median inside City customer by \$1.50 per month, or 4.25%. 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. Rates for the sanitation fund are also increased in 2013. The monthly cost of residential curbside pickup is increased \$1.50 per month for 2013, increasing to \$27.50 and the commercial disposal fee is increased from \$3.65/cy to \$3.85/cy, or 5.5%.

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, GEORGIA
STATEMENT OF NET POSITION
DECEMBER 31, 2012

	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
<u>ASSETS</u>			
Cash and investments	\$ 78,649,692	\$ 116,524,597	\$ 195,174,289
Receivables (net)	36,836,782	13,896,820	50,733,602
Internal balances	(63,976)	63,976	
Inventories	912,738	101,337	1,014,075
Restricted assets:			
Cash and investments	78,773,206	6,698,870	85,472,076
Accounts receivable	137,031	43,863	180,894
Net pension asset	204,195		204,195
Notes receivable, due within one year	3,189,116		3,189,116
Notes receivable, long term	23,149,572		23,149,572
Property held for resale	881,399		881,399
Capital assets:			
Land and construction in progress	167,585,702	62,564,625	230,150,327
Other capital assets, net of depreciation	414,498,796	341,723,526	756,222,322
Total assets	804,754,253	541,617,614	1,346,371,867
<u>DEFERRED OUTFLOWS OF RESOURCES</u>			
Deferred amounts from refunding of debt		101,058	101,058
Total assets and deferred outflows of resources	\$ 804,754,253	\$ 541,718,672	\$ 1,346,472,925
<u>LIABILITIES</u>			
Accounts payable and accrued liabilities	\$ 8,303,169	\$ 22,987,412	\$ 31,290,581
Interest payable	557,342	1,019,454	1,576,796
Payable from restricted assets:			
Deposits	3,605,973	2,814,421	6,420,394
Interest payable	6,059	89,680	95,739
Current portion of debt payable		246,666	246,666
Long-term liabilities:			
Due within one year	12,955,533	10,190,984	23,146,517
Due in more than one year	44,432,898	114,933,600	159,366,498
Net OPEB Obligation	12,033,419	3,946,959	15,980,378
Total liabilities	81,894,393	156,229,176	238,123,569
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Unavailable program income	4,446,431		4,446,431
Unavailable property sale proceeds	881,399		881,399
Total deferred inflows of resources	5,327,830		5,327,830
<u>NET POSITION</u>			
Net investment in capital assets	564,537,365	276,218,527	840,755,892
Restricted for:			
Sales Tax Capital projects	55,562,244		55,562,244
Other Capital Projects	17,070,182		17,070,182
Community Development projects	23,744,182		23,744,182
HUD Section 108 projects	386,585		386,585
Nonexpendable perpetual care	5,432,407		5,432,407
Debt service	500,127	2,344,101	2,844,228
Public safety communications	2,165,317		2,165,317
Other grants	749,460		749,460
Unrestricted	47,384,161	106,926,868	154,311,029
Total net position	717,532,030	385,489,496	1,103,021,526
Total liabilities, deferred inflows of resources and net position	\$ 804,754,253	\$ 541,718,672	\$ 1,346,472,925

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

**CITY OF SAVANNAH, GEORGIA
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2012**

FUNCTIONS/PROGRAMS	EXPENSES	INDIRECT COSTS	PROGRAM REVENUES			NET (EXPENSE) REVENUE AND CHANGES IN NET POSITION		
			Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental activities:								
General administration	\$ 4,412,391	\$ -	\$ -	\$ -	\$ -	\$ (4,412,391)		\$ (4,412,391)
Management and financial services	8,416,387	(4,374,081)	2,949,615	1,000		(1,091,691)		(1,091,691)
Facilities maintenance	36,407,935		562,937		32,468,976	(3,376,022)		(3,376,022)
Police	67,821,826		24,818,834	157,549	254,653	(42,590,790)		(42,590,790)
Recorder's court	2,284,247		2,805,322			521,075		521,075
Fire	26,305,097	14,184	363,816	28,931		(25,926,534)		(25,926,534)
Leisure services	21,687,700		859,384	483,982		(20,344,334)		(20,344,334)
Tourism enhancement	9,108,558		1,169,512			(7,939,046)		(7,939,046)
Social and cultural	1,718,032					(1,718,032)		(1,718,032)
Public development	9,164,978		2,662,958			(6,502,020)		(6,502,020)
Grant program and administration	5,583,056	62,499		5,243,315	3,004,191	2,601,951		2,601,951
Community development program and administration	10,203,779	440,870	3,894,359	5,952,041	108,223	(690,026)		(690,026)
Interest on long-term debt	998,464					(998,464)		(998,464)
Interest on capital leases	22,538					(22,538)		(22,538)
Total governmental activities	<u>204,134,988</u>	<u>(3,856,528)</u>	<u>40,086,737</u>	<u>11,866,818</u>	<u>35,836,043</u>	<u>(112,488,862)</u>		<u>(112,488,862)</u>
Business-type activities:								
Water and sewer	50,833,205	2,406,995	61,648,174	71,107	530,145		\$ 9,009,226	9,009,226
Sanitation	22,399,059	858,272	24,981,705				1,724,374	1,724,374
Parking facilities	9,775,546	488,535	12,125,468				1,861,387	1,861,387
Civic Center	2,996,749	102,726	1,483,138				(1,616,337)	(1,616,337)
Golf Course	38,603						(38,603)	(38,603)
Resource Recovery								
Total business-type activities	<u>86,043,162</u>	<u>3,856,528</u>	<u>100,238,485</u>	<u>71,107</u>	<u>530,145</u>		<u>10,940,047</u>	<u>10,940,047</u>
Total	<u>\$ 290,178,150</u>	<u>\$ -</u>	<u>\$ 140,325,222</u>	<u>\$ 11,937,925</u>	<u>\$ 36,366,188</u>	<u>(112,488,862)</u>	<u>10,940,047</u>	<u>(101,548,815)</u>
General Revenues:								
Taxes:								
Property taxes						55,627,081		55,627,081
Intangible, transfer and franchise taxes						18,734,611		18,734,611
General sales taxes						42,623,357		42,623,357
Selective sales taxes						19,171,162		19,171,162
Business taxes						7,441,246		7,441,246
Penalties and interest on delinquent taxes						1,064,320		1,064,320
Grants and contributions not restricted to specific programs						1,131,180		1,131,180
Investment earnings, unrestricted						180,201	149,617	329,818
Gain on sale of capital assets						809,711	2,526	812,237
Miscellaneous revenue						389,043	412,516	801,559
Contributions to Cemetery Perpetual Care						211,677		211,677
Transfers						(4,761,296)	4,761,296	
Total general revenues, contributions, and transfers						<u>142,622,293</u>	<u>5,325,955</u>	<u>147,948,248</u>
Change in net position						30,133,431	16,266,002	46,399,433
Net position, beginning						<u>687,398,599</u>	<u>369,223,494</u>	<u>1,056,622,093</u>
Net position, ending						<u>\$ 717,532,030</u>	<u>\$ 385,489,496</u>	<u>\$ 1,103,021,526</u>

**CITY OF SAVANNAH, GEORGIA
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2012**

	GENERAL	COMMUNITY DEVELOPMENT	SPLOST 2009-2014	NONMAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
<u>ASSETS</u>					
Cash and investments	\$ 48,611,246	\$ 130,000	\$ -	\$ 4,669,928	\$ 53,411,174
Receivables, net	17,942,876			1,570,302	19,513,178
Due from other funds	2,164,434			27,914,186	30,078,620
Due from other governments	8,731,750	2,639,457		2,394,853	13,766,060
Restricted assets:					
Cash and investments		153,692	23,979,876	54,639,638	78,773,206
Receivables, net				17,205	17,205
Special assessment receivable, net				120,180	120,180
Due from other governments			2,381,027		2,381,027
Notes receivable, long-term		26,222,830		115,858	26,338,688
Property held for resale	881,399				881,399
Total assets	\$ 78,331,705	\$ 29,145,979	\$ 26,360,903	\$ 91,442,150	\$ 225,280,737
<u>LIABILITIES</u>					
Accounts payable	\$ 2,814,644	\$ 189,775	\$ 1,260,841	\$ 2,086,096	\$ 6,351,356
Accrued liabilities	959,544				959,544
Due to other funds	27,914,186	687,959		1,540,451	30,142,596
Payable from restricted assets:					
Unexpended grant proceeds	16,060	1,294,843		516,934	1,827,837
Escrow deposits	3,452,281	153,692			3,605,973
Total liabilities	35,156,715	2,326,269	1,260,841	4,143,481	42,887,306
<u>DEFERRED INFLOWS OF RESOURCES</u>					
Unavailable property taxes	8,258,574				8,258,574
Unavailable program income	533,361	26,819,710		324,087	27,677,158
Unavailable property sale proceeds	881,399				881,399
Total deferred inflows of resources	9,673,334	26,819,710		324,087	36,817,131
<u>FUND BALANCES</u>					
Nonspendable				5,344,358	5,344,358
Restricted			25,100,062	51,110,776	76,210,838
Committed	2,217,293			30,519,448	32,736,741
Unassigned	31,284,363				31,284,363
Total fund balance	33,501,656		25,100,062	86,974,582	145,576,300
Total liabilities, deferred inflows of resources and fund balances	\$ 78,331,705	\$ 29,145,979	\$ 26,360,903	\$ 91,442,150	\$ 225,280,737

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

**CITY OF SAVANNAH, GEORGIA
RECONCILIATION OF THE BALANCE SHEET FOR GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
DECEMBER 31, 2012**

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

Total fund balances for Governmental Funds (page 16)	\$ 145,576,300
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	554,453,869
Additional assets shown in governmental activities that are not shown in the funds due to differences in revenue recognition criteria	204,195
Other long-term assets are not available to pay for current-period expenditures and are not recognized as revenues at the fund level	33,317,138
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 position.	43,493,082
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds	<u>(59,512,554)</u>
Net position of governmental activities (page 14)	<u><u>\$ 717,532,030</u></u>

CITY OF SAVANNAH, GEORGIA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2012

	<u>GENERAL</u>	<u>COMMUNITY DEVELOPMENT</u>	<u>SPLOST 2009-2014</u>	<u>NONMAJOR GOVERNMENTAL FUNDS</u>	<u>TOTAL GOVERNMENTAL FUNDS</u>
REVENUES:					
Property taxes	\$ 57,212,984	\$ -	\$ -	\$ 66,326	\$ 57,279,310
Intangible, transfer and franchise taxes	18,734,611				18,734,611
General sales tax	42,623,357				42,623,357
Selective sales taxes	3,972,091			15,199,071	19,171,162
Business taxes	7,441,246				7,441,246
Penalties and interest on delinquent taxes	1,064,320				1,064,320
Licenses and permits	1,789,878				1,789,878
Inspection fees	2,124,182				2,124,182
Intergovernmental revenue	1,634,759	6,060,264	30,156,630	9,959,994	47,811,647
Charges for services	23,013,921	2,162,614		5,219,153	30,395,688
Indirect cost allocations	5,012,745				5,012,745
Special assessments				1,073	1,073
Fines and forfeitures	2,983,761				2,983,761
Investment income	97,550	23,894		92,519	213,963
Miscellaneous revenue	1,100,491			96,650	1,197,141
Total revenues	<u>168,805,896</u>	<u>8,246,772</u>	<u>30,156,630</u>	<u>30,634,786</u>	<u>237,844,084</u>
EXPENDITURES:					
Current:					
General administration	4,230,174				4,230,174
Management and financial services	7,552,697				7,552,697
Facilities maintenance	23,667,973				23,667,973
Police	61,414,956			5,847,444	67,262,400
Recorder's court	2,271,720				2,271,720
Fire	25,047,983			511,866	25,559,849
Leisure services	20,135,151				20,135,151
Tourism enhancement	2,555,714			6,553,671	9,109,385
Social and cultural	1,718,032				1,718,032
Public development	10,118,662				10,118,662
Grant program and administration				8,391,685	8,391,685
Community development program and administration	82,672	9,356,543			9,439,215
Debt Service:					
Principal		140,000		2,485,000	2,625,000
Interest and fiscal charges		12,882		1,011,817	1,024,699
Capital outlay				11,082,977	11,082,977
Capital outlay - SPLOST funded			11,020,976	1,319,927	12,340,903
Total expenditures	<u>158,795,734</u>	<u>9,509,425</u>	<u>11,020,976</u>	<u>37,204,387</u>	<u>216,530,522</u>
Excess (deficiency) of revenues over (under) expenditures	<u>10,010,162</u>	<u>(1,262,653)</u>	<u>19,135,654</u>	<u>(6,569,601)</u>	<u>21,313,562</u>
OTHER FINANCING SOURCES (USES):					
Transfers in	7,257,904	1,262,653		14,320,175	22,840,732
Transfers out	(16,945,961)			(8,645,400)	(25,591,361)
Total other financing sources (uses)	<u>(9,688,057)</u>	<u>1,262,653</u>		<u>5,674,775</u>	<u>(2,750,629)</u>
Net change in fund balances	322,105		19,135,654	(894,826)	18,562,933
Fund balances, beginning of year	33,179,551		5,964,408	87,869,408	127,013,367
Fund balances, end of year	<u>\$ 33,501,656</u>	<u>\$ -</u>	<u>\$ 25,100,062</u>	<u>\$ 86,974,582</u>	<u>\$ 145,576,300</u>

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

**CITY OF SAVANNAH, GEORGIA
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2012**

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)	\$ 18,562,933
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.	8,277,069
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to increase net position.	446,465
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	(41,359)
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 position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are 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.	2,629,559
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.	(1,175,867)
Internal service funds are used by management to charge costs of fleet management, information services, and risk management to individual funds.	401,721
The net revenue of certain activities of internal service funds is reported with governmental activities.	1,032,910
Change in net position of governmental activities (page 15)	<u>\$ 30,133,431</u>

CITY OF SAVANNAH, GEORGIA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
DECEMBER 31, 2012

ENTERPRISE FUNDS						
	WATER AND SEWER	SANITATION	PARKING SERVICES	NONMAJOR ENTERPRISE FUNDS	TOTALS	INTERNAL SERVICE FUNDS
<u>ASSETS</u>						
ASSETS						
Current assets:						
Cash and investments	\$ 85,235,670	\$ 8,981,854	\$ 19,381,012	\$ 2,926,061	\$ 116,524,597	\$ 25,238,518
Receivables, net	10,515,115	3,376,107	5,598		13,896,820	1,176,164
Due from other funds				63,976	63,976	
Prepaid items						
Inventories	49,265			52,072	101,337	912,738
Total current assets	95,800,050	12,357,961	19,386,610	3,042,109	130,586,730	27,327,420
Noncurrent assets:						
Restricted assets:						
Cash and investments	4,866,210	1,079,783		752,877	6,698,870	
Accounts receivable				43,863	43,863	
Capital assets:						
Land	1,975,460	1,910,772	1,810,415	2,199,096	7,895,743	
Plant, buildings, stations, reservoirs, etc	478,171,895	195,269	86,433,475	17,695,046	582,495,685	2,479,758
Improvements, other than buildings		29,545,901	414,670	3,874,666	33,835,237	419,908
Machinery and equipment	7,307,326	20,709,582	3,391,533	1,513,327	32,921,768	68,458,370
Machinery and equipment under capital lease						2,440,982
Other capital assets				891,718	891,718	
Less accumulated depreciation	(228,253,748)	(37,988,232)	(22,325,521)	(19,853,381)	(308,420,882)	(46,168,389)
Construction in progress	48,671,095	2,160,584	1,034,844	2,802,359	54,668,882	
Total noncurrent assets	312,738,238	17,613,659	70,759,416	9,919,571	411,030,884	27,630,629
Total assets	408,538,288	29,971,620	90,146,026	12,961,680	541,617,614	54,958,049
<u>DEFERRED OUTFLOWS OF RESOURCES</u>						
Deferred amounts from refunding of debt						
	19,155	50,620	24,994	6,289	101,058	
Total assets and deferred outflows of resources	\$ 408,557,443	\$ 30,022,240	\$ 90,171,020	\$ 12,967,969	\$ 541,718,672	\$ 54,958,049
<u>LIABILITIES AND NET POSITION</u>						
LIABILITIES						
Current liabilities:						
Accounts payable	\$ 1,893,714	\$ 320,871	\$ 20,651,100	\$ 121,727	\$ 22,987,412	\$ 992,271
Interest payable	112,764	293,138	592,630	20,922	1,019,454	11,387
Current portion of contractual obligations			1,030,000	450,000	1,480,000	
Current portion of notes and bonds payable	5,195,061	2,485,000			7,680,061	
Current portion of compensated absences	541,749	316,178	104,300	68,696	1,030,923	193,635
Current portion of claims and judgments payable						4,197,485
Current obligation under capital leases						395,385
Total current liabilities	7,743,288	3,415,187	22,378,030	661,345	34,197,850	5,790,163
Noncurrent liabilities:						
Payable from restricted assets:						
Customer deposits	2,017,681			796,740	2,814,421	
Interest payable	89,680				89,680	
Current portion of revenue bonds payable	246,666				246,666	
Contractual obligations			30,957,306	943,082	31,900,388	
Notes payable	26,318,882				26,318,882	
Revenue bonds payable, net of discount	23,020,001	17,471,807			40,491,808	
Compensated absences	610,774	653,919	63,940	81,032	1,409,665	190,099
Accrued landfill closure costs		14,812,857			14,812,857	
Claims and judgments						5,484,705
Net OPEB Obligation	1,785,617	1,338,484	690,516	132,342	3,946,959	
Total noncurrent liabilities	54,089,301	34,277,067	31,711,762	1,953,196	122,031,326	5,674,804
Total liabilities	61,832,589	37,692,254	54,089,792	2,614,541	156,229,176	11,464,967
NET POSITION						
Net investment in capital assets	252,555,289	(2,468,126)	18,404,013	7,727,351	276,218,527	27,235,244
Restricted for:						
Debt service	2,344,101				2,344,101	
Unrestricted	91,825,464	(5,201,888)	17,677,215	2,626,077	106,926,868	16,257,838
Total net position	346,724,854	(7,670,014)	36,081,228	10,353,428	385,489,496	43,493,082
Total liabilities and net position	\$ 408,557,443	\$ 30,022,240	\$ 90,171,020	\$ 12,967,969	\$ 541,718,672	\$ 54,958,049

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

CITY OF SAVANNAH, GEORGIA
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
YEAR ENDED DECEMBER 31, 2012

	ENTERPRISE FUNDS					INTERNAL SERVICE FUNDS
	WATER AND SEWER	SANITATION	PARKING SERVICES	NONMAJOR ENTERPRISE FUNDS	TOTALS	
OPERATING REVENUES:						
Metered sales	\$ 52,803,374	\$ -	\$ -	\$ -	\$ 52,803,374	\$ -
Charges for services	8,681,553	24,981,705			33,663,258	17,831,633
Rental fees	234,354		12,125,468	999,016	13,358,838	
Recreation fees				484,122	484,122	
Risk management fees						27,218,556
Miscellaneous	100,760	201,906	109,850		412,516	
Total operating revenues	61,820,041	25,183,611	12,235,318	1,483,138	100,722,108	45,050,189
OPERATING EXPENSES:						
Personal services	16,804,277	11,420,357	3,359,387	1,548,541	33,132,562	
Contractual services	13,074,956	4,113,242	2,759,873	888,825	20,836,896	
Commodities	4,838,090	1,720,366	277,218	100,104	6,935,778	
Internal service	4,823,117	3,085,713	786,039	181,575	8,876,444	
Landfill closure and post closure care		980,412			980,412	
Depreciation	11,986,304	1,193,750	1,629,373	362,659	15,172,086	7,094,563
Central garage						5,325,652
Information services						5,363,962
Risk management						26,864,291
Total operating expenses	51,526,744	22,513,840	8,811,890	3,081,704	85,934,178	44,648,468
Operating Income (Loss)	10,293,297	2,669,771	3,423,428	(1,598,566)	14,787,930	401,721
NONOPERATING REVENUES (EXPENSES):						
Interest earned	132,569	16,781		267	149,617	31,766
Interest expense	(1,720,239)	(718,782)	(1,409,747)	(46,866)	(3,895,634)	(22,538)
Gain (loss) on disposal of assets	2,526				2,526	759,466
Amortization	6,783	(24,709)	(42,444)	(9,508)	(69,878)	
Total nonoperating revenues (expenses)	(1,578,361)	(726,710)	(1,452,191)	(56,107)	(3,813,369)	768,694
Income (loss) before contributions and transfers	8,714,936	1,943,061	1,971,237	(1,654,673)	10,974,561	1,170,415
CAPITAL CONTRIBUTIONS	2,180,038		360,771	3	2,540,812	264,216
TRANSFERS IN		373,452		2,389,861	2,763,313	
TRANSFERS OUT			(12,684)		(12,684)	
Change in net position	10,894,974	2,316,513	2,319,324	735,191	16,266,002	1,434,631
Total net position - beginning	335,829,880	(9,986,527)	33,761,904	9,618,237	369,223,494	42,058,451
Total net position - ending	\$ 346,724,854	\$ (7,670,014)	\$ 36,081,228	\$ 10,353,428	\$ 385,489,496	\$ 43,493,082

**CITY OF SAVANNAH, GEORGIA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
YEAR ENDED DECEMBER 31, 2012**

	ENTERPRISE FUNDS					INTERNAL SERVICE FUNDS
	WATER AND SEWER	SANITATION	PARKING SERVICES	NONMAJOR ENTERPRISE FUNDS	TOTALS	
CASH FLOWS FROM OPERATING ACTIVITIES:						
Cash received from customers	\$ 60,578,621	\$ 18,109,152	\$ 12,272,317	\$ 1,770,353	\$ 92,730,443	\$ -
Cash received from other funds for services	562,153	7,071,624			7,633,777	17,837,868
Customer deposits received	745,324				745,324	
Customer deposits returned	(774,306)				(774,306)	
Cash received for services and fees						27,372,398
Cash paid to suppliers	(18,575,847)	(5,890,277)	(3,033,902)	(1,104,198)	(28,604,224)	(11,525,883)
Cash paid to other funds for services	(4,897,453)	(3,085,713)	(786,039)	(181,575)	(8,950,780)	
Cash paid to employees	(16,807,084)	(11,420,357)	(3,359,387)	(1,548,541)	(33,135,369)	
Cash paid for supplies and insurance						(28,077,008)
Net cash provided (used) by operating activities	20,831,408	4,784,429	5,092,989	(1,063,961)	29,644,865	5,607,375
CASH FLOWS FROM NON CAPITAL FINANCING ACTIVITIES:						
Repayment of due to (from) other funds	1,033,889			(20,196)	1,013,693	
Transfers in		373,452		2,389,861	2,763,313	
Net cash provided (used) by non capital financing activities	1,033,889	373,452	-	2,369,665	3,777,006	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:						
Principal paid on long-term debt	(7,098,526)	(2,430,000)	(995,000)	(430,000)	(10,953,526)	(379,012)
Interest paid	(1,744,052)	(741,595)	(1,424,255)	(53,137)	(3,963,039)	(33,454)
Capital contribution						9,563
Proceeds from sale of equipment	2,526				2,526	776,415
Acquisition and construction of capital assets	(7,840,843)	(967,811)	(813,746)	(237,862)	(9,860,262)	(4,180,303)
Net cash provided (used) by capital and related financing activities	(16,680,895)	(4,139,406)	(3,233,001)	(720,999)	(24,774,301)	(3,806,791)
CASH FLOWS FROM INVESTING ACTIVITIES:						
Investment income	132,568	16,781	3	267	149,619	31,766
Net cash provided by investing activities	132,568	16,781	3	267	149,619	31,766
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	5,316,970	1,035,256	1,859,991	584,972	8,797,189	1,832,350
CASH AND CASH EQUIVALENTS, JANUARY 1 (INCLUDING RESTRICTED ACCOUNTS OF \$6,533,599 IN 2011)	84,784,910	9,026,381	17,521,021	3,093,966	114,426,278	23,406,168
CASH AND CASH EQUIVALENTS, DECEMBER 31 (INCLUDING RESTRICTED ACCOUNTS OF \$6,698,870 IN 2012)	\$ 90,101,880	\$ 10,061,637	\$ 19,381,012	\$ 3,678,938	\$ 123,223,467	\$ 25,238,518
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES:						
Operating income (loss)	\$ 10,293,297	\$ 2,669,771	\$ 3,423,428	\$ (1,598,566)	\$ 14,787,930	\$ 401,721
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:						
Depreciation	11,986,304	1,193,750	1,629,373	362,660	15,172,087	7,094,563
Change in assets and liabilities:						
(Increase) decrease in receivables	(708,249)	(2,835)	36,999	86,310	(587,775)	160,077
(Increase) decrease in prepaid items and inventories	(6,561)			(15,834)	(22,395)	130,169
Increase (decrease) in accounts and other payables	(733,383)	923,743	3,189	101,469	295,018	(2,179,155)
Net cash provided (used) by operating activities	\$ 20,831,408	\$ 4,784,429	\$ 5,092,989	\$ (1,063,961)	\$ 29,644,865	\$ 5,607,375
NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES:						
Contributions of capital assets from developers/other entities	\$ 530,145	\$ -	\$ -	\$ -	\$ 530,145	\$ -
Contributions of capital assets from government	1,649,893		360,771		2,010,664	

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

**CITY OF SAVANNAH, GEORGIA
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
DECEMBER 31, 2012**

	PENSION (AND OTHER EMPLOYEE BENEFITS) TRUST FUNDS	AGENCY FUNDS
<u>ASSETS</u>		
Cash and cash equivalents	\$ 43,684,877	\$ 228,334
Accrued income	784,484	
Accounts receivable:		
From employer	17,001	
From participants	44,514	1,946
Investments, at fair value:		
U.S. government obligations	46,563,534	
Foreign corporate bonds	5,274,547	
Corporate bonds	20,585,435	
Domestic stocks	102,910,820	
Domestic stock fund	27,538,029	
Foreign stocks	3,334,611	
International stock fund	29,267,325	
Real estate fund	28,023,910	
Total investments	<u>263,498,211</u>	
Total assets	<u>308,029,087</u>	<u>\$ 230,280</u>
<u>LIABILITIES AND NET POSITION</u>		
Liabilities:		
Payable from restricted assets:		
Accounts payable	\$ 251,572	\$ 63,462
Employee benefits payable		61,131
Benefit plan surplus		105,687
Total liabilities	<u>251,572</u>	<u>\$ 230,280</u>
Net position:		
Held in trust for:		
Pension benefits	268,112,044	
OPEB	39,665,471	
Total net position	<u>\$ 307,777,515</u>	

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

**CITY OF SAVANNAH, GEORGIA
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
YEAR ENDED DECEMBER 31, 2012**

	PENSION (AND OTHER EMPLOYEE BENEFITS) TRUST FUNDS
ADDITIONS	
Contributions	
Employer	\$ 21,154,463
Plan members	9,012,037
Total contributions	<u>30,166,500</u>
Investment income	
Interest	2,098,494
Dividends	2,495,429
Real estate net income	2,611,908
Net appreciation (depreciation) in fair value of investments	<u>21,962,001</u>
Total investment income	29,167,832
Less investment expense	<u>794,684</u>
Net investment income (loss)	<u>28,373,148</u>
Total additions	<u>58,539,648</u>
DEDUCTIONS	
Benefits	27,507,216
Refunds of contributions	1,910,626
Administrative expense	<u>401,337</u>
Total deductions	<u>29,819,179</u>
Change in net position	28,720,469
Net position:	
Beginning of year - January 1	<u>279,057,046</u>
End of year - December 31	<u><u>\$ 307,777,515</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, 2012

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, 2012. 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 a 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 of Georgia
1181 Coastal Drive
Darien, GA 31305

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.

Two other local development authorities, the Development Authority for the City of Savannah and the Downtown Development Authority for the City of Savannah, currently exist; however, these authorities are not active.

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 15 – 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 Position 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 position, financial position, and cash flow. Proprietary fund equity is classified as net position. Proprietary Fund type operating statements present increases (e.g., revenues) and decreases (e.g., expenses) in net total position.
- 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 Position, 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 deferred outflows of resources by the provider and a liability 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 Position and the 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, deferred outflows of resources, liabilities, deferred inflows of resources, revenues, or expenditures/expenses of the 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, deferred outflows of resources, liabilities, deferred inflows of resources, 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 exclusively follows the standards set forth by the GASB and has implemented accounting standards as set forth through GASB statement number 65.

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 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.

(d) 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.

CITY OF SAVANNAH, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(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.
- (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 OPEB Trust Fund accounts for the assets and liabilities of the City of Savannah Employees' Post-Employment Benefits Plan. 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 and, 2) 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.

CITY OF SAVANNAH, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

(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 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 Position. Any residual balances outstanding between governmental activities and business-type activities are reported in the government-wide statements as "internal balances."

(H) Inventories

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 Position 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

CITY OF SAVANNAH, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 \$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.

CITY OF SAVANNAH, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 are 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. Bond issuance costs are recognized as period expenses and any loss or gain on the refunding of debt is recorded as a deferred outflow of resources and amortized.

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.

CITY OF SAVANNAH, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(O) Equity Classifications

- 1) Government-wide statements – Equity is classified as net position, and displayed in three components:
 - (a) Net investment in capital assets – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes or other debt attributable to the acquisition, construction or improvement of those assets.
 - (b) Restricted net position – Consists of net position 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 position – All other net position that does not meet the definition of “restricted” or “net investment in capital assets.”
- 2) Fund financial statements – Governmental fund equity is classified as fund balance. Fund balance can be restricted, committed, assigned or unassigned. The restricted fund balance category includes amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation. The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the government’s highest level of decision-making authority. Amounts in the assigned fund balance classification are intended to be used by the government for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. Unassigned fund balance is the residual classification for the government’s general fund and includes all spendable amounts not contained in the other classifications. 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 position

The governmental fund balance sheet includes a reconciliation between the governmental fund balances and what is shown on the government-wide statements as net position. 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, instead, show expenditures for any capital item purchased. Governmental net capital assets of \$554,453,869 were added to the government-wide statements.

CITY OF SAVANNAH, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS

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

- (2) Other assets added to the Statement of Net Position that result from differences in recognition criteria between the modified accrual basis and the accrual basis of accounting include \$204,195 for the net pension asset.
- (3) Certain amounts shown as deferred outflows of resources in the fund financial statements are reclassified on the entity-wide statements. Amounts shown as deferred outflows of resources on the fund financial statements included \$8,258,574 related to taxes, \$120,180 related to special assessment receivables, \$146,749 related to cemetery receivables, and \$24,791,635 related to loan receivables 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	(\$31,106,180)
Compensated absences payable	(14,980,941)
Net OPEB obligation	(12,033,419)
Section 108 notes payable	(840,000)
Accrued interest payable	(552,014)
	<u>(\$59,512,554)</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 position 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 \$24,975,869.
- (2) Depreciation expense during the year recorded on the government-wide statements but not on the fund financial statements was \$16,698,800.
- (3) The net effect of various miscellaneous transactions involving capital assets during the year was \$446,465; this entire amount represents the value of asset donations.

CITY OF SAVANNAH, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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

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

Principal repayments:

Contractual obligations	\$ 2,485,000
HUD Section 108 Note	140,000
Amortization of premiums	<u>4,559</u>
	\$ <u>2,629,559</u>

- (5) 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 \$1,175,867 are as follows:

Net OPEB expense	\$ (253,996)
Compensated absences	1,451,539
Accrued interest	<u>(21,676)</u>
	\$ <u>1,175,867</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 as follows:

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:

- 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.

CITY OF SAVANNAH, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS

NOTE 3 - DEPOSITS AND INVESTMENTS (CONTINUED)

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, 2012, all of the City's deposits were either covered by federal depository insurance or collateralized by pledged collateral.

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, 2012, 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	AAAf	\$31,486,166	\$31,486,166	\$ -	\$ -	\$ -
Georgia Extended Asset Pool	AA+f	60,103,859	60,103,859			
Pension Trust Fund:						
US Government/Agency Securities	Aaa	46,563,534	3,502,009	17,251,351	9,848,016	15,962,158
Corporate Bonds						
Various	A	7,990,631	6,012,885	1,422,670	168,457	386,619
Various	Aa	4,627,219	2,873,973	842,447	132,065	778,734
Various	Ba	292,372	292,372			
Various	Baa	8,828,406	8,257,842			570,564
Private Placement Bonds	NR	4,121,354	3,710,188		276,563	134,603
Domestic Stock	NR	130,448,849				
International Equity Funds	NR	32,601,936				
Real Estate Investment Trust	NR	28,023,910				
Total Investments		\$355,088,236	\$116,239,294	\$19,516,468	\$10,425,101	\$17,832,678

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 investment pools operated by the Georgia State Treasurer's Office. During the year, the City invested public funds in certificates of deposits and time deposits of local banks and the Georgia Fund 1 and the Georgia Extended Asset Pool, which are managed by the State Treasurer.

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.

CITY OF SAVANNAH, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

NOTE 3 - DEPOSITS AND INVESTMENTS (CONTINUED)

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. The Georgia Extended Asset Pool (GEAP) is a variable net asset value investment pool that follows Standard and Poor's criteria for AAAf money market funds. The pool is not registered with the SEC as an investment company. GEAP invests its assets in U.S. Treasury bills, U.S. Treasury notes, securities issued by federal agencies and instrumentalities, bankers' acceptances, and repurchase agreements with highly rated counterparties. The maximum final maturity of any security purchased by the pool is limited to five years. As a public fund, the GEAP 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, 2012, the City had investments of \$31,486,166 in Georgia Fund 1, which reported a weighted average maturity on its entire portfolio of 60 days. Also at December 31, 2012, the City had investments of \$60,103,859 in GEAP, which reported a weighted average maturity on its entire portfolio of .33% of a year.

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, 2012, the City of Savannah Employees Retirement Plan had 1.6% of its portfolio in short-term investments.

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 investment 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.

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 \$32,601,936 and \$5,274,547 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

CITY OF SAVANNAH, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS

NOTE 3 - DEPOSITS AND INVESTMENTS (CONTINUED)

investment policy restricts investments in a single issuer of more than 25% of the total investment portfolio, not including the investment pools operated by the Georgia State Treasurer's Office 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	\$ 195,174,289
Restricted cash	85,472,076
Pension and agency funds	<u>307,411,422</u>
Total	<u>\$ 588,057,787</u>

Notes to financial statements:

Cash on Hand	\$ 40,600
Deposits	232,928,951
Investments	<u>355,088,236</u>
Total	<u>\$ 588,057,787</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 11.06%.

CITY OF SAVANNAH, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS

NOTE 4 - PENSION PLANS (CONTINUED)

Plan Description. As of January 1, 2012, employee membership data related to the pension plan was as follows:

Retirees and beneficiaries currently receiving benefits	1,254
Terminated employees entitled to benefits but not yet receiving them	<u>79</u>
	<u>1,333</u>
Active plan participants:	
Vested	1,500
Nonvested	<u>988</u>
Total	<u>2,488</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 2012 are as follows:

Annual required contribution	\$ 9,534,154
Interest on net pension obligation (asset)	(15,124)
Adjustment to annual required contribution	<u>194,916</u>
Annual Pension Cost	\$ 9,713,946
Contributions made	<u>(9,729,071)</u>
Increase (decrease) in net pension obligation	(15,125)
Net pension obligation (asset), beginning of year	<u>(189,070)</u>
Net pension obligation (asset), end of year	\$ <u>(204,195)</u>

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)
2010	\$ 8,533,966	100.22%	\$ (175,065)
2011	8,683,174	100.16%	(189,070)
2012	9,713,946	100.16%	(204,195)

Funded Status and Funding Progress. The funded status of the plan as of January 1, 2012, 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)
\$ 261,878,077	\$ 359,657,383	\$ 97,779,306	72.81%	\$ 98,576,795	99.19%

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, 2012 |
| • 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 2012. 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 2012.

CITY OF SAVANNAH, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

NOTE 4 - PENSION PLANS (CONTINUED)

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

CITY OF SAVANNAH
STATEMENT OF FIDUCIARY NET POSITION
PENSION TRUST FUNDS
DECEMBER 31, 2012

	EMPLOYEES' RETIREMENT		
	PENSION TRUST	OLD PENSION TRUST	TOTAL
<u>ASSETS</u>			
Cash and cash equivalents	\$ 3,740,687	\$ 278,719	\$ 4,019,406
Accrued income	784,484		784,484
Accounts receivable:			
From employers	17,001		17,001
From participants	44,514		44,514
Investments, at fair value:			
U.S. government obligations	46,563,534		46,563,534
Foreign corporate bonds	5,274,547		5,274,547
Domestic corporate bonds	20,585,435		20,585,435
Domestic stocks	102,910,820		102,910,820
Domestic stock fund	27,538,029		27,538,029
Foreign stocks	3,334,611		3,334,611
International stock fund	29,267,325		29,267,325
Real estate fund	28,023,910		28,023,910
Total investments	263,498,211		263,498,211
Total assets	268,084,897	278,719	268,363,616
<u>LIABILITIES</u>			
Payable from restricted assets:			
Accounts payable	\$ 251,572	\$ -	\$ 251,572
Total liabilities	251,572		251,572
<u>NET POSITION</u>			
Held in trust for:			
Pension benefits	\$ 267,833,325	\$ 278,719	\$ 268,112,044

CITY OF SAVANNAH, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS

NOTE 4 - PENSION PLANS (CONTINUED)

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

CITY OF SAVANNAH
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
PENSION TRUST FUNDS
YEAR ENDED DECEMBER 31, 2012

	EMPLOYEES' RETIREMENT		
	PENSION TRUST	OLD PENSION TRUST	TOTAL
<u>ADDITIONS</u>			
Contributions			
Employer	\$ 9,729,071	\$ -	\$ 9,729,071
Plan members	6,676,022		6,676,022
Total contributions	<u>16,405,093</u>		<u>16,405,093</u>
Investment income			
Interest	2,034,877	500	2,035,377
Dividends	2,495,429		2,495,429
Real estate net income	2,611,908		2,611,908
Net appreciation (depreciation) in fair value of investments	<u>21,962,001</u>		<u>21,962,001</u>
Total investment income	29,104,215	500	29,104,715
Less investment expense	<u>794,684</u>		<u>794,684</u>
Net investment income (loss)	<u>28,309,531</u>	<u>500</u>	<u>28,310,031</u>
Total additions	<u>44,714,624</u>	<u>500</u>	<u>44,715,124</u>
<u>DEDUCTIONS</u>			
Benefits	20,620,735	16,108	20,636,843
Refunds of contributions	1,910,626		1,910,626
Administrative expense	<u>140,303</u>		<u>140,303</u>
Total deductions	<u>22,671,664</u>	<u>16,108</u>	<u>22,687,772</u>
Change in net position	22,042,960	(15,608)	22,027,352
Net position:			
Beginning of year - January 1	245,790,365	294,327	246,084,692
End of year - December 31	<u>\$ 267,833,325</u>	<u>\$ 278,719</u>	<u>\$ 268,112,044</u>

CITY OF SAVANNAH, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

NOTE 5 – CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2012 was:

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Governmental activities					
Capital assets, not being depreciated:					
Land	\$ 58,885,117	\$ 3,920,284	\$ -	\$ -	\$ 62,805,401
Construction in progress	90,534,029	25,737,366	11,491,094		104,780,301
Total capital assets, not being depreciated	<u>149,419,146</u>	<u>29,657,650</u>	<u>11,491,094</u>	<u>-</u>	<u>167,585,702</u>
Capital assets, being depreciated					
Plants and buildings	46,009,188	3,940,604			49,949,792
Improvements other than buildings	67,862,214	139,506			68,001,720
Machinery, equipment and vehicles	98,207,077	5,962,438	3,593,024		100,576,491
Streets and drainage	465,623,169	1,705,692			467,328,861
Total capital assets, being depreciated	<u>677,701,648</u>	<u>11,748,240</u>	<u>3,593,024</u>	<u>-</u>	<u>685,856,864</u>
Less: Accumulated Depreciation					
Plants and buildings	16,667,100	1,435,915			18,103,015
Improvements other than buildings	22,274,536	1,273,938			23,548,474
Machinery, equipment and vehicles	56,986,822	8,686,523	3,518,569		62,154,776
Streets and drainage	155,154,816	12,396,987			167,551,803
Total accumulated depreciation	<u>251,083,274</u>	<u>23,793,363</u>	<u>3,518,569</u>	<u>-</u>	<u>271,358,068</u>
Total capital assets, being depreciated, net	<u>426,618,374</u>	<u>(12,045,123)</u>	<u>74,455</u>	<u>-</u>	<u>414,498,796</u>
Governmental activities capital assets, net	<u>\$ 576,037,520</u>	<u>\$ 17,612,527</u>	<u>\$ 11,565,549</u>	<u>\$ -</u>	<u>\$ 582,084,498</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	\$ 7,895,243	\$ 500	\$ -	\$ -	\$ 7,895,743
Construction in progress	59,483,636	10,742,629	15,557,383		54,668,882
Total capital assets, not being depreciated	<u>67,378,879</u>	<u>10,743,129</u>	<u>15,557,383</u>	<u>-</u>	<u>62,564,625</u>
Capital assets, being depreciated					
Plants, buildings, stations and reservoirs	566,549,762	15,945,923			582,495,685
Improvements other than buildings	33,806,572	28,665			33,835,237
Machinery and equipment	32,891,377	1,228,049	305,940		33,813,486
Total capital assets, being depreciated	<u>633,247,711</u>	<u>17,202,637</u>	<u>305,940</u>	<u>-</u>	<u>650,144,408</u>
Less: Accumulated Depreciation					
Plants, buildings, stations and reservoirs	245,629,405	13,447,407			259,076,812
Improvements other than buildings	22,290,601	841,069			23,131,670
Machinery and equipment	25,634,730	883,610	305,940		26,212,400
Total accumulated depreciation	<u>293,554,736</u>	<u>15,172,086</u>	<u>305,940</u>	<u>-</u>	<u>308,420,882</u>
Total capital assets, being depreciated, net	<u>339,692,975</u>	<u>2,030,551</u>	<u>-</u>	<u>-</u>	<u>341,723,526</u>
Business-type activities capital assets, net	<u>\$ 407,071,854</u>	<u>\$ 12,773,680</u>	<u>\$ 15,557,383</u>	<u>\$ -</u>	<u>\$ 404,288,151</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, 2012 is \$18,669,791.

CITY OF SAVANNAH, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

NOTE 5 – CAPITAL ASSETS (CONTINUED)

During 2012, depreciation expense was charged to functions/programs of the City as follows:

Governmental activities:

General administration	\$ 160,932
Management and financial services	819,158
Facilities maintenance	12,699,760
Police	530,228
Fire	639,923
Leisure services	1,538,301
Public development	<u>310,498</u>
Total depreciation expense – governmental activities	16,698,800
Depreciation expenses on Internal Service Fund Capital Assets	<u>7,094,563</u>
Total depreciation expense allocated to governmental activities	<u>\$23,793,363</u>

Business-type activities:

Water and sewer	\$ 11,986,304
Sanitation	1,193,750
Parking facilities	1,629,373
Civic Center	324,056
Golf course	<u>38,603</u>
Total depreciation expense allocated to business-type activities	<u>\$15,172,086</u>

CITY OF SAVANNAH, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS

NOTE 5 – CAPITAL ASSETS (CONTINUED)

As of December 31, 2012, the City had the following commitments with respect to unfinished capital projects:

<u>Project by Type</u>	<u>Project Authorization</u>	<u>Expended at Year-end</u>	<u>Committed</u>	<u>Required Future Financing</u>
Drainage	\$51,720,415	\$11,967,748	\$39,752,667	NONE
Public Buildings	88,928,024	31,103,636	57,824,388	NONE
Recreation	11,909,901	5,629,028	6,280,873	NONE
Sanitation	3,356,754	2,160,584	1,196,170	NONE
Sewerage	66,163,224	30,786,156	35,377,068	NONE
Squares	7,718,063	5,332,266	2,385,797	NONE
Street Paving	9,380,236	6,080,598	3,299,638	NONE
Traffic Engineering	32,256,240	6,205,182	26,051,058	NONE
Water	45,544,623	17,825,396	27,719,227	NONE
Other	66,772,896	42,358,589	24,414,307	NONE
Total	<u><u>\$383,750,376</u></u>	<u><u>\$159,449,183</u></u>	<u><u>\$224,301,193</u></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, 2012 and the annual maturities of long-term liabilities:

	Lowest/ Highest Coupon Rate	Original Issue Amount	Unmatured Bond/Interest at 12/31/12	2013	2014	2015	2016	2017	2018-2022	2023-2027	2028-2032
GOVERNMENTAL ACTIVITIES PRINCIPAL PORTION											
Contractual Obligations Related to:											
2009 Downtown Savannah Authority Bonds Series "A"	2.25/3.50	\$ 16,845,000	\$ 11,585,000	\$ 1,805,000	\$ 1,845,000	\$ 1,895,000	\$ 1,950,000	\$ 2,015,000	\$ 2,075,000	\$ -	\$ -
2009 Downtown Savannah Authority Bonds Series "B"	2.3/5.70	20,155,000	19,430,000	735,000	745,000	765,000	780,000	800,000	4,365,000	5,125,000	6,115,000
Total Contractual Obligations		37,000,000	31,015,000	2,540,000	2,590,000	2,660,000	2,730,000	2,815,000	6,440,000	5,125,000	6,115,000
Notes:											
2011-A Series HUD Section 108 Note	1.60/2.92	595,000	555,000	40,000	50,000	50,000	50,000	65,000	300,000		
2010-A Series HUD Section 108 Note	1.70/2.91	485,000	285,000	100,000	50,000	50,000	50,000	35,000			
Total Notes Payable		1,080,000	840,000	140,000	100,000	100,000	100,000	100,000	300,000		
Total Governmental Activities Principal Portion		<u>\$ 38,080,000</u>	<u>\$ 31,855,000</u>	<u>\$ 2,680,000</u>	<u>\$ 2,690,000</u>	<u>\$ 2,760,000</u>	<u>\$ 2,830,000</u>	<u>\$ 2,915,000</u>	<u>\$ 6,740,000</u>	<u>\$ 5,125,000</u>	<u>\$ 6,115,000</u>
GOVERNMENTAL ACTIVITIES INTEREST PORTION											
Contractual Obligations			13,323,984	1,310,293	1,245,322	1,175,358	1,091,732	1,002,032	3,833,005	2,596,960	1,069,282
Section 108 Notes			71,105	14,542	13,030	11,795	10,230	8,290	13,220		
Total Governmental Activities Interest Portion			<u>13,395,089</u>	<u>1,324,835</u>	<u>1,258,352</u>	<u>1,187,153</u>	<u>1,101,962</u>	<u>1,010,322</u>	<u>3,846,225</u>	<u>2,596,960</u>	<u>1,069,282</u>
Total Governmental Activities Debt Service Requirements			<u>\$ 45,250,089</u>	<u>\$ 4,004,835</u>	<u>\$ 3,948,352</u>	<u>\$ 3,947,153</u>	<u>\$ 3,931,962</u>	<u>\$ 3,925,322</u>	<u>\$ 10,586,225</u>	<u>\$ 7,721,960</u>	<u>\$ 7,184,282</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 12/31/12	2013	2014	2015	2016	2017	2018-2022	2023-2027	2028-2032
BUSINESS-TYPE ACTIVITIES PRINCIPAL PORTION											
WATER AND SEWER SYSTEM											
2003 Water and Sewer Revenue Bonds	2.0/4.0	\$ 42,210,000	\$ 3,765,000	\$ -	\$ -	\$ 160,000	\$ 2,495,000	\$ 1,110,000	\$ -	\$ -	\$ -
2009 Water and Sewer Revenue Bonds Series "A"	2.0/3.0	12,725,000	6,690,000	2,230,000	2,295,000	2,165,000					
2009 Water and Sewer Revenue Bonds Series "B"	2.25/5.25	16,175,000	15,460,000	730,000	740,000	755,000	770,000	795,000	4,310,000	5,080,000	2,280,000
SRF Notes	2.0/4.0	49,441,933	29,204,838	2,481,729	2,562,065	2,440,529	1,938,111	1,618,708	8,323,359	7,192,462	2,647,875
Total Water and Sewer Bonds and Notes		<u>120,551,933</u>	<u>55,119,838</u>	<u>5,441,729</u>	<u>5,597,065</u>	<u>5,520,529</u>	<u>5,203,111</u>	<u>3,523,708</u>	<u>12,633,359</u>	<u>12,272,462</u>	<u>4,927,875</u>
SANITATION											
2003 Resource Recovery Bonds	2.0/4.125	18,845,000	13,715,000	430,000	450,000	470,000	2,910,000	3,020,000	6,435,000		
2009 Resource Recovery Bonds	2.0/3.0	12,315,000	6,300,000	2,055,000	2,095,000	2,150,000					
Total Sanitation Bonds		<u>31,160,000</u>	<u>20,015,000</u>	<u>2,485,000</u>	<u>2,545,000</u>	<u>2,620,000</u>	<u>2,910,000</u>	<u>3,020,000</u>	<u>6,435,000</u>		
PARKING SERVICES											
Contractual Obligations Related to:											
2003 Downtown Savannah Authority Bonds	2.0/4.0	14,335,000	7,495,000	1,030,000	1,075,000	1,115,000	1,160,000	1,210,000	1,905,000		
2005 Downtown Savannah Authority Bonds	4.25/5.0	24,820,000	24,820,000						5,105,000	8,730,000	10,985,000
Total Parking Services Contractual Obligations		<u>39,155,000</u>	<u>32,315,000</u>	<u>1,030,000</u>	<u>1,075,000</u>	<u>1,115,000</u>	<u>1,160,000</u>	<u>1,210,000</u>	<u>7,010,000</u>	<u>8,730,000</u>	<u>10,985,000</u>
CIVIC CENTER											
Contractual Obligations Related to:											
2003 Downtown Savannah Authority Bonds	2.0/4.0	4,090,000	1,400,000	450,000	465,000	485,000					
Total Business-type Activities Principal Portion		<u>\$ 194,956,933</u>	<u>108,849,838</u>	<u>9,406,729</u>	<u>9,682,065</u>	<u>9,740,529</u>	<u>9,273,111</u>	<u>7,753,708</u>	<u>26,078,359</u>	<u>21,002,462</u>	<u>15,912,875</u>
BUSINESS-TYPE ACTIVITIES INTEREST PORTION											
Water and Sewer Bonds			8,621,723	1,076,143	990,993	898,093	800,717	670,117	2,588,610	1,416,451	180,600
Water and Sewer Notes			6,780,645	881,723	801,386	718,689	641,400	585,330	2,123,075	958,977	70,065
Sanitation Resource Recovery Bonds			3,190,081	703,532	642,244	573,556	491,431	382,306	397,013		
Parking Services Contractual Obligations			17,715,324	1,422,312	1,386,262	1,348,638	1,306,825	1,263,325	5,537,342	3,853,720	1,596,900
Civic Center Contractual Obligations			<u>102,862</u>	<u>50,212</u>	<u>34,463</u>	<u>18,187</u>					
Total Business-type Activities Interest Portion			<u>36,410,634</u>	<u>4,133,922</u>	<u>3,855,348</u>	<u>3,557,163</u>	<u>3,240,373</u>	<u>2,901,078</u>	<u>10,646,040</u>	<u>6,229,148</u>	<u>1,847,565</u>
Total Business-type Activities Debt Service Requirements		<u>\$</u>	<u>\$ 145,260,473</u>	<u>\$ 13,540,651</u>	<u>\$ 13,537,413</u>	<u>\$ 13,297,692</u>	<u>\$ 12,513,484</u>	<u>\$ 10,654,786</u>	<u>\$ 36,724,399</u>	<u>\$ 27,231,610</u>	<u>\$ 17,760,440</u>

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, 2012:

	Balance 12/31/11	2012 Issues	2012 Retirements	Balance 12/31/12	Unamortized (Discounts)/ Premiums	Balance 12/31/12	Amounts Due Within One Year	Accrued Interest at 12/31/2012
Governmental Activities:								
Bonds and notes payable:								
Contractual Obligations relating to:								
Downtown Savannah Authority Bonds, 2009	\$33,500,000	\$ -	\$ 2,485,000	\$ 31,015,000	\$ 91,180	\$ 31,106,180	\$ 2,540,000	\$ 545,955
Series 2011-A HUD Section 108 Note	595,000		40,000	555,000		555,000	40,000	2,370
Series 2010-A HUD Section 108 Note	385,000		100,000	285,000		285,000	100,000	3,689
Total bonds and notes payable	\$34,480,000	-	2,625,000	31,855,000	91,180	31,946,180	2,680,000	552,014
Other liabilities:								
Capital leases	774,397		379,012	395,385		395,385	395,385	11,387
Compensated absences	13,902,453	7,125,566	5,663,343	15,364,676		15,364,676	5,682,663	
Net OPEB obligation	12,287,415	7,734,136	7,988,132	12,033,419		12,033,419		
Claims and judgments	10,586,882	25,959,599	26,864,291	9,682,190		9,682,190	4,197,485	
Total other liabilities	37,551,147	40,819,301	40,894,778	37,475,670		37,475,670	10,275,533	11,387
Governmental Activities long-term liabilities	\$ 72,031,147	\$ 40,819,301	\$ 43,519,778	\$ 69,330,670	\$ 91,180	\$ 69,421,850	\$ 12,955,533	\$ 563,401
Business-type Activities:								
Bonds and notes payable:								
Water and Sewer Revenue Bonds 2003	\$ 5,580,000	\$ -	\$ 1,815,000	\$ 3,765,000	\$ (10,967)	\$ 3,754,033	\$ -	\$ 12,517
Water and Sewer Revenue Bonds 2009	25,030,000		2,880,000	22,150,000	56,812	22,206,812	2,960,000	77,163
Sewer SRF Loan	31,608,364		2,403,526	29,204,838	(404,228)	28,800,610	2,481,727	112,764
Resource Recovery Bonds 2003	14,125,000		410,000	13,715,000	(130,539)	13,584,461	430,000	225,174
Resource Recovery Bonds 2009	8,320,000		2,020,000	6,300,000	21,726	6,321,726	2,055,000	67,964
Contractual obligations relating to:								
Downtown Savannah Authority Bonds, 2003	10,320,000		1,425,000	8,895,000	(74,176)	8,820,824	1,480,000	137,823
Downtown Savannah Authority Bonds, 2005	24,820,000			24,820,000	(291,719)	24,528,281		475,729
Total bonds and notes payable	119,803,364		10,953,526	108,849,838	(833,091)	108,016,747	9,406,727	1,109,134
Other liabilities:								
Compensated absences	2,401,055	1,061,637	1,022,104	2,440,588		2,440,588	1,030,923	
Net OPEB obligation	4,460,834	2,416,645	2,930,520	3,946,959		3,946,959		
Closure and Postclosure Liability	13,832,445	980,412		14,812,857		14,812,857		
Total other liabilities	20,694,334	4,458,694	3,952,624	21,200,404		21,200,404	1,030,923	
Business-type Activities long-term liabilities	\$ 140,497,698	\$ 4,458,694	\$ 14,906,150	\$ 130,050,242	\$ (833,091)	\$ 129,217,151	\$ 10,437,650	\$ 1,109,134

CITY OF SAVANNAH, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS

NOTE 6 - LONG-TERM LIABILITIES (CONTINUED)

Bond discounts and premiums are 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.

(B) Governmental Activities Bonds and Notes Payable

The unmatured principal of these liabilities is shown on the Statement of Net Position 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 2012, and as of December 31, 2012 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 5.70% 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 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.

In 2011, the City issued a Section 108 Note in the principal amount of \$595,000 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 2001A Section 108 Note. The refunding was undertaken to reduce total future debt service payments. The transaction resulted in an economic gain of \$157,360 and a reduction of \$167,096 in future debt service payments.

CITY OF SAVANNAH, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS

NOTE 6- LONG-TERM LIABILITIES (CONTINUED)

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 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 Position in the governmental activities column. Principal and interest payments on the note are paid through the Community Development Fund, a major governmental fund.

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. The 2011 Section 108 note bears interest at fixed rates between 1.70% and 2.92%, depending on maturity. The first maturity of the 2011 note occurs in 2012 and the final maturity is in 2020. A maturity schedule for the notes is shown on page 50.

(4) 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, 2012, are as follows:

<u>Internal Service Fund</u>	<u>Original Maturity Date</u>	<u>Interest Rate</u>	<u>Balance Outstanding at 12/31/2011</u>	<u>2012 Issues</u>	<u>2012 Retirements</u>	<u>Balance Outstanding at 12/31/2012</u>
Fire Fighting Equipment	2013	4.32%	\$ 774,397	\$ -	\$ 379,012	\$ 395,385
			<u>\$ 774,397</u>	<u>\$ -</u>	<u>\$ 379,012</u>	<u>\$ 395,385</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, 2012, were as follows:

<u>Year Ending Dec. 31</u>	<u>Amount</u>
2013	\$ <u>412,466</u>
Less amount representing interest	<u>17,081</u>
Present value of future minimum lease payments	\$ <u>395,385</u>

The assets acquired through capital leases are as follows:

<u>Asset:</u>	<u>Amount</u>
Machinery and equipment	\$ <u>2,440,982</u>
Less accumulated depreciation	<u>862,960</u>
Net assets recorded under capital leases	\$ <u>1,578,022</u>

The leases are shown on the Statement of Net Position 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 Position 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, 2012 the debt service reserve requirement is calculated as 125% of the average annual debt service requirement, which is \$2,539,465. 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, 2012, the sinking fund requirements and actual balances were as follows:

Sinking Fund Requirements:	
Interest requirements (for June 1, 2013)	\$ 89,679
Principal requirements (for December 1, 2013)	246,667
Debt Service Reserve	<u>2,539,465</u>
Total requirements at December 31, 2012	<u>2,875,811</u>
Sinking Fund Resources:	
Cash and investments in sinking fund at December 31, 2012	2,680,446
Debt Service Reserve Surety Bond	<u>376,500</u>
Total resources at December 31, 2012	<u>3,056,946</u>
Surplus	\$ <u>181,135</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, 2012.

<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, 2012-</u>	
						<u>Principal Retired</u>	<u>Loan Payable</u>
1990	Georgetown Sewage Plant & Gateway Area Force Main	\$ 6,719,514	2.00	20	\$ 6,719,514	\$ 5,725,876	\$ 993,638
1996	President Street Plant	10,020,200	4.00	18	10,020,200	7,578,929	2,441,271
2000	I & D Plant Improvement	8,205,660	3.53	20	8,205,660	3,798,292	4,407,368
2005	Crossroads Wastewater Plant	<u>24,496,559</u>	3.00	20	<u>24,496,559</u>	<u>3,133,998</u>	<u>21,362,561</u>
		<u>\$49,441,933</u>			<u>\$49,441,933</u>	<u>\$20,237,095</u>	<u>\$ 29,204,838</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 2012, the City recognized a postclosure expense of \$980,412, which is based on 67.11% usage (filled) of the landfill. It is estimated that an additional \$7,260,975 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 (\$22,073,832) 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, 2012. Based on landfill capacity, the estimated remaining useful life of the landfill is approximately 8.7 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, 2012, the City had accrued \$14,812,857 in landfill closure and postclosure costs. This amount was determined as follows:

Estimated total cost of closure and postclosure care	\$ 22,073,832
Percent utilized at 12/31/12	<u>67.11</u>
Total postclosure and closure liability at 12/31/12	14,812,857
Less amount recognized in prior years	<u>13,832,445</u>
Current year closure/postclosure expense (credit)	\$ <u>980,412</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, 2012, no amount of assets had been restricted for the payment of closure and postclosure care costs. The landfill postclosure and closure liability of \$14,812,857 is included in long-term liabilities on the Statement of Net Position.

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 December 31, 2011, the latest valuation date, employee membership data related to the OPEB plan was as follows:

Retirees and beneficiaries currently receiving benefits	1,366
Active plan participants	<u>2,471</u>
Total	<u>3,837</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 a fiduciary 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, 2012 the Plan reported \$39,665,471 in 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.

Benefit claims of the Plan are funded on a pay-as-you-go basis. Additional contributions were made to the Plan in 2012 by the City of Savannah in the amount of \$6,630,000. Required contribution rates of plan members for the valuation dated December 31, 2012 were set as follows:

<u>Class of Retiree</u>	<u>Monthly Contribution Per Retiree</u>
• Single retiree with Medicare	\$ 43.67
• Single retiree without Medicare	222.50
• 2 – Party Retiree, one with Medicare and one without Medicare	266.17
• 2 – Party Retiree, both with Medicare	87.34
• 2 – Party Retiree, neither with Medicare	445.00

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, 2012, the City's annual OPEB cost was \$10,150,781, 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 \$10,918,652. As of December 31, 2012 the City had a net OPEB obligation of \$15,980,378, the components of which are disclosed as the following:

Annual required contribution	\$10,083,963
Interest on net OPEB obligation	837,412
Adjustments to annual required contributions	<u>(770,594)</u>
Annual OPEB cost	\$10,150,781
Contributions made	<u>(10,918,652)</u>
Increase in net OPEB obligation	(767,871)
Net OPEB obligation – beginning of year	<u>16,748,249</u>
Net OPEB obligation – end of year	<u>\$15,980,378</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
12/31/2010	\$ 15,842,693	22.7%	\$ 40,565,665
12/31/2011	13,735,191	273.4	16,748,249
12/31/2012	10,150,781	107.5	15,980,378

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, 2011, the actuarial accrued liability for benefits was \$141,972,845, of which, \$109,000,491 was unfunded. As of the valuation date, the Plan had assets with an actuarial value of \$32,972,354. 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
12/31/2011	\$32,972,354	\$141,972,845	\$109,000,491	23.2%	\$97,898,141	111.3%

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, 2011, 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 3.75 percent annually.
- The investment rate of return was assumed to 5 percent annually.
- Projected salary increases were 5.60 percent at age 20 graded to 3.75 percent at age 62.
- The medical cost trend used was 8.00 percent graded to 5.00 percent over 6 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 7.00 percent graded to 5.00 percent over 8 years.
- The amortization method used was level percent of pay and the amortization period for the most recent actuarial valuation was 25 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 2012 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 2012, 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, 2012 was \$2,370,647.

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 \$9,682,190 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, 2012, \$5,484,705 of those covered liabilities is considered to be long-term and \$4,197,485 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:

Year	Beginning of Year Liability	Claims and Changes in Estimates	Claims Paid	End of Year Liability
2010	\$ 13,494,367	\$ 17,271,309	\$ (19,328,657)	\$ 11,437,019
2011	11,437,019	23,650,928	(24,501,065)	10,586,882
2012	10,586,882	25,959,599	(26,864,291)	9,682,190

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, 2012, are as follows:

<u>Transfer From</u>	<u>Transfer To</u>	<u>Amount</u>	<u>Purpose</u>
General Fund	Hazardous Materials Team Fund	\$ 294,985	Provide resources to fund operating expenditures.
General Fund	Grant Fund	383,443	Provide resources to fund grant match requirements.
General Fund	Tax Allocation District I Fund	1,251,504	Provide resources to fund debt service expenditures.
General Fund	Civic Center Fund	1,002,365	Provide resources to fund operating expenses.
General Fund	Community Development Fund	1,262,653	Provide resources to fund operating expenditures and grant matches.
General Fund	Debt Service Fund	2,144,313	Provide resources to fund debt service expenditures.
General Fund	Sanitation Fund	373,452	Provide resources to fund operating expenses.
General Fund	Capital Improvement Fund	9,336,464	Provide resources to fund planned capital project expenditures.
General Fund	Public Safety Communications Fund	896,782	Provide resources to fund emergency communications expenditures.
Parking Fund	Grant Fund	12,684	Provide resources to fund grant match requirements.
Hotel/motel Tax Fund	Civic Center Fund	362,602	Transfer restricted revenues to fund required to expend them.
Hotel/motel Tax Fund	General Fund	6,916,273	Transfer restricted revenues to fund required to expend them.
Auto Rental Tax Fund	Civic Center Fund	1,024,894	Transfer restricted revenues to fund required to expend them.
Auto Rental Tax Fund	General Fund	341,631	Transfer restricted revenues to fund required to expend them.
	Total	<u><u>\$ 25,604,045</u></u>	

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)

The General Fund transfers amounts to the Tax Allocation District I Fund in order to fund debt service obligations liquidated by the Tax Allocation District I Fund. While the transfers do not meet the definition of an advance and no advance to/from is recorded on the financial statements, if future revenues within the Tax Allocation District I Fund are sufficient a repayment of these transfers is desired by the City. As of December 31, 2012, the General Fund had transferred an aggregate total of \$2,424,459 to the Tax Allocation District I Fund to pay debt service obligations of the fund.

Interfund receivable and payable balances as of December 31, 2012 are as follows:

<u>Payable from</u>	<u>Payable to</u>	<u>Amount</u>	<u>Purpose</u>
General Fund	Capital Improvements Fund	\$ 27,914,186	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	687,959	Cash to be repaid upon receipt of amounts due from other governments as reimbursements for grant eligible expenditures.
Nonmajor governmental fund	General Fund	897,141	Cash to be repaid upon receipt of amounts due from other governments as reimbursements for grant eligible expenditures.
Nonmajor governmental fund	General Fund	504,084	Hotel/motel taxes receivable at year end which are to be transfered to General Fund when received.
Nonmajor governmental fund	General Fund	53,925	Cash to be repaid upon receipt of hazardous materials fees due from other governments.
Nonmajor governmental fund	General Fund	21,325	Auto rental taxes receivable at year end which are to be transfered to General Fund when received.
Nonmajor governmental fund	Nonmajor business-type fund	63,976	Auto rental taxes receivable at year end which are to be transfered for use by Civic Center when received.
		<u>\$ 30,142,596</u>	

NOTE 11 – RECEIVABLE AND PAYABLE BALANCES

Receivables at December 31, 2012 were as follows:

	<u>Governmental Activities</u>	<u>Business-type Activities</u>
Taxes Receivable	\$13,534,891	
Due from other Governments	16,147,439	
Miscellaneous accounts receivable	10,974,561	\$31,167,177
Less: allowance for uncollectible	<u>3,683,078</u>	<u>17,226,494</u>
Total	<u>\$36,973,813</u>	<u>\$13,940,683</u>

CITY OF SAVANNAH, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

NOTE 11 – RECEIVABLE AND PAYABLE BALANCES (CONTINUED)

Payables at December 31, 2012 consisted of:

	Governmental <u>Activities</u>	Business-type <u>Activities</u>
Due to vendors	\$ 7,344,618	\$ 22,987,412
Accrued payroll tax liabilities and withholdings	<u>958,551</u>	
Total	\$ <u>8,303,169</u>	\$ <u>22,987,412</u>

NOTE 12 – FUND EQUITY AND FUND BALANCE CLASSIFICATIONS

The Statement of Net Position shows certain amounts as restricted net position. 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 Position at December 31, 2012 include:

Activity	Restricted by	Amount
Governmental Activities:		
Sales Tax Capital Projects	Law	\$ 55,562,244
Other Capital Projects	Bond covenants	17,070,182
Community Development projects	Grantor agencies	23,744,182
HUD Section 108 projects	Creditor – U. S. Dept. of Housing & Urban Development	386,585
Nonexpendable Perpetual Care	Cemetery perpetual care	5,432,407
Debt service	Special assessment bonds	500,127
Public safety communications	Law	2,165,317
Other grants	Grantor agencies	749,460
Business-Type Activities:		
Debt service	Bond covenants	2,344,101

CITY OF SAVANNAH, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS

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

As of December 31, 2012, Governmental Funds' balance sheet reports fund balances as follows:

	<u>General</u>	<u>SPLOST 2009-2014</u>	<u>Other Funds</u>
Fund Balances:			
Nonspendable:			
Permanent fund principal	\$ -	\$ -	\$ 5,344,358
Restricted for:			
Public safety			2,381,783
Community development program and administration			270,727
Debt service			925,902
Other capital projects		25,100,062	47,532,364
Committed to:			
General administration	37,185		
Management and financial services	64,493		
Facilities maintenance	135,365		
Public safety	254,446		
Leisure services	68,944		
Social and cultural	164,673		
Public development	94,933		
Community development program and administration	1,397,254		
Other capital projects			30,519,448
Unassigned:	31,284,363		
Total fund balances	<u>\$ 33,501,656</u>	<u>\$ 25,100,062</u>	<u>\$ 86,974,582</u>

CITY OF SAVANNAH, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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

For fund balances reported as committed, the government's highest level of decision making authority is the Mayor and Alderman, which may establish, modify or rescind a fund balance commitment through the passage of an ordinance.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the City considers restricted amounts to have been spent. When an expenditure is incurred for purposes for which committed, assigned, or unassigned fund balance could be used, the City considers committed amounts to have been spent.

The Statement of Net Position shows certain amounts as net investment in capital assets. Governmental activities net investment in capital assets included capital assets of \$582,084,498 less related debt of \$17,547,133, which includes contractor retainage payable of \$2,099,171, capital leases of \$395,385 and contractual obligations of \$31,106,180 less unspent bonds proceeds of \$16,053,603. The contractor retainage payable amount is presented in the financial statements in accounts payable and accrued liabilities. Business-type activities net investment in capital assets included capital assets of \$404,288,151 less related debt of \$128,069,624, which includes contractor retainage payable of \$21,547,408 and debt of \$107,770,081 less unspent bond proceeds of \$1,247,865. The contractor retainage payable amount is presented in the financial statements in accounts payable and accrued liabilities.

For the year ended December 31, 2012, the Sanitation Fund reported a deficit in ending net position of \$7,670,014. The City anticipates that the deficit in the Sanitation Fund will be eliminated by increased charges for services and General Fund transfers.

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.

The property tax calendar is as follows:

2012 (tentative) millage rate adopted by ordinance	December 31, 2011
Beginning of fiscal year for taxes	January 1, 2012
First installment real property tax bills rendered	April 11, 2012
First installment real property tax payment due	May 15, 2012
County Tax Digest approved by the State of Georgia	September 12, 2012
2011 final millage rate adopted by ordinance	July 25, 2012
Second installment real property tax bills rendered	October 4, 2012
Personal property tax bills rendered	October 11, 2012
Second installment real property tax payment due	November 21, 2012
Personal property tax payment due	November 27, 2012

CITY OF SAVANNAH, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS

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, 2012. 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, 2012, 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, 2012. 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 cannot be estimated; however, the City expects such amounts, if any, to be immaterial.

During 2012, one of the City's General Fund departments significantly exceeded the amount of expenditures adopted in the final 2012 budget. Expenditures in 2012 for the Public Development department exceeded the 2012 final budgeted amount by 9.2%. Three non-major governmental funds significantly exceeded the amount of expenditures adopted in the final 2012 budget. Expenditures in the Grant Fund, the Automobile Rental Tax Fund and the Hotel/motel Tax Fund exceeded the 2012 final budgeted amounts by 27.8%, 5.1% and 4.2% respectively.

NOTE 15 - CONDUIT DEBT OBLIGATIONS

On July 1, 2011 the City issued the City of Savannah Airport Revenue Refunding Bonds which currently refunded all of the outstanding City of Savannah Airport Revenue Bonds, Series 2001, funded a debt service reserve and paid costs of issuance. The proceeds defeased the 2001 Airport Revenue Bonds that were issued to finance the acquisition and construction of certain capital improvements at the Savannah-Hilton Head International Airport and to refund the outstanding City of Savannah Airport Revenue Bonds, Series 1992. Although the Series 2011 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, 2012, the Series 2011 Revenue Bonds outstanding were \$12,735,000. At December 31, 2012, all Series 1992 bonds and Series 2001 bonds had been defeased.

CITY OF SAVANNAH, GEORGIA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
GENERAL FUND
YEAR ENDED DECEMBER 31, 2012

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
REVENUES:				
Property taxes	\$ 56,460,935	\$ 56,409,900	\$ 57,212,984	\$ 803,084
Intangible, transfer and franchise taxes	18,825,350	18,849,378	18,734,611	(114,767)
General sales tax	40,000,000	42,065,740	42,623,357	557,617
Selective sales taxes	3,625,000	3,835,000	3,972,091	137,091
Business taxes	6,877,087	7,020,000	7,441,246	421,246
Penalties and interest on delinquent taxes	600,000	950,000	1,064,320	114,320
Licenses and permits	1,691,000	1,761,000	1,789,878	28,878
Inspection fees	1,658,957	1,500,380	2,124,182	623,802
Intergovernmental revenue	1,408,500	1,367,800	1,634,759	266,959
Charges for services	25,669,048	25,341,512	23,013,921	(2,327,591)
Indirect cost allocations	5,012,745	5,012,745	5,012,745	
Fines and forfeitures	3,201,000	2,826,000	2,983,761	157,761
Investment income	108,000	104,400	97,550	(6,850)
Miscellaneous revenue	816,000	938,000	1,100,491	162,491
Total revenues	165,953,622	167,981,855	168,805,896	824,041
EXPENDITURES:				
Current:				
General administration	3,554,130	4,303,180	4,230,174	73,006
Management and financial services	8,045,140	7,602,238	7,552,697	49,541
Facilities maintenance	24,574,215	24,495,829	23,667,973	827,856
Police	62,374,887	61,987,975	61,414,956	573,019
Recorder's court	2,210,659	2,263,012	2,271,720	(8,708)
Fire	24,688,837	25,160,650	25,047,983	112,667
Leisure services	20,074,254	19,819,311	20,135,151	(315,840)
Tourism enhancement	2,554,611	2,597,948	2,555,714	42,234
Social and cultural	1,657,572	1,915,486	1,718,032	197,454
Public development	9,872,778	9,263,674	10,118,662	(854,988)
Community development program and administration	2,100,000	2,100,000	82,672	2,017,328
Total expenditures	161,707,083	161,509,303	158,795,734	2,713,569
Excess (deficiency) of revenues over (under) expenditures	4,246,539	6,472,552	10,010,162	3,537,610
OTHER FINANCING SOURCES (USES):				
Transfers in	6,586,395	6,955,000	7,257,904	302,904
Transfers out	(10,832,934)	(17,027,552)	(16,945,961)	81,591
Total other financing sources (uses)	(4,246,539)	(10,072,552)	(9,688,057)	384,495
Net change in fund balance	\$ -	\$ (3,600,000)	322,105	\$ 3,922,105
FUND BALANCE - JANUARY 1			33,179,551	
FUND BALANCE - DECEMBER 31			<u>\$ 33,501,656</u>	

CITY OF SAVANNAH, GEORGIA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
COMMUNITY DEVELOPMENT FUND
YEAR ENDED DECEMBER 31, 2012

	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE WITH FINAL BUDGET</u>
REVENUES:				
Intergovernmental Revenue	\$ 13,281,038	\$ 12,657,795	\$ 6,060,264	\$ (6,597,531)
Charges for services			2,162,614	2,162,614
Interest earned			23,894	23,894
Miscellaneous revenue				
Total revenues	<u>13,281,038</u>	<u>12,657,795</u>	<u>8,246,772</u>	<u>(4,411,023)</u>
EXPENDITURES:				
Community development program and administration	14,312,709	13,676,401	9,356,543	4,319,858
Debt Service:				
Principal	140,000	140,000	140,000	
Interest and fiscal charges	<u>70,000</u>	<u>70,000</u>	<u>12,882</u>	<u>57,118</u>
Total expenditures	<u>14,522,709</u>	<u>13,886,401</u>	<u>9,509,425</u>	<u>4,376,976</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,241,671)</u>	<u>(1,228,606)</u>	<u>(1,262,653)</u>	<u>(34,047)</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	<u>1,241,671</u>	<u>1,228,606</u>	<u>1,262,653</u>	<u>34,047</u>
Total other financing sources (uses)	<u>1,241,671</u>	<u>1,228,606</u>	<u>1,262,653</u>	<u>34,047</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, 2012**

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)
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%)
2011	270,411,733	337,964,954	(67,553,221)	80.01%	101,231,939	(66.73%)
2012	261,878,077	359,657,383	(97,779,306)	72.81%	98,576,795	(99.19%)

* 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, 2012

<u>Year Ended December 31</u>	<u>Annual Required Contribution</u>	<u>Percentage Contributed</u>
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	8,552,348	100.00%
2011	8,697,179	100.00%
2012	9,729,071	100.00%

**CITY OF SAVANNAH, GEORGIA
REQUIRED SUPPLEMENTARY INFORMATION
CITY OF SAVANNAH OTHER POST EMPLOYMENT BENEFITS PLAN
SCHEDULE OF FUNDING PROGRESS
DECEMBER 31, 2012**

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%
12/31/2010	-	159,649,684	159,649,684	0.00%	101,231,939	157.71%
12/31/2011	32,972,354	141,972,845	109,000,491	23.22%	97,898,141	111.34%

CITY OF SAVANNAH, GEORGIA
REQUIRED SUPPLEMENTARY INFORMATION
CITY OF SAVANNAH OTHER POST EMPLOYMENT BENEFITS PLAN
SCHEDULE OF EMPLOYER CONTRIBUTIONS
DECEMBER 31, 2012

<u>Year Ended December 31</u>	<u>Annual Required Contribution</u>	<u>Percentage Contributed</u>
2007	\$ 14,212,965	32.3%
2008	13,905,289	35.7%
2009	15,601,172	22.7%
2010	16,887,022	22.5%
2011	14,453,693	261.6%

**CITY OF SAVANNAH, GEORGIA
REQUIRED SUPPLEMENTARY INFORMATION
CITY OF SAVANNAH OTHER POST EMPLOYMENT BENEFITS PLAN
SCHEDULE OF VALUATION DETAILS
DECEMBER 31, 2012**

Valuation date	December 31, 2011
Actuarial cost method	Projected Unit Credit
Amortization method	Level percent of pay, closed, 30 years
Remaining amortization period	25 years as of January 1, 2012
Asset valuation method	Market value
Actuarial assumptions:	
Investment rate of return	5.00%
Inflation rate	3.75%
Projected salary increases	5.60% at age 20 graded to 3.75% at age 62
Medical cost trend rate	8.00% graded to 5.00% over 6 years
Drug cost trend rate	7.00% graded to 5.00% over 8 years
Plan membership:	
Current retirees, beneficiaries, and dependents	1,366
Current active members	2,471
Terminated members entitled but not yet eligible	-
Total	<u><u>3,837</u></u>

CITY OF SAVANNAH, GEORGIA

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

NOTE A - BUDGET

The City adopted annual budgets for the 2012 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 2012 is presented below:

Fund	Original Appropriation	Encumbered Appropriations Carried Forward From Prior Years	Budgetary Amendments	Final Appropriations
Major Funds:				
General	\$ 172,540,017	\$ 668,735	\$ 5,328,103	\$ 178,536,855
Community Development	14,522,709	91,049	(727,357)	13,886,401
Nonmajor Funds:				
Grant	4,799,675	-	1,765,870	6,565,545
Economic Development	1,500,000	-	-	1,500,000
Hazardous Materials Team	522,770	-	27,230	550,000
Public Safety Communications	6,007,981	8,325	365,099	6,381,405
Hote/motel Tax	12,566,790	-	713,210	13,280,000
Automobile Rental Tax	1,212,000	-	88,000	1,300,000
Confiscated Assets	175,000	-	-	175,000
General Obligation Bond Debt Service	2,148,125	-	851,875	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)

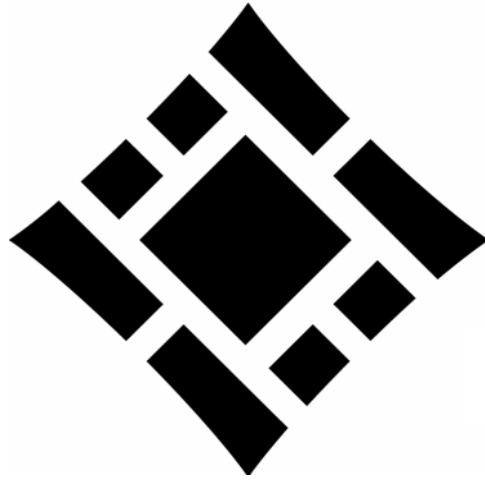
During 2012, General Fund expenditures in the following departments exceeded the final budgeted amounts adopted by City Council:

	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET	% Variance
Recorder's court	\$ 2,263,012	\$ 2,271,720	\$ (8,708)	0.38%
Leisure services	19,819,311	20,135,151	(315,840)	1.59%
Public development	9,263,674	10,118,662	(854,988)	9.23%

During 2012, 1) expenditures in the non-major Grant Fund exceeded the final budgeted amounts adopted by City Council by \$1,826,140 or 27.8%, 2) expenditures in the non-major Automobile Rental Fund exceeded the final budgeted amounts adopted by City Council by \$66,525 or 5.1%, and 3) expenditures in the non-major Hotel/motel Tax Fund exceeded the final budgeted amounts adopted by City Council by \$552,546 or 4.2%.

In accordance with State law, new appropriations for projects for the capital project funds were adopted by ordinance and totaled \$42,000,000 in 2012.

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.

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.

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.

SPLOST 2003-2008 Fund – The SPLOST 2003-2008 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 2003 and ending September 2008.

Capital Improvement Fund – The Capital Improvement Fund accounts for financial resources to be used for construction or acquisition of major capital projects. Projects accounted for in this fund are typically funded with local resources.

NONMAJOR CITY FUNDS (CONTINUED)

Tax Allocation District I Fund - The Tax Allocation District I Fund is used to account for resources devoted to construction of capital improvements in 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.

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.

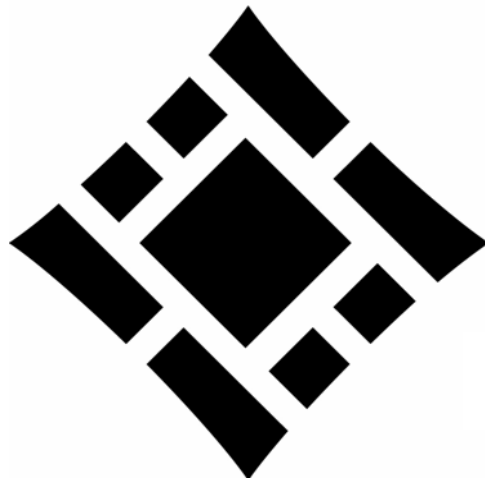
Non-major Enterprise Funds maintained by the City include:

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.

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CITY OF SAVANNAH, GEORGIA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2012

SPECIAL REVENUE FUNDS									PERMANENT FUND
	GRANT	ECONOMIC DEVELOPMENT	HAZARDOUS MATERIALS TEAM	PUBLIC SAFETY COMMUNICATIONS	HOTEL/MOTEL TAX	AUTOMOBILE RENTAL	CONFISCATED ASSETS	TOTAL	CEMETERY
ASSETS									
Cash and investments	\$ -	\$ -	\$ -	\$ -	\$ 216,321	\$ -	\$ 216,466	\$ 432,787	\$ -
Receivables, net				388,784	1,008,168	85,301		1,482,253	88,049
Due from other governments	1,863,987		59,060	471,806				2,394,853	
Restricted assets:									
Cash and investments		253,522		1,377,041				1,630,563	5,344,358
Receivables, net		17,205						17,205	
Notes receivable, long-term		115,858						115,858	
Total assets	\$ 1,863,987	\$ 386,585	\$ 59,060	\$ 2,237,631	\$ 1,224,489	\$ 85,301	\$ 216,466	\$ 6,073,519	\$ 5,432,407
LIABILITIES									
Accounts payable	\$ 449,912	\$ -	\$ 5,135	\$ 72,314	\$ 720,405	\$ -	\$ -	\$ 1,247,766	\$ -
Unexpended grant proceeds	516,934							516,934	
Due to other funds	897,141		53,925		504,084	85,301		1,540,451	
Total liabilities	1,863,987		59,060	72,314	1,224,489	85,301		3,305,151	
DEFERRED INFLOWS OF RESOURCES									
Unavailable program income		115,858						115,858	88,049
FUND BALANCES									
Nonspendable									5,344,358
Restricted		270,727		2,165,317			216,466	2,652,510	
Total fund balance		270,727		2,165,317			216,466	2,652,510	5,344,358
Total liabilities, deferred inflows of resources and fund balances	\$ 1,863,987	\$ 386,585	\$ 59,060	\$ 2,237,631	\$ 1,224,489	\$ 85,301	\$ 216,466	\$ 6,073,519	\$ 5,432,407

This statement is continued on the next page.

CITY OF SAVANNAH, GEORGIA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2012

	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	SPLOST 2003-2008	CAPITAL IMPROVEMENT	TAX ALLOCATION DISTRICT I	TOTAL	
ASSETS											
Cash and investments	\$ 899,118	\$ -	\$ 899,118	\$ -	\$ -	\$ -	\$ -	\$ 3,338,023	\$ -	\$ 3,338,023	\$ 4,669,928
Receivables, net											1,570,302
Due from other funds								27,914,186		27,914,186	27,914,186
Due from other governments											2,394,853
Restricted assets:											
Cash and investments		26,784	26,784	19,851	96,213	2,680,337	27,723,199		17,118,333	47,637,933	54,639,638
Receivables, net											17,205
Special assessments receivable, net		120,180	120,180								120,180
Notes receivable, long-term											115,858
Total assets	<u>\$ 899,118</u>	<u>\$ 146,964</u>	<u>\$ 1,046,082</u>	<u>\$ 19,851</u>	<u>\$ 96,213</u>	<u>\$ 2,680,337</u>	<u>\$ 27,723,199</u>	<u>\$ 31,252,209</u>	<u>\$ 17,118,333</u>	<u>\$ 78,890,142</u>	<u>\$ 91,442,150</u>
LIABILITIES											
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 57,418	\$ 732,761	\$ 48,151	\$ 838,330	\$ 2,086,096
Unexpended grant proceeds											516,934
Due to other funds											1,540,451
Total liabilities							57,418	732,761	48,151	838,330	4,143,481
DEFERRED INFLOWS OF RESOURCES											
Unavailable program income		120,180	120,180								324,087
FUND BALANCES											
Nonspendable											5,344,358
Restricted	899,118	26,784	925,902	19,851	96,213	2,680,337	27,665,781		17,070,182	47,532,364	51,110,776
Committed								30,519,448		30,519,448	30,519,448
Total fund balance	<u>899,118</u>	<u>26,784</u>	<u>925,902</u>	<u>19,851</u>	<u>96,213</u>	<u>2,680,337</u>	<u>27,665,781</u>	<u>30,519,448</u>	<u>17,070,182</u>	<u>78,051,812</u>	<u>86,974,582</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 899,118</u>	<u>\$ 146,964</u>	<u>\$ 1,046,082</u>	<u>\$ 19,851</u>	<u>\$ 96,213</u>	<u>\$ 2,680,337</u>	<u>\$ 27,723,199</u>	<u>\$ 31,252,209</u>	<u>\$ 17,118,333</u>	<u>\$ 78,890,142</u>	<u>\$ 91,442,150</u>

This statement is continued from the previous page.

CITY OF SAVANNAH, GEORGIA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2012

	SPECIAL REVENUE FUNDS							PERMANENT FUND
	GRANT FUND	ECONOMIC DEVELOPMENT FUND	HAZARDOUS MATERIALS TEAM	PUBLIC SAFETY COMMUNICATIONS	HOTEL/MOTEL TAX	AUTOMOBILE RENTAL	CONFISCATED ASSETS	CEMETERY
REVENUES:								
Selective sales tax	\$ -	\$ -	\$ -	\$ -	\$ 13,832,546	\$ 1,366,525	\$ -	\$ -
Intergovernmental revenue	7,932,180		28,931				137,952	8,099,063
Charges for services		34,404	187,950	4,774,454				4,996,808
Investment income		5		3,863			422	4,290
Miscellaneous revenue	63,378							63,378
Total revenues	7,995,558	34,409	216,881	4,778,317	13,832,546	1,366,525	138,374	28,362,610
EXPENDITURES:								
Police				5,720,692			126,752	5,847,444
Fire			511,866					511,866
Tourism enhancement					6,553,671			6,553,671
Grant program and administration	8,391,685							8,391,685
Total expenditures	8,391,685		511,866	5,720,692	6,553,671		126,752	21,304,666
Excess (deficiency) of revenues over (under) expenditures	(396,127)	34,409	(294,985)	(942,375)	7,278,875	1,366,525	11,622	7,057,944
Transfers in	396,127		294,985	896,782				1,587,894
Transfers out					(7,278,875)	(1,366,525)		(8,645,400)
Total other financing sources (uses)	396,127		294,985	896,782	(7,278,875)	(1,366,525)		(7,057,506)
Net change in fund balances		34,409		(45,593)			11,622	438
FUND BALANCES - JANUARY 1		236,318		2,210,910			204,844	5,122,013
FUND BALANCES - DECEMBER 31	\$ -	\$ 270,727	\$ -	\$ 2,165,317	\$ -	\$ -	\$ 216,466	\$ 5,344,358

This statement is continued on the next page.

CITY OF SAVANNAH, GEORGIA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2012

	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	SPLOST 2003-2008	CAPITAL IMPROVEMENT	TAX ALLOCATION DISTRICT I	TOTAL	
REVENUES:											
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 66,326	\$ 66,326	\$ 66,326
Selective sales tax											15,199,071
Intergovernmental revenue								1,469,697	391,234	1,860,931	9,959,994
Charges for services											5,219,153
Special assessments		1,073	1,073								1,073
Investment income	1,566	47	1,613	34	167	4,748	49,339	2,175	30,153	86,616	92,519
Miscellaneous revenue								33,272		33,272	96,650
Total revenues	1,566	1,120	2,686	34	167	4,748	49,339	1,505,144	487,713	2,047,145	30,634,786
EXPENDITURES:											
Police											5,847,444
Fire											511,866
Tourism enhancement											6,553,671
Grant program and administration											8,391,685
Debt Service:											
Principal	1,760,000		1,760,000						725,000	725,000	2,485,000
Interest and fiscal charges	384,313		384,313						627,504	627,504	1,011,817
Capital outlay								10,260,008	822,969	11,082,977	11,082,977
Capital outlay - SPLOST funded						92,994	1,226,933			1,319,927	1,319,927
Total expenditures	2,144,313		2,144,313			92,994	1,226,933	10,260,008	2,175,473	13,755,408	37,204,387
Excess (deficiency) of revenues over (under) expenditures	(2,142,747)	1,120	(2,141,627)	34	167	(88,246)	(1,177,594)	(8,754,864)	(1,687,760)	(11,708,263)	(6,569,601)
OTHER FINANCING SOURCES (USES):											
Transfers in	2,144,313		2,144,313					9,336,464	1,251,504	10,587,968	14,320,175
Transfers out											(8,645,400)
Total other financing sources (uses)	2,144,313		2,144,313					9,336,464	1,251,504	10,587,968	5,674,775
Net change in fund balances	1,566	1,120	2,686	34	167	(88,246)	(1,177,594)	581,600	(436,256)	(1,120,295)	(894,826)
FUND BALANCES - JANUARY 1	897,552	25,664	923,216	19,817	96,046	2,768,583	28,843,375	29,937,848	17,506,438	79,172,107	87,869,408
FUND BALANCES - DECEMBER 31	\$ 899,118	\$ 26,784	\$ 925,902	\$ 19,851	\$ 96,213	\$ 2,680,337	\$ 27,665,781	\$ 30,519,448	\$ 17,070,182	\$ 78,051,812	\$ 86,974,582

This statement is continued from the previous page.

CITY OF SAVANNAH, GEORGIA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
NONMAJOR SPECIAL REVENUE FUNDS AND DEBT SERVICE FUNDS
YEAR ENDED DECEMBER 31, 2012

	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	\$ 4,660,370	\$ 6,461,754	\$ 7,932,180	\$ 1,470,426	\$ -	\$ -	\$ -	\$ -
Charges for services					1,500,000	1,500,000	34,404	(1,465,596)
Investment income							5	5
Miscellaneous revenue			63,378	63,378				
Total revenues	4,660,370	6,461,754	7,995,558	1,533,804	1,500,000	1,500,000	34,409	(1,465,591)
EXPENDITURES:								
Grant program and administration	4,799,672	6,565,545	8,391,685	(1,826,140)				
Community development program and administration					1,500,000	1,500,000		1,500,000
Total expenditures	4,799,672	6,565,545	8,391,685	(1,826,140)	1,500,000	1,500,000		1,500,000
Excess (deficiency) of revenues over (under) expenditures	(139,302)	(103,791)	(396,127)	(292,336)			34,409	34,409
Transfers in	139,302	103,791	396,127	292,336				
Total other financing sources (uses)	139,302	103,791	396,127	292,336				
Net change in fund balance	\$ -	\$ -		\$ -	\$ -	\$ -	34,409	\$ 34,409
FUND BALANCE - JANUARY 1							236,318	
FUND BALANCE - DECEMBER 31			\$ -				\$ 270,727	

This schedule is continued on the next page.

CITY OF SAVANNAH, GEORGIA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
NONMAJOR SPECIAL REVENUE FUNDS AND DEBT SERVICE FUNDS
YEAR ENDED DECEMBER 31, 2012

	HAZARDOUS MATERIALS TEAM			
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
REVENUES:				
Intergovernmental revenue	\$ 255,000	\$ 286,001	\$ 28,931	\$ (257,070)
Charges for services			187,950	187,950
Total revenues	<u>255,000</u>	<u>286,001</u>	<u>216,881</u>	<u>(69,120)</u>
EXPENDITURES:				
Fire	<u>522,770</u>	<u>550,000</u>	<u>511,866</u>	<u>38,134</u>
Total expenditures	<u>522,770</u>	<u>550,000</u>	<u>511,866</u>	<u>38,134</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(267,770)</u>	<u>(263,999)</u>	<u>(294,985)</u>	<u>(30,986)</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	<u>267,770</u>	<u>263,999</u>	<u>294,985</u>	<u>30,986</u>
Total other financing sources (uses)	<u>267,770</u>	<u>263,999</u>	<u>294,985</u>	<u>30,986</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>		<u>\$ -</u>
FUND BALANCE - JANUARY 1				
FUND BALANCE - DECEMBER 31			<u>\$ -</u>	

This schedule is continued from the previous page.

CITY OF SAVANNAH, GEORGIA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
NONMAJOR SPECIAL REVENUE FUNDS AND DEBT SERVICE FUNDS
YEAR ENDED DECEMBER 31, 2012

	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	\$ -	\$ -	\$ -	\$ -	\$ 12,566,790	\$ 13,280,000	\$ 13,832,546	\$ 552,546
Charges for services	5,100,000	5,350,000	4,774,454	(575,546)				
Investment income			3,863	3,863				
Total revenues	5,100,000	5,350,000	4,778,317	(571,683)	12,566,790	13,280,000	13,832,546	552,546
EXPENDITURES:								
Police	6,007,981	6,381,405	5,720,692	660,713				
Tourism enhancement					6,283,395	6,640,000	6,553,671	86,329
Total expenditures	6,007,981	6,381,405	5,720,692	660,713	6,283,395	6,640,000	6,553,671	86,329
Excess (deficiency) of revenues over (under) expenditures	(907,981)	(1,031,405)	(942,375)	89,030	6,283,395	6,640,000	7,278,875	638,875
OTHER FINANCING SOURCES (USES):								
Transfers in	907,981	1,031,405	896,782	(134,623)				
Transfers out					(6,283,395)	(6,640,000)	(7,278,875)	(638,875)
Total other financing sources (uses)	907,981	1,031,405	896,782	(134,623)	(6,283,395)	(6,640,000)	(7,278,875)	(638,875)
Net change in fund balance	\$ -	\$ -	(45,593)	\$ (45,593)	\$ -	\$ -		\$ -
FUND BALANCE - JANUARY 1			2,210,910					
FUND BALANCE - DECEMBER 31			\$ 2,165,317				\$ -	

This schedule is continued from the previous page.

CITY OF SAVANNAH, GEORGIA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
NONMAJOR SPECIAL REVENUE FUNDS AND DEBT SERVICE FUNDS
YEAR ENDED DECEMBER 31, 2012

	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	\$ 1,212,000	\$ 1,300,000	\$ 1,366,525	\$ 66,525	\$ -	\$ -	\$ -	\$ -
Intergovernmental revenue					175,000	200,000	137,952	(62,048)
Investment income							422	422
Total revenues	<u>1,212,000</u>	<u>1,300,000</u>	<u>1,366,525</u>	<u>66,525</u>	<u>175,000</u>	<u>200,000</u>	<u>138,374</u>	<u>(61,626)</u>
EXPENDITURES:								
Police					175,000	200,000	126,752	73,248
Total expenditures					<u>175,000</u>	<u>200,000</u>	<u>126,752</u>	<u>73,248</u>
Excess (deficiency) of revenues over (under) expenditures	<u>1,212,000</u>	<u>1,300,000</u>	<u>1,366,525</u>	<u>66,525</u>			<u>11,622</u>	<u>11,622</u>
OTHER FINANCING SOURCES (USES):								
Transfers out	<u>(1,212,000)</u>	<u>(1,300,000)</u>	<u>(1,366,525)</u>	<u>(66,525)</u>				
Total other financing sources (uses)	<u>(1,212,000)</u>	<u>(1,300,000)</u>	<u>(1,366,525)</u>	<u>(66,525)</u>				
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>11,622</u>	<u>\$ 11,622</u>
FUND BALANCE - JANUARY 1							<u>204,844</u>	
FUND BALANCE - DECEMBER 31			<u>\$ -</u>				<u>\$ 216,466</u>	

This schedule is continued from the previous page.

CITY OF SAVANNAH, GEORGIA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
NONMAJOR SPECIAL REVENUE FUNDS AND DEBT SERVICE FUNDS
YEAR ENDED DECEMBER 31, 2012

	GENERAL OBLIGATION BOND DEBT SERVICE				SPECIAL ASSESSMENTS DEBT SERVICE			
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
REVENUES:								
Special assessments	\$ -	\$ -	\$ -	\$ -	\$ 100,000	\$ 100,000	\$ 1,073	\$ (98,927)
Investment income			1,566	1,566			47	47
Total revenues			1,566	1,566	100,000	100,000	1,120	(98,880)
EXPENDITURES:								
Debt Service:								
Principal	1,725,000	1,760,000	1,760,000		50,000	50,000		50,000
Interest and fiscal charges	423,125	1,240,000	384,313	855,687	50,000	50,000		50,000
Total expenditures	2,148,125	3,000,000	2,144,313	855,687	100,000	100,000		100,000
Excess (deficiency) of revenues over (under) expenditures	(2,148,125)	(3,000,000)	(2,142,747)	857,253	-	-	1,120	1,120
OTHER FINANCING SOURCES (USES):								
Transfers in	2,148,125	3,000,000	2,144,313	(855,687)				
Total other financing sources (uses)	2,148,125	3,000,000	2,144,313	(855,687)				
Net change in fund balance	\$ -	\$ -	1,566	\$ 1,566	\$ -	\$ -	1,120	\$ 1,120
FUND BALANCE - JANUARY 1			897,552				25,664	
FUND BALANCE - DECEMBER 31			<u>\$ 899,118</u>				<u>\$ 26,784</u>	

This schedule is continued from the previous page.

CITY OF SAVANNAH, GEORGIA
COMBINING STATEMENT OF NET POSITION
NONMAJOR ENTERPRISE FUNDS
DECEMBER 31, 2012

	RESOURCE RECOVERY	CIVIC CENTER	GOLF COURSE	TOTAL
<u>ASSETS</u>				
ASSETS				
Current assets:				
Cash and investments	\$ -	\$ 2,779,218	\$ 146,843	\$ 2,926,061
Due from other funds		63,976		63,976
Inventories		52,072		52,072
Total current assets		2,895,266	146,843	3,042,109
Noncurrent assets:				
Restricted assets:				
Cash and investments		752,877		752,877
Accounts receivable		43,863		43,863
Capital assets:				
Land	1,592,559	606,537		2,199,096
Plant, buildings, stations, reservoirs, etc		17,465,963	229,083	17,695,046
Improvements, other than buildings		244,345	3,630,321	3,874,666
Machinery and equipment		1,458,884	54,443	1,513,327
Other capital assets		887,026	4,692	891,718
Less accumulated depreciation		(16,441,329)	(3,412,052)	(19,853,381)
Construction in progress		1,991,141	811,218	2,802,359
Total noncurrent assets	1,592,559	7,009,307	1,317,705	9,919,571
Total assets	1,592,559	9,904,573	1,464,548	12,961,680
<u>DEFERRED OUTFLOWS OF RESOURCES</u>				
Deferred amounts from refunding of debt		6,289		6,289
Total assets and deferred outflows of resources	\$ 1,592,559	\$ 9,910,862	\$ 1,464,548	\$ 12,967,969
<u>LIABILITIES AND NET POSITION</u>				
LIABILITIES				
Current liabilities:				
Accounts payable	\$ -	\$ 121,727	\$ -	\$ 121,727
Interest payable		20,922		20,922
Current portion of contractual obligations		450,000		450,000
Current portion of compensated absences		68,696		68,696
Total current liabilities		661,345		661,345
Noncurrent liabilities:				
Payable from restricted assets:				
Customer deposits		796,740		796,740
Contractual obligations		943,082		943,082
Compensated absences		81,032		81,032
Net OPEB obligation		132,342		132,342
Total noncurrent liabilities		1,953,196		1,953,196
Total liabilities		2,614,541		2,614,541
NET POSITION				
Net investment in capital assets	1,592,559	4,817,087	1,317,705	7,727,351
Unrestricted		2,479,234	146,843	2,626,077
Total net position	1,592,559	7,296,321	1,464,548	10,353,428
Total liabilities and net position	\$ 1,592,559	\$ 9,910,862	\$ 1,464,548	\$ 12,967,969

CITY OF SAVANNAH, GEORGIA
COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
NONMAJOR ENTERPRISE FUNDS
YEAR ENDED DECEMBER 31, 2012

	<u>RESOURCE RECOVERY</u>	<u>CIVIC CENTER</u>	<u>GOLF COURSE</u>	<u>TOTAL</u>
OPERATING REVENUES:				
Rental fees	\$ -	\$ 999,016	\$ -	\$ 999,016
Recreation fees		484,122		484,122
Total operating revenues		1,483,138		1,483,138
OPERATING EXPENSES:				
Personal services		1,548,541		1,548,541
Contractual services		888,825		888,825
Commodities		100,104		100,104
Internal service		181,575		181,575
Depreciation		324,056	38,603	362,659
Total operating expenses		3,043,101	38,603	3,081,704
Operating Income (Loss)		(1,559,963)	(38,603)	(1,598,566)
NONOPERATING REVENUES (EXPENSES):				
Interest earned		1	266	267
Interest expense		(46,866)		(46,866)
Amortization		(9,508)		(9,508)
Total nonoperating revenues (expenses)		(56,373)	266	(56,107)
Income (loss) before contributions and transfers		(1,616,336)	(38,337)	(1,654,673)
CAPITAL CONTRIBUTIONS		3		3
TRANSFERS IN		2,389,861		2,389,861
Change in net position		773,528	(38,337)	735,191
Total net position - beginning	1,592,559	6,522,793	1,502,885	9,618,237
Total net position - ending	<u>\$ 1,592,559</u>	<u>\$ 7,296,321</u>	<u>\$ 1,464,548</u>	<u>\$ 10,353,428</u>

**CITY OF SAVANNAH, GEORGIA
COMBINING STATEMENT OF CASH FLOWS
NONMAJOR ENTERPRISE FUNDS
YEAR ENDED DECEMBER 31, 2012**

	CIVIC CENTER	GOLF COURSE	TOTALS
CASH FLOWS FROM OPERATING ACTIVITIES:			
Cash received from customers	\$ 1,770,353	\$ -	\$ 1,770,353
Cash paid to suppliers	(1,087,698)	(16,500)	(1,104,198)
Cash paid to other funds for services	(181,575)		(181,575)
Cash paid to employees	(1,548,541)		(1,548,541)
Net cash provided (used) by operating activities	(1,047,461)	(16,500)	(1,063,961)
CASH FLOWS FROM NON CAPITAL FINANCING ACTIVITIES:			
Repayment of due to (from) other funds	(20,196)		(20,196)
Transfers in	2,389,861		2,389,861
Net cash provided (used) by non capital financing activities	2,369,665	-	2,369,665
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Principal paid on long-term debt	(430,000)		(430,000)
Interest paid	(53,137)		(53,137)
Acquisition and construction of capital assets	(230,072)	(7,790)	(237,862)
Net cash provided (used) by capital and related financing activities	(713,209)	(7,790)	(720,999)
CASH FLOWS FROM INVESTING ACTIVITIES:			
Investment income	1	266	267
Net cash provided by investing activities	1	266	267
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	608,996	(24,024)	584,972
CASH AND CASH EQUIVALENTS, JANUARY 1 (INCLUDING RESTRICTED ACCOUNTS OF \$465,662 IN 2011)	2,923,099	170,867	3,093,966
CASH AND CASH EQUIVALENTS, DECEMBER 31 (INCLUDING RESTRICTED ACCOUNTS OF \$752,877 IN 2012)	<u>\$ 3,532,095</u>	<u>\$ 146,843</u>	<u>\$ 3,678,938</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES:			
Operating income (loss)	\$ (1,559,963)	\$ (38,603)	\$ (1,598,566)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:			
Depreciation and amortization	324,057	38,603	362,660
Change in assets and liabilities:			
(Increase) decrease in receivables	86,310		86,310
(Increase) decrease in prepaid items and inventories	(15,834)		(15,834)
Increase (decrease) in accounts and other payables	117,969	(16,500)	101,469
Net cash provided (used) by operating activities	<u>\$ (1,047,461)</u>	<u>\$ (16,500)</u>	<u>\$ (1,063,961)</u>

**CITY OF SAVANNAH, GEORGIA
COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS
DECEMBER 31, 2012**

	<u>REVOLVING</u>	<u>RISK MANAGEMENT</u>	<u>TOTAL</u>
<u>ASSETS</u>			
ASSETS			
Current assets:			
Cash and investments	\$ 14,002,548	\$ 11,235,970	\$ 25,238,518
Receivables, net	22,095	1,154,069	1,176,164
Prepaid items			
Inventories	912,738		912,738
Total current assets	<u>14,937,381</u>	<u>12,390,039</u>	<u>27,327,420</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	68,458,370		68,458,370
Machinery and equipment under capital lease	2,440,982		2,440,982
Less accumulated depreciation	(46,168,389)		(46,168,389)
Construction in progress			
Total noncurrent assets	<u>27,630,629</u>	<u></u>	<u>27,630,629</u>
Total assets	<u><u>\$ 42,568,010</u></u>	<u><u>\$ 12,390,039</u></u>	<u><u>\$ 54,958,049</u></u>
<u>LIABILITIES AND NET POSITION</u>			
LIABILITIES			
Current liabilities:			
Accounts payable	\$ 655,069	\$ 337,202	\$ 992,271
Interest payable	11,387		11,387
Current portion of compensated absences	193,635		193,635
Current portion of claims and judgments		4,197,485	4,197,485
Current obligation under capital leases	395,385		395,385
Total current liabilities	<u>1,255,476</u>	<u>4,534,687</u>	<u>5,790,163</u>
Noncurrent liabilities:			
Compensated absences	190,099		190,099
Claims and judgments		5,484,705	5,484,705
Total noncurrent liabilities	<u>190,099</u>	<u>5,484,705</u>	<u>5,674,804</u>
Total liabilities	<u>1,445,575</u>	<u>10,019,392</u>	<u>11,464,967</u>
NET POSITION			
Net investment in capital assets	27,235,244		27,235,244
Unrestricted	<u>13,887,191</u>	<u>2,370,647</u>	<u>16,257,838</u>
Total net position	<u>41,122,435</u>	<u>2,370,647</u>	<u>43,493,082</u>
Total liabilities and net position	<u><u>\$ 42,568,010</u></u>	<u><u>\$ 12,390,039</u></u>	<u><u>\$ 54,958,049</u></u>

CITY OF SAVANNAH, GEORGIA
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
INTERNAL SERVICE FUNDS
YEAR ENDED DECEMBER 31, 2012

	REVOLVING	RISK MANAGEMENT	TOTAL
OPERATING REVENUES:			
Charges for services	\$ 17,831,633	\$ -	\$ 17,831,633
Risk management fees		27,218,556	27,218,556
Total operating revenues	17,831,633	27,218,556	45,050,189
OPERATING EXPENSES:			
Depreciation	7,094,563		7,094,563
Central garage	5,325,652		5,325,652
Information services	5,363,962		5,363,962
Risk management		26,864,291	26,864,291
Total operating expenses	17,784,177	26,864,291	44,648,468
Operating Income (Loss)	47,456	354,265	401,721
NONOPERATING REVENUES (EXPENSES):			
Interest earned	16,966	14,800	31,766
Interest expense	(22,538)		(22,538)
Gain (loss) on disposal of assets	759,466		759,466
Total nonoperating revenues (expenses)	753,894	14,800	768,694
Income (loss) before contributions	801,350	369,065	1,170,415
CAPITAL CONTRIBUTIONS	264,216		264,216
Change in net position	1,065,566	369,065	1,434,631
Total net position - beginning	40,056,869	2,001,582	42,058,451
Total net position - ending	\$ 41,122,435	\$ 2,370,647	\$ 43,493,082

**CITY OF SAVANNAH, GEORGIA
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
YEAR ENDED DECEMBER 31, 2012**

	REVOLVING	RISK MANAGEMENT	TOTAL
CASH FLOWS FROM OPERATING ACTIVITIES:			
Cash received from other funds for services	\$ 17,837,868	\$ -	\$ 17,837,868
Cash received for services and fees		27,372,398	27,372,398
Cash paid to suppliers	(11,525,883)		(11,525,883)
Cash paid for supplies and insurance		(28,077,008)	(28,077,008)
Net cash provided (used) by operating activities	<u>6,311,985</u>	<u>(704,610)</u>	<u>5,607,375</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Payments of obligations under capital lease	(379,012)		(379,012)
Interest paid	(33,454)		(33,454)
Capital contribution	9,563		9,563
Proceeds from sale of equipment	776,415		776,415
Acquisition and construction of capital assets	(4,180,303)		(4,180,303)
Net cash provided (used) by capital and related financing activities	<u>(3,806,791)</u>	<u>-</u>	<u>(3,806,791)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:			
Investment income	16,966	14,800	31,766
Net cash provided by investing activities	<u>16,966</u>	<u>14,800</u>	<u>31,766</u>
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	2,522,160	(689,810)	1,832,350
CASH AND CASH EQUIVALENTS, JANUARY 1	<u>11,480,388</u>	<u>11,925,780</u>	<u>23,406,168</u>
CASH AND CASH EQUIVALENTS, DECEMBER 31	<u>\$ 14,002,548</u>	<u>\$ 11,235,970</u>	<u>\$ 25,238,518</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES:			
Operating income (loss)	\$ 47,456	\$ 354,265	\$ 401,721
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:			
Depreciation	7,094,563		7,094,563
Change in assets and liabilities:			
(Increase) decrease in receivables	6,235	153,842	160,077
(Increase) decrease in prepaid items	124,458		124,458
(Increase) decrease in inventories	5,711		5,711
Increase (decrease) in accounts payables	(977,122)	(308,025)	(1,285,147)
Increase (decrease) in compensated absences	10,684		10,684
Increase (decrease) in claims and judgments payable		(904,692)	(904,692)
Net cash provided (used) by operating activities	<u>\$ 6,311,985</u>	<u>\$ (704,610)</u>	<u>\$ 5,607,375</u>
NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES:			
Contributions of capital assets from other entities	<u>\$ 254,653</u>	<u>\$ -</u>	<u>\$ 254,653</u>

**CITY OF SAVANNAH, GEORGIA
COMBINING STATEMENT OF FIDUCIARY NET POSITION
TRUST FUNDS AND AGENCY FUNDS
DECEMBER 31, 2012**

	TRUST FUNDS				AGENCY FUNDS		
	PENSION TRUST	OLD PENSION TRUST	OPEB TRUST	TOTAL	RECORDERS COURT	FLEXIBLE BENEFITS	TOTAL
<u>ASSETS</u>							
Cash and cash equivalents	\$ 3,740,687	\$ 278,719	\$ 39,665,471	\$ 43,684,877	\$ 52,566	\$ 175,768	\$ 228,334
Accrued income	784,484			784,484			
Accounts receivable:							
From employers	17,001			17,001			
From participants	44,514			44,514		1,946	1,946
Investments, at fair value:							
U.S. government obligations	46,563,534			46,563,534			
Foreign corporate bonds	5,274,547			5,274,547			
Domestic corporate bonds	20,585,435			20,585,435			
Domestic stocks	102,910,820			102,910,820			
Domestic stock fund	27,538,029			27,538,029			
Foreign stocks	3,334,611			3,334,611			
International stock fund	29,267,325			29,267,325			
Real estate fund	28,023,910			28,023,910			
Total investments	263,498,211			263,498,211			
Total assets	268,084,897	278,719	39,665,471	308,029,087	\$ 52,566	\$ 177,714	\$ 230,280
<u>LIABILITIES AND NET POSITION</u>							
Liabilities:							
Payable from restricted assets:							
Accounts payable	\$ 251,572	\$ -	\$ -	\$ 251,572	\$ 52,566	\$ 10,896	\$ 63,462
Benefits payable						61,131	61,131
Benefit plan surplus						105,687	105,687
Total liabilities	251,572			251,572	\$ 52,566	\$ 177,714	\$ 230,280
Net Position:							
Held in trust for:							
Pension benefits	267,833,325	278,719		268,112,044			
OPEB			39,665,471	39,665,471			
Total net position	\$ 267,833,325	\$ 278,719	\$ 39,665,471	\$ 307,777,515			

CITY OF SAVANNAH, GEORGIA
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
TRUST FUNDS
YEAR ENDED DECEMBER 31, 2012

	PENSION (AND OTHER EMPLOYEE BENEFITS)			
	PENSION TRUST	OLD PENSION TRUST	OPEB TRUST	TOTAL
ADDITIONS				
Contributions:				
Employer	\$ 9,729,071	\$ -	\$ 11,425,392	\$ 21,154,463
Plan members	6,676,022		2,336,015	9,012,037
Total contributions	16,405,093		13,761,407	30,166,500
Investment income:				
Interest	2,034,877	500	63,117	2,098,494
Dividends	2,495,429			2,495,429
Real estate net income	2,611,908			2,611,908
Net appreciation (depreciation) in fair value of investments	21,962,001			21,962,001
Total investment income	29,104,215	500	63,117	29,167,832
Less investment expense	794,684			794,684
Net investment income (loss)	28,309,531	500	63,117	28,373,148
Total additions	44,714,624	500	13,824,524	58,539,648
DEDUCTIONS				
Benefits	20,620,735	16,108	6,870,373	27,507,216
Refunds of contributions	1,910,626			1,910,626
Administrative expense	140,303		261,034	401,337
Total deductions	22,671,664	16,108	7,131,407	29,819,179
Change in net position	22,042,960	(15,608)	6,693,117	28,720,469
Beginning of year - January 1	245,790,365	294,327	32,972,354	279,057,046
End of year - December 31	<u>\$ 267,833,325</u>	<u>\$ 278,719</u>	<u>\$ 39,665,471</u>	<u>\$ 307,777,515</u>

CITY OF SAVANNAH, GEORGIA
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES - AGENCY FUNDS
YEAR ENDED DECEMBER 31, 2012

	JANUARY 1, 2012	ADDITIONS	DEDUCTIONS	DECEMBER 31, 2012
RECORDER'S COURT				
<u>ASSETS</u>				
Restricted assets:				
Cash and investments	\$ 64,929	\$ 4,747,691	\$ 4,760,054	\$ 52,566
Total assets	<u>\$ 64,929</u>	<u>\$ 4,747,691</u>	<u>\$ 4,760,054</u>	<u>\$ 52,566</u>
<u>LIABILITIES</u>				
Payable from restricted assets:				
Accounts payable	\$ 64,929	\$ 4,747,691	\$ 4,760,054	\$ 52,566
Total liabilities	<u>\$ 64,929</u>	<u>\$ 4,747,691</u>	<u>\$ 4,760,054</u>	<u>\$ 52,566</u>
FLEXIBLE BENEFITS PLAN				
<u>ASSETS</u>				
Restricted assets:				
Cash and investments	\$ 186,922	\$ 615,986	\$ 627,140	\$ 175,768
Accounts receivable	2,322	1,946	2,322	1,946
Total assets	<u>\$ 189,244</u>	<u>\$ 617,932</u>	<u>\$ 629,462</u>	<u>\$ 177,714</u>
<u>LIABILITIES</u>				
Payable from restricted assets:				
Accounts payable	\$ 2,228	\$ 10,896	\$ 2,228	\$ 10,896
Benefits payable	74,199	615,104	628,172	61,131
Benefit plan surplus	112,817	13,048	20,178	105,687
Total liabilities	<u>\$ 189,244</u>	<u>\$ 639,048</u>	<u>\$ 650,578</u>	<u>\$ 177,714</u>
TOTAL				
<u>ASSETS</u>				
Restricted assets:				
Cash and investments	\$ 251,851	\$ 5,363,677	\$ 5,387,194	\$ 228,334
Accounts receivable	2,322	1,946	2,322	1,946
Total assets	<u>\$ 254,173</u>	<u>\$ 5,365,623</u>	<u>\$ 5,389,516</u>	<u>\$ 230,280</u>
<u>LIABILITIES</u>				
Payable from restricted assets:				
Accounts payable	\$ 67,157	\$ 4,758,587	\$ 4,762,282	\$ 63,462
Benefits payable	74,199	615,104	628,172	61,131
Benefit plan surplus	112,817	13,048	20,178	105,687
Total liabilities	<u>\$ 254,173</u>	<u>\$ 5,386,739</u>	<u>\$ 5,410,632</u>	<u>\$ 230,280</u>

CITY OF SAVANNAH, GEORGIA
SCHEDULE OF PROJECTS FUNDED WITH SPECIAL SALES TAX PROCEEDS
FOR THE YEAR ENDED DECEMBER 31, 2012

PROJECT NUMBER		Total	Original	Current	Sales Tax Funded Expenditures			
		Estimated Cost to be Funded from All Sources	Sales Tax Funding per Referendum Resolution	Estimated Cost to be Funded by Sales Tax	PRIOR YEARS	CURRENT YEAR	TOTAL	Remaining Balance
SALES TAX FUND I:								
	Local Road, Sidewalk and Drainage Projects		\$ 10,875,470					
DR0208	Broughton Street Cave-In	\$ 593,522		\$ 27,953	\$ 27,953	\$ -	\$ 27,953	\$ -
OP0204	Forsyth & Daffin Sidewalk Replacement	19,083		10,000	10,000		10,000	
OP0301	LARP Paving Project	42,000		42,000	42,000		42,000	
OP0305	Liberty Parkway Sidewalk	343,355		295,033	295,033		295,033	
OP0306	School Sidewalks-Phase 1	28,842		28,842	28,842		28,842	
OP0307	Windsor Forest School Sidewalks	19,690		19,690	19,690		19,690	
OP0308	Juliette Lowe School Sidewalks	23,690		23,690	23,690		23,690	
OP0309	Spencer, Bartow, Hodge School Sidewalks	26,118		26,118	26,118		26,118	
OP0310	Heard, Smith School Sidewalks	6,204		6,204	6,204		6,204	
OP0311	Haven, Pulaski School Sidewalks	96		96	96		96	
OP0312	Largo-Tibet School Sidewalks	31,948		31,948	31,948		31,948	
OP0608	Habersham Street Sidewalks	69,209		69,209	69,209		69,209	
OP0609	Whitebluff Sidewalks	69,306		69,305	69,305		69,305	
OP0610	Daffin Park Perimeter	88,517		88,517	88,517		88,517	
OP0611	Eastside Sidewalks	500,778		483,510	483,510		483,510	
OP0612	WB Elementary Sidewalks	83,066		82,864	82,864		82,864	
OP0614	Thomas Square Sidewalks	55,831		907	907		907	
OP0615	Richards Street Sidewalks	111,534		1,534	1,534		1,534	
OP0617	Stillwood & Butler Sidewalks	57,514		57,514	57,514		57,514	
OP0621	Forsyth Sidewalks-Phase II	11,766		11,766	11,766		11,766	
OP0903	Gwinnett St. Underpass	350,037		94,887	94,887		94,887	
PD0801	West 57th St. Blvd.	1,895,192		230,000	230,000		230,000	
RE0503	Daffin Jogging Path	24,826		22,000	22,000		22,000	
SP0111	Hazardous Sidewalk Repair	1,066,067		358	358		358	
SP0200	Twickenham Area Paving	845,561		387,672	387,672		387,672	
SP0201	Atlantic Paving	1,551,020		814,120	814,120		814,120	
SP0202	Bon-Air, Riviera, Rogers & Leeward Paving	384,240		295,920	295,920		295,920	
SP0213	Hamilton Court	275,405		81,235	81,235		81,235	
SP0300	Alta, Halsey, Industry & Ware Paving	596,002		514,940	514,940		514,940	
SP0301	Gordonston Area Paving	1,144,800		971,542	971,542		971,542	
SP0302	Adirondak, Bacon Park & Bruce Paving	336,908		257,815	257,815		257,815	
SP0304	Felt Drive Paving	33,034		21,034	21,034		21,034	
SP0305	Ohio Avenue Paving	396,255		190,268	190,268		190,268	
SP0306	Charlton, DeRenne, Pierpont & 34th Paving	663,279		472,922	472,922		472,922	
SP0307	Robin & Rendant Paving	767,889		527,433	527,433		527,433	
SP0309	Laurel Grove Paving	247,813		203,720	203,720		203,720	
SP0310	Ripley, Sheffield, Scott & Whitman	445,575		336,768	336,768		336,768	
SP0311	Avondale Area Paving	560,805		510,416	510,416		510,416	
SP0313	Semken Plant, Battey, Nunez & Waters Paving	555,238		468,158	468,158		468,158	
SP0400	Columbia, Heard, Lloyd & Fayette Paving	293,279		98,023	98,023		98,023	
SP0401	36th, Kinzie, Galway, Gunter, 50th, Gunnie, Corinth & Baudry Park Paving	43,676		14,100	14,100		14,100	
SP0402	Central Avenue Paving	41,788		30,986	30,986		30,986	
SP0501	Honeybee Area Paving	388,572		16,000	16,000		16,000	
SP0502	Liberty City Paving	466,954		155,479	155,479		155,479	
SP0504	Fulton Road Extension Paving	118,222		33,255	33,255		33,255	
SP0602	1994 Street Paving-Phase II	343,090		12,422	12,422		12,422	
SP0702	44th, 48th, Clifford, Barrington, Desoto, Etc.	457,472		166,702	166,702		166,702	
SP0703	Archer, Bates, Blossum, Clivald & Elmdale	1,100,303		8,000	8,000		8,000	
SP0704	49th, 56th, Latimer, Costa Rica, Cedar, Etc.	1,511,511		67,000	67,000		67,000	
SP0705	Felt & Waubun Paving	1,293,611		936,508	936,508		936,508	
SP0903	Deiter, Riverwalk & MLK Paving	462,567		27,000	27,000		27,000	
SP0905	Stuart, Barry & 57th Paving	206,285		82,000	82,000		82,000	
SW0312	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 lists projects that are funded by special purpose sales tax revenue. Projects may have additional funding sources.

CITY OF SAVANNAH, GEORGIA
SCHEDULE OF PROJECTS FUNDED WITH SPECIAL SALES TAX PROCEEDS
FOR THE YEAR ENDED DECEMBER 31, 2012

		Total	Original	Current	Sales Tax Funded Expenditures			
		Estimated	Sales Tax	Estimated				
		Cost to be	Funding per	Cost to be				
		Funded from	Referendum	Funded by	Prior	Current	Total	Remaining
Project		All Sources	Resolution	Sales Tax	Years	Year		Balance
Number								
SALES TAX FUND II:								
	Savannah Roads, Sidewalks and Drainage		\$ 5,691,151					
DR0129	Local Match GEMA Grants	\$ 6,384,971		\$ 29,982	\$ 29,982	\$ -	\$ 29,982	\$ -
DR0208	Broughton Street Cave-In	593,522		13,850	13,850		13,850	
OP0305	Liberty Parkway Sidewalk	343,355		48,322	48,322		48,322	
OP0810	Beacon Light	85,944		36	36		36	
PD0801	West 57th Street Boulevard	1,895,192		470,000	470,000		470,000	
SP0111	Hazardous Sidewalk Repair	1,066,067		7,251	7,251		7,251	
SP0213	Hamilton Court	275,405		98,005	98,005		98,005	
SP0303	Cuyler-Brownsville Kline	54,412		1,211	1,211		1,211	
SP0312	Dennis, Eugene & Mosley Paving	367,958		207,845	207,845		207,845	
SP0318	Repair-Install Curbs	171,616		7,700	7,700		7,700	
SP0415	Kimball, McLaws, Desoto Paving	417,676		178,056	178,056		178,056	
SP0501	Honeybee Area Paving	388,572		29,579	29,579		29,579	
SP0502	Liberty City Paving	466,954		38,135	38,135		38,135	
SP0504	Fulton Road Extension Paving	118,222		84,967	84,967		84,967	
SP0507	Bridge Maintenance	296,524		7,760	7,760		7,760	
SP0601	1994 Street Paving-Phase I	310,174		279,242	279,242		279,242	
SP0602	1994 Street Paving-Phase II	343,090		198,595	198,595		198,595	
SP0603	1994 Street Paving-Phase III	1,176,089		910,276	910,276		910,276	
SP0605	Adams, Kimbell & Mild Paving	29,394		29,394	29,394		29,394	
SP0702	44th, 48th, Clifford, Barrington, Desoto, Etc.	457,472		258,345	258,345		258,345	
SP0703	Archer, Bates, Blossum, Cliwald & Elmdale	1,100,303		786,255	786,255		786,255	
SP0704	49th, 56th, Latimer, Costa Rica, Cedar, Etc.	1,511,511		1,140,303	1,140,303		1,140,303	
SP0705	Felt & Waubun Paving	1,293,611		160,719	160,719		160,719	
SP0706	41st, Gwinnett Lane, Dieter, Entleman, Etc.	47,804		47,804	47,804		47,804	
SP0707	Carver Village Street Improvements	751,202		751,202	751,202		751,202	
SP0708	Holland Drive Improvements	185,929		146,821	146,821		146,821	
SP0802	Abercorn-62nd-65th Paving	122,545		122,545	122,545		122,545	
SP0903	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	\$ 6,489,767	\$ -	\$ 6,489,767	\$ -

NOTE: (1) This schedule list projects that are funded by special purpose sales tax revenue. Projects may have additional funding sources.

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, 2012

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							
		\$ 77,500,000					
DR0111	Savannah Drainage Projects						
DR0111	Kayton Pump Station Phase 2	\$ 1,219,860	\$ 987,471	\$ 987,471	\$ -	\$ 987,471	\$ -
DR0112	Harman Canal Drainage Improvements	1,255,555	1,219,555	1,219,555		1,219,555	-
DR0113	Kayton Canal Equipment Purchase	949,947	949,947	949,947		949,947	-
DR0114	Kayton Railroad Bridge Replacement	513,231	513,231	513,231		513,231	-
DR0115	Montgomery Crossroads Bridge	55,004	55,004	31,435	23,569	55,004	-
DR0116	Montgomery Crossroads Equipment Purchase	1,413,719	1,409,619	1,409,619		1,409,619	-
DR0117	Springfield Canal Bridges	157,966	156,166	156,166		156,166	-
DR0118	Williams Ward Detention	370,094	370,094	370,094		370,094	-
DR0119	Springfield Canal 2-Year Storm	2,966,599	2,966,555	2,966,555		2,966,555	-
DR0120	Westside Equipment Purchase	2,226,160	283,900	283,900		283,900	-
DR0121	Westside Detention	895,997	112	112		112	-
DR0122	Westside Pump Station & Line	14,230,285	12,728,054	12,728,054		12,728,054	-
DR0123	Westside Interceptor	9,230,669	3,171,712	3,171,712		3,171,712	-
DR0124	Montgomery Crossroads Pump Station	10,287,983	10,213,431	10,213,431		10,213,431	-
DR0125	Wilshire Canal	2,848,286	2,848,286	2,848,286		2,848,286	-
DR0126	Holland Canal	3,139,533	3,137,685	3,137,685		3,137,685	-
DR0127	Windsor Canal	3,497,132	1,659,473	1,659,473		1,659,473	-
DR0129	Local Match GEMA Grants	7,897,653	2,651,266	2,651,266		2,651,266	-
DR0130	Kayton Spill Clean Up	1,071,884	39,504	39,000	504	39,504	-
DR0201	DeRenne Pump Station	15,848,251	970,000	970,000		970,000	-
DR0204	Casey South Drainage	24,666,942	21,507,611	21,532,611	(25,000)	21,507,611	-
DR0205	Demere Ward Detention	75,751	75,751	75,751		75,751	-
DR0206	Springfield Canal Roads	328,729	285,014	285,014		285,014	-
DR0207	Nicholson Woods-White Bluff	112,152	48,657	48,657		48,657	-
DR0211	Windsor Sub-Basin	50,926	50,926	50,926		50,926	-
DR0212	SCADA I	52,833	17,330	17,330		17,330	-
DR0214	Pump Station Metal Building Upgrade	628,000	628,000	245,993		245,993	382,007
DR0215	Bilbo-North Casey Drainage	505,000	180,000	102,728	77,272	180,000	-
DR0301	Springfield Canal	12,144,945	7,652,969	7,652,969		7,652,969	-
DR0304	SCADA II	94,817	36,446	36,446		36,446	-
DR0305	Bilbo Basin	15,766,216	157,366	157,366		157,366	-
DR0501	Cranman Drive Culvert Replacement	336,133	336,133	336,133		336,133	-
DR0503	Wilshire Basin Study	9,480,032	1,746,691	1,746,691		1,746,691	-
DR0507	Downtown Bilbo Drainage Basin	150,000	150,000	106,795.0	6,952	113,747	36,253
DR0601	City Lot Drainage Improvements	277,975	23,475	23,475		23,475	-
DR0800	Westside Flooding Remediation	1,740,616	640,616	640,616		640,616	-
DR0802	Placentia Phase I	1,192,847	42,000	21,404	16,077	37,481	4,519
DR0803	Jackson Woods Drainage-Phase 2	2,091,525	98,736	98,736		98,736	-
DR0805	Nicholson Woods-Phase 2	235,505	75,142	75,142		75,142	-
DR0901	Windsor-Wilshire Basin	525,668	525,668	525,668		525,668	-
DR0910	Storm Sewer Rehab	1,621,535	115,919	115,919		115,919	-
WT0510	Extension to Unserved Areas	115,854	58,437	58,437		58,437	-
	Other Capital Outlay Projects		16,292,341				-
OP0120	RR Roundhouse Battlefield Park	1,528,258	190,000	190,000		190,000	-
OP0327	Electric Street Cars	1,385,419	170,000	170,000		170,000	-
OP0541	Hwy 21/Snow Green Land	1,600,000	1,600,000	1,507,437		1,507,437	92,563
OP0611	Eastside Sidewalks	500,778	17,268	17,268		17,268	-
OP0638	Railroad Property Acquisition	6,398,268	3,590,551	3,590,551		3,590,551	-
PB0310	History Museum Bldg Repair	838,311	15,000	15,000		15,000	-
PB0412	Forsyth Park Fort	6,723,755	1,003,550	1,003,550		1,003,550	-
PB0621	Ellis Square Parking Garage	54,239,665	1,691,000	1,691,000		1,691,000	-
PD0400	Savannah Gardens Phase I	13,025,177	872	872		872	-
PD0801	West 57th Street Boulevard	2,033,452	555,117	555,117		555,117	-
PD0901	Meding Street Curve	206,059	206,059	206,059		206,059	-
RE0412	Boean Tract Open Space	22,812	22,000	22,000		22,000	-
RE0604	Band Shell	580,550	787,500	577,950	509,694	8,420	518,114
RE0805	Daffin Park Master Plan	4,939,797	3,495,000	3,495,000		3,495,000	-
SP0212	1% Sidewalk Construction	675,220	674,423	674,423		674,423	-
SP0214	Wheelchair Access Ramps	321,384	735	735		735	-
SP0308	Cuyler-Brownsville Sidewalk	28,665	23,265	23,265		23,265	-
SP0326	Littleneck Road Bridge Replacement	700,000	700,000				700,000
SP0910	1% Sidewalk Construction	1,068,137	808,309	808,309		808,309	-
SQ0411	MLK Median Landscaping	833,130	322,000	322,000		322,000	-
SQ0502	Elbert Square Acquisition	828,635	828,635	828,635		828,635	-
SQ0701	Liberty Square Reconstruction	280,000	280,000				280,000
TE0502	MLK Median Installation	330,616	48,000	48,000		48,000	-
OP0515	Fire Capital Outlay	229,535	172,566	172,566		172,566	-
	Open Space Acquisition		3,339,424				-
OP0339	Wilshire Complex	418,258	12,258	12,258		12,258	-
OP0529	Mohawk Lake Acquisition	348,443	348,443	348,443		348,443	-
PB0820	Crusader Neighborhood Center	422,698	110,746	110,746		110,746	-
RE0123	Master Plan-Mohawk Property	170,047	1,557				1,557
RE0307	Windsor Forest Pond	121,979	121,979	121,979		121,979	-
RE0511	Cuyler-Brownsville Park	1,141,463	404,458	404,458		404,458	-
RE0512	Vernon River Park	275,345	113,043	113,043		113,043	-
RE0611	Open Space Acquisition	491,896	489,613	421,104	(14,800)	406,304	83,309
RE0612	Habersham Woods Park	183,543	183,543	183,543		183,543	-
RE0613	Stark-Clinch Greenspace	122,107	122,107	122,107		122,107	-
RE0615	Southside Park-Mohawk	595,734	595,734	595,734		595,734	-
RE0807	Largo-Windsor Area Lake	1,161,430	402,233	402,233		402,233	-
TOTALS SPLOST 98-2003 FUND		\$ 257,039,371	\$ 98,169,265	\$ 100,680,962	\$ 98,947,928	\$ 92,994	\$ 99,040,922
							\$ 1,640,044

NOTE: (1) This schedule lists projects that are funded by special purpose 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.

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, 2012

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					
DR0122	Savannah Roads, Sidewalks and Drainage	\$ 14,230,285	\$ 1,500,575	\$ 1,500,575	\$ -	\$ 1,500,575	\$ -
DR0127	Windsor Canal	3,497,132	1,829,659	1,143,379		1,143,379	686,280
DR0204	Casey South Phase 2	24,666,942	3,150,930	3,074,563	16,826	3,091,389	59,541
DR0215	Bilbo-North Casey Drainage	505,000	325,000	325,000	100,000	425,000	(100,000)
DR0305	Bilbo Drainage Improvements	15,766,216	15,508,841	15,508,841		15,508,841	-
DR0403	Wilshire North Branch	9,480,032	7,733,341	7,733,341		7,733,341	-
DR0505	Brick Line Replacement	350,188	192,941			-	192,941
DR0802	Evergreen Drainage Improvements	1,192,847	1,150,000	1,146,029		1,146,029	3,971
DR0803	Jackson Woods Drainage-Phase 2	2,091,525	1,977,224	1,970,395		1,970,395	6,829
DR0804	Brick Line Replacement	753,723	753,723	753,723		753,723	-
DR0809	Bilbo Drainage Improvements	2,000	2,000	2,000		2,000	-
DR0904	Paradise Park Drainage Improvements	1,088,538	1,032,495	224,382		224,382	808,113
DR0905	Springfield Drainage Improvements	1,000,000	1,000,000	229,964	498	230,462	769,538
DR0906	Sylvan Terrace Sub-basin	17,553	17,553	17,553		17,553	-
DR0911	45th Street Sub-basin Improvements	13,082,719	1,105,148	1,105,148	171,909	1,277,057	11,805,662
PD0302	Cann Park Sidewalks	222,104	222,104			-	222,104
PD0303	Gordonston Sidewalk Improvements	84,597	84,597	84,597		84,597	-
PD0304	Entrepreneurial Center Parking	100,000	100,000	14,969		14,969	85,031
SP0115	Fernwood-Parkwood Curb-Gutter	2,119,820	2,000,000	1,721,635	2,760	1,724,395	275,005
SP0204	Historic District-ADA Ramps	713,491	315,971	315,971		315,971	-
SP0205	State Routes ADA Ramps	135,757	110,886	110,886		110,886	-
SP0207	Edgemore-Sackville Curb	2,037,758	212,510	212,510		212,510	-
SP0413	Riverstreet Ramps Reconstruction	532,838	315,000	315,000		315,000	-
SP0415	Street Paving	575,119	3,634	3,634		3,634	-
SP0416	Street Reconstruction	12,008	12,008	12,008		12,008	-
SP0717	President Street-General McIntosh Sidewalk	43,097	43,097	43,097		43,097	-
SP0718	Bay Street Reconstruction Crosswalk	550,918	550,918	550,918		550,918	-
SP0804	1½ Sidewalk Construction-Phase 2	1,929,584	1,714,074	1,714,074		1,714,074	-
SP0904	Street Reconstruction	1,068,137	259,828	259,828		259,828	-
SP0910	1½ Sidewalk Construction	829,924	272,590	272,590	(5,590)	267,000	5,590
TE0205	Gwinnett Street Improvements	1,520,551	1,397,551			-	1,397,551
TE0305	LaRoche-Delesseps Widening	1,500,000	1,500,000		32,742	32,742	1,467,258
TE0512	Jimmy DeLoach Parkway Signal	126,590	29,069	29,069		29,069	-
TE0613	Tatenville Sound Barrier	2,000,000	130,821	72,524	72,524	203,345	1,796,655
TE0708	LaRoche-Delesseps Design	300,000	300,000	125,569	14,800	140,369	159,631
TE0709	Gwinnett St. Widening Design	590,449	590,449	395,441	30,095	425,536	164,913
TE0813	Traffic Signal-Chatham Parkway	155,498	135,931			135,931	-
SQ0411	MLK Median Landscaping	833,130	11,452	11,452		11,452	-
SQ0804	MLK Streetscape	4,023,924	3,364,548	2,803,505	193,842	2,997,347	367,201
Parks, Recreation and Squares							
PB0821	Cultural Arts Center	16,400,000	22,231,471	3,000,000	3,000,000	3,000,000	-
PB0828	Westside Land Assemblage	4,387,322	2,759,500	2,759,500		2,759,500	-
PB0831	Battlefield Park Roundhouse Roof	186,256	21,335	21,335		21,335	-
OP0832	Battlefield-RR Roundhouse SPLOST	7,763,665	7,763,665	7,763,665		7,763,665	-
PT0803	Baker-Fell Street Park	289,000	175,000	175,000		175,000	-
PT0905	Ellis Square Restoration	3,279,667	3,245,917	3,245,917	6,697	3,252,614	-
RE0220	Bacon Park Athletic Field Rehab Other Capital Outlay	787,802	576,896	576,896		576,896	-
9,339,424							
OP0641	Hope 6 Infrastructure	3,441,211	1,930,814	1,930,814		1,930,814	-
OP0834	West Savannah & Corridors	28,890	15,000	15,000		15,000	-
OP0923	Gate Precast Property Acquisition	2,181,641	240,500	240,500		240,500	-
PB0530	Paulsen Building Purchase/Renovation	2,559,025	2,400,000	2,400,000		2,400,000	-
PB0136	Roof Replacement Community Planning	73,525	73,520	73,520		73,520	-
PB0621	Ellis Square Parking Garage	54,239,665	7,114,296	2,609,854	375,396	2,985,250	4,129,046
PB0730	Bacon Park Tennis Courts Reconst.	731,868	376,104			376,104	-
PB0824	Moses Jackson-Phase 2	2,051,473	1,049,424	1,049,424		1,049,424	-
PB0827	Bacon Park Clubhouse Renovations	973,328	380,000	380,000		380,000	-
PD0101	MURP II	1,286,912	434,934	434,934		434,934	-
PD0102	Midtown Street Improvements	190,000	190,000	9,663		9,663	180,337
PD0107	Woodville Park Improvement	1,563	1,563	1,563		1,563	-
PD0108	Dixon Park	23,381	23,381	23,381		23,381	-
PD0109	Dixon Park Street Improvement	77,561	77,561	77,561		77,561	-
PD0110	Feiler Terrace Passive Park	12,262	12,262	12,262		12,262	-
PD0111	East Savannah Lighting	84,939	84,939	84,939		84,939	-
PD0112	Bryant Park	15,000	15,000			-	15,000
PD0114	Housing Construction Svc. Office	153,691	1,480	1,480		1,480	-
PD0201	Carver Heights Community Center	351,000	351,000			-	351,000
PD0202	Hudson Hill Sidewalk Improvements	93,612	93,612	93,612		93,612	-
PD0203	Sylvan Terrace Irrigation System	98,465	98,465	98,465		98,465	-
PD0205	Metro Sidewalk West 41st Street	49,430	49,430	49,430		49,430	-
PD0301	Ogeechee Road Streetscape	356,500	6,500			-	6,500
PD0309	Waters Avenue Corridor	1,517,831	367,831	127,953	55,951	183,904	183,927
PD0310	Youth Advancement Center	839,173	416,000	372,539		372,539	43,461
PD0400	Savannah Gardens Phase I	13,025,177	242,766	242,766		242,766	-
PD0402	Ogeechee Public Row Improvements	100,000	100,000			-	100,000
PD0801	West 57th Street Blvd.	2,033,452	484,599	329,019	155,580	484,599	-
PD0805	WS-Acquisition Moses Jackson Property	128,868	114,224	114,224		114,224	14,644
PD0806	WS Augusta Avenue-5 Buildings	1,004,989	1,004,989	502,678	74	502,752	502,237
PD0808	WS-Tree Lawn & Buffering	10,012	10,012	10,012		10,012	-
PD0902	Montgomery-Medley-56th	152,870	152,870	152,870		152,870	-
PD0903	Eastside Sidewalk Access	100,158	100,158	100,158		100,158	-
PD0904	West 56th Street Rebrick	378,314	378,314	378,314		378,314	-
PD0906	Midtown Acquisition	433,352	433,352	433,352		433,352	-
PD0907	Kline Street Play Area	125,994	125,994	125,994		125,994	-
PD0908	37th & Bulloch Greenspace	77,500	77,500	47,762	829	48,591	28,909
PD0909	Historic Street Lighting CB	5,335	5,335	5,335		5,335	-
PD0910	Rockwell Park	76,970	76,970	76,970		76,970	-
PD0911	40th Street Lane Paving	27,665	27,665	27,665		27,665	-
PD0912	Municipal Parking Lot	31,900	31,900	31,900		31,900	-
PD0915	Right-of-Way Improvements	135,000	135,000	135,000		135,000	-
PD0916	Edgemore-Sackville Curbing	97,490	97,490	97,490		97,490	-
	Public Safety Equipment	1,241,500	1,300,000	1,241,500		1,241,500	-
TOTALS SPLOST 2003-2008 FUND		\$ 234,211,772	\$ 97,640,895	\$ 103,687,754	\$ 76,731,346	\$ 1,226,933	\$ 77,958,279
							\$ 25,729,475

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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, 2012

PROJECT NUMBER		Total	Original	Current	Sales Tax Funded Expenditures			
		Estimated Cost to be Funded from All Sources	Sales Tax Funding per Intergovernmental Agreement	Estimated Cost to be Funded by Sales Tax	PRIOR YEARS	CURRENT YEAR	TOTAL	Remaining Balance
SPLOST 2009-2014 FUND:								
	City of Savannah Projects		\$ 160,000,000					
DR0215	Bilbo-North Casey Drainage	\$ 1,505,000		\$ 900,000	\$ -	\$ 254,852.00	\$ 254,852.00	\$ 645,148
DR0600	SPLOST 5 Drainage	15,500,000		15,500,000			-	15,500,000
DR0602	Baldwin Park Drainage	900,000		900,000	56,923	75,778	132,701	767,299
PD0301	Ogeechee Road Streetscape	356,500		350,000			-	350,000
PD0308	Fellwood Homes Site Infrastructure	3,753,995		3,753,995	3,570,666	79,576	3,650,242	103,753
PD0309	Water Avenue Streetscape	1,616,479		2,248,648	3,000		3,000	2,245,648
PD0401	Wheaton Streetscape Design	1,101,352		1,101,352			-	1,101,352
TE0607	Street Lighting Upgrade	1,000,000		1,000,000			-	1,000,000
TE0610	37th St Corridor Signal	340,000		340,000			-	340,000
TE0611	Eisenhower Drive Signal Interconnection	360,000		360,000			-	360,000
TE0612	Downtown Traffic Signal	300,000		300,000		29,770	29,770	270,230
OP0208	Children's Museum - Battlefield Park	6,507,688		6,500,000	6,190,505	320,601	6,511,106	(11,106)
PB0220	Bacon Park Tennis Building	1,151,349		1,151,280	1,151,280		1,151,280	-
PB0227	Grayson Stadium Renovations	3,015,948		3,000,000	2,561,138	321,920	2,883,058	116,942
PB0821	Cultural Arts Center	20,400,000		17,400,000	446,009	9,307	455,316	16,944,684
RE0309	Coffee Bluff Fishing Pier	4,270,500		4,140,000	49,054	298,409	347,463	3,792,537
RE0805	Daffin Park Master Plan	4,939,797		1,000,000	130,844	48,695	179,539	820,461
CC0206	Civic Center Arena/Public Safety Headquarters	19,462,178		19,462,178	8,898	3,545	12,443	19,449,735
OP0136	Public Safety Video Surveillance	1,250,005		1,250,005	1,117,373		1,117,373	132,632
OP0651	E911 System Upgrade	376,262		379,262	254,976	83,349	338,325	40,937
PB0138	Savannah Public Services Complex	909,089		495,803	495,803		495,803	-
PB0423	New Fire Stations	3,500,000		3,500,000	604,564	2,469,050	3,073,614	426,386
PB0426	Police Precincts	7,960,000		7,960,000	1,905,574		1,905,574	6,054,426
PB0428	Public Safety Headquarters	1,060,000		1,060,000	678,992	220,985	899,977	160,023
PB0526	Command Control Center	1,016,738		16,738	16,738		16,738	-
PB0637	Fire Training Facility	1,000,000		1,000,000		11,400	11,400	988,600
PB0828	Westside Land Assemblage	4,387,322		1,602,822	823,304		823,304	779,518
PB0836	Savannah Public Safety Metroplex	12,082,055		11,330,000	785,643	3,864,674	4,650,317	6,679,683
OP0531	St. Pius Assessment	540,800		500,000			-	500,000
PB0636	Waters Avenue Property Maintenance Office	1,000,000					-	-
PD0400	Savannah Gardens Phase I	13,025,177		10,960,000	7,068,148	2,882,690	9,950,838	1,009,162
PD0600	West Bay Street Acquisitions	300,000		300,000			-	300,000
PD0601	MLK Corridor-Savannah Pharmacy	2,000,000		2,000,000	75,785	46,375	122,160	1,877,840
TOTALS SPLOST 2009-2014 FUND		\$ 136,888,234	\$ 160,000,000	\$ 121,762,083	\$ 27,995,217	\$ 11,020,976	\$ 39,016,193	\$ 82,745,890

- NOTE: (1) This schedule lists projects that are funded by special purpose 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.
(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, 2012**

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	\$ 13,832,546	
Expenditures made to:		
Convention and Visitors Bureau	\$ 4,610,388	33.33%
Georgia International & Maritime Trade Center	\$ 1,943,283	14.05%
Savannah Civic Center	\$ 362,602	2.62%

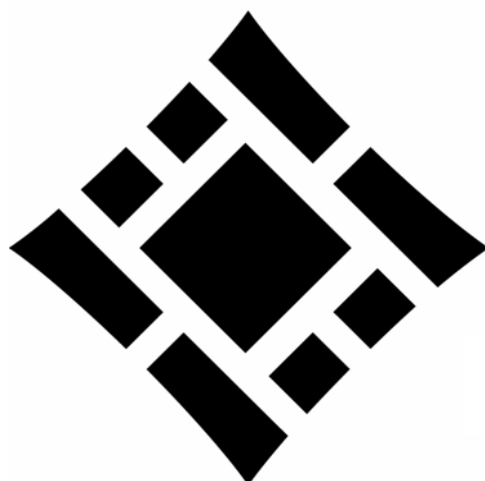
CITY OF SAVANNAH, GEORGIA
SCHEDULE OF REVENUES AND EXPENDITURES/EXPENSES - RENTAL MOTOR VEHICLE TAX
FOR THE YEAR ENDED DECEMBER 31, 2012

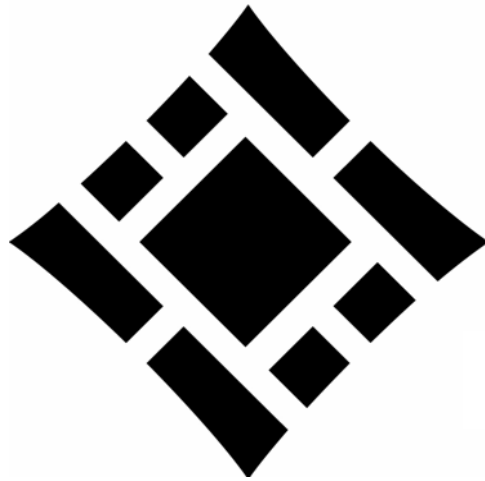
During 2012, the City collected rental motor vehicle excise tax as authorized in O.C.G.A. 48-13-93.

	<u>Amount</u>	<u>Amount as a Percentage of Revenue</u>
Rental motor vehicle tax	\$ 1,366,525	
Transfers made to:		
General Fund	\$ 341,631	25.00%
Civic Center Fund	\$ 1,024,894	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	110-114
<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	115-118
<i>These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax.</i>	
Debt Capacity	119-123
<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	124-125
<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	126-133
<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 Position By Component,
Last Ten Fiscal Years
(accrual basis of accounting)
(amounts expressed in thousands)

	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Governmental activities										
Net investment in capital assets	\$ 188,766	\$ 214,000	\$ 347,514	\$ 373,002	\$ 439,045	\$ 483,504	\$ 518,489	\$ 534,164	\$ 557,007	\$ 564,537
Restricted	61,667	59,868	53,328	65,605	78,722	55,819	51,637	37,174	86,329	105,611
Unrestricted	65,312	64,487	70,479	87,831	83,379	92,040	73,444	83,795	44,063	47,384
Total governmental activities net position	<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>	<u>\$ 687,399</u>	<u>\$ 717,532</u>
Business-type activities										
Net investment in capital assets	\$ 160,949	\$ 179,160	\$ 192,485	\$ 217,173	\$ 219,644	\$ 246,580	\$ 260,204	\$ 255,749	\$ 267,671	\$ 276,219
Restricted	180	194	226	283	349	384	2,328	2,336	2,395	2,344
Unrestricted	100,964	93,088	102,190	90,300	106,703	91,201	82,735	91,229	99,157	106,927
Total business-type activities net position	<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>	<u>\$ 369,223</u>	<u>\$ 385,490</u>
Primary government										
Net investment in capital assets	\$ 349,715	\$ 393,160	\$ 539,999	\$ 590,175	\$ 658,689	\$ 730,084	\$ 778,693	\$ 789,913	\$ 824,678	\$ 840,756
Restricted	61,847	60,062	53,554	65,888	79,071	56,203	53,965	39,510	88,724	107,955
Unrestricted	166,276	157,575	172,669	178,131	190,082	183,241	156,179	175,024	143,220	154,311
Total primary government net position	<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>	<u>\$1,056,622</u>	<u>\$1,103,022</u>

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

Expenses	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Governmental activities:										
General administration	\$ 2,319	\$ 2,416	\$ 2,159	\$ 2,410	\$ 2,701	\$ 3,214	\$ 3,573	\$ 4,898	\$ 29,825	\$ 4,412
Management and financial services	5,503	4,706	5,074	4,580	5,917	6,529	6,957	5,977	2,156	4,042
Facilities maintenance	28,486	26,472	30,519	33,227	35,181	43,897	33,777	32,327	33,226	36,409
Police	36,345	36,184	52,052 ¹	55,392	63,125	69,067	67,048	65,473	55,339	67,822
Recorder's court	1,732	1,758	1,810	1,818	2,113	2,228	2,229	2,225	1,856	2,284
Fire	15,576	16,105	19,120	19,020	22,472	24,999	25,236	25,479	21,009	26,319
Leisure services	13,490	12,615	13,245	13,106	15,895	17,266	21,530	22,508	17,459	21,688
Tourism enhancement	4,937	5,739	6,281	7,625	8,448	8,889	8,364	8,923	8,365	9,109
Social and cultural	2,061	2,066	2,015	2,034	1,866	2,004	1,711	1,794	1,643	1,718
Public development	5,552	5,415	6,500	10,012	14,096	12,369	12,544	12,229	8,317	9,165
Grant program and administration	8,275	8,583	9,440	3,585	5,492	6,718	5,531	8,533	5,925	5,646
Community development program and administration	10,387	10,366	12,138	11,977	15,450	12,278	12,933	10,064	11,566	10,644
Interest on long-term debt	1,337	1,189	1,136	1,126	1,090	1,020	1,128	1,185	1,083	998
Interest on capital leases	182	209	299	484	466	355	69	54	39	23
Total governmental activities expenses	<u>136,182</u>	<u>133,822</u>	<u>161,786</u>	<u>166,396</u>	<u>194,312</u>	<u>210,833</u>	<u>202,630</u>	<u>201,669</u>	<u>197,808</u>	<u>200,279</u>
Business-type activities:										
Water and sewer	40,608	42,606	43,604	45,234	48,893	51,395	52,322	52,818	48,673	53,239
Sanitation	29,728	32,144	26,586	36,956	29,420	26,334	25,960	23,095	20,842	23,257
Parking facilities	4,449	4,784	5,476	5,155	5,455	7,555	10,125	10,569	9,487	10,264
Civic center	2,881	2,961	2,825	2,924	3,073	3,147	2,943	3,215	2,906	3,100
Golf course	217	179	152	126	95	64	62	58	42	39
Resource recovery	13,227	14,365	14,980	18,414	8,261	2,510				
Total business-type activities expenses	<u>91,110</u>	<u>97,040</u>	<u>93,623</u>	<u>108,809</u>	<u>95,197</u>	<u>91,005</u>	<u>91,412</u>	<u>89,755</u>	<u>81,950</u>	<u>89,899</u>
Total primary government expenses	<u>\$ 227,293</u>	<u>\$ 230,862</u>	<u>\$ 255,408</u>	<u>\$ 275,205</u>	<u>\$ 289,509</u>	<u>\$ 301,838</u>	<u>\$ 294,042</u>	<u>\$ 291,424</u>	<u>\$ 279,758</u>	<u>\$ 290,178</u>
Program Revenues										
Governmental activities:										
Charges for services:										
Management and financial services	\$ 2,549	\$ 2,855	\$ 2,795	\$ 2,612	\$ 2,564	\$ 2,620	\$ 2,765	\$ 2,871	\$ 2,894	\$ 2,950
Facilities maintenance	395	480	1,068	3,065	2,956	3,793	3,389	4,826	666	563
Police	3,240	5,575	18,479 ²	20,675	22,387	23,881	23,672	23,891	23,833	24,819
Recorder's court	3,631	3,262	3,578	3,424	3,156	2,569	2,690	2,845	2,783	2,805
Fire	199	180	223	191	207	438	313	305	243	364
Leisure services	724	669	641	733	816	785	755	824	807	859
Tourism enhancement					30	1,065	1,046	1,149	1,167	1,170
Public development	2,007	2,493	2,678	3,327	3,417	2,744	1,629	2,032	1,859	2,663
Grant program and administration	351	128	10	596	301		5			
Community development program and administration	3,222	3,211	222	4,721	11,437	3,948	5,599	3,645	2,922	3,894
Operating grants and contributions	15,808	15,460	12,388	10,104	10,679	12,642	12,784	15,244	15,879	11,867
Capital grants and contributions	18,802	15,451	26,946	31,708	66,108	34,285	16,980	12,844	40,144	35,836
Total governmental activities program revenues	<u>50,928</u>	<u>49,764</u>	<u>69,027</u>	<u>81,156</u>	<u>124,058</u>	<u>88,770</u>	<u>71,627</u>	<u>70,476</u>	<u>93,197</u>	<u>87,790</u>
Business-type activities:										
Charges for services:										
Water and sewer	44,069	46,072	46,544	51,179	55,034	56,038	57,062	58,397	59,683	61,648
Sanitation	25,249	26,097	27,450	27,658	26,873	22,182	20,564	19,844	21,574	24,982
Parking facilities	6,017	5,975	6,532	7,126	7,481	8,219	10,073	11,032	11,179	12,125
Civic center	1,243	1,258	1,376	1,374	1,212	1,417	1,303	1,404	1,654	1,483
Golf course	176	197	166	146	169	85	85	62		
Resource recovery	13,228	14,367	14,972	18,414	8,261	2,510				
Operating grants and contributions	35	80		48	45	41	49	54	70	71
Capital grants and contributions		1,145				14,489	5,476	1,064	950	530
Total business-type activities program revenues	<u>90,017</u>	<u>95,191</u>	<u>97,040</u>	<u>105,945</u>	<u>99,075</u>	<u>104,981</u>	<u>94,612</u>	<u>91,857</u>	<u>95,110</u>	<u>100,839</u>
Total primary government program revenues	<u>\$ 140,945</u>	<u>\$ 144,955</u>	<u>\$ 166,067</u>	<u>\$ 187,101</u>	<u>\$ 223,133</u>	<u>\$ 193,751</u>	<u>\$ 166,239</u>	<u>\$ 162,333</u>	<u>\$ 188,307</u>	<u>\$ 188,629</u>
Net (expense)/revenue										
Governmental activities	\$ (85,255)	\$ (84,058)	\$ (92,758)	\$ (85,240)	\$ (70,254)	\$ (122,063)	\$ (131,003)	\$ (131,193)	\$ (104,611)	\$ (112,489)
Business-type activities	(1,093)	(1,849)	3,417	(2,864)	3,878	13,976	3,200	2,102	13,160	10,940
Total primary government net expense	<u>\$ (86,348)</u>	<u>\$ (85,907)</u>	<u>\$ (89,341)</u>	<u>\$ (88,104)</u>	<u>\$ (66,376)</u>	<u>\$ (108,087)</u>	<u>\$ (127,803)</u>	<u>\$ (129,091)</u>	<u>\$ (91,451)</u>	<u>\$ (101,549)</u>

Continued on next page.

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-112-

**City of Savannah, Georgia
Changes in Net Position,
Last Ten Fiscal Years
(accrual basis of accounting)
(amounts expressed in thousands)**

	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
General Revenues and Other Changes in Net Position										
Governmental activities:										
Taxes										
Property taxes	\$ 37,570	\$ 40,451	\$ 43,684	\$ 50,918	\$ 53,742	\$ 57,794	\$ 61,664	\$ 62,386	\$ 55,607	\$ 55,627
Intangible, transfer and franchise taxes	13,978	13,922	15,479	16,236	17,128	19,055	17,163	17,713	18,852	18,735
General sales taxes	31,066	35,214	37,636	43,752	43,196	43,680	36,287	38,860	39,962	42,623
Selective sales taxes	11,957	12,717	13,746	15,373	16,440	16,418	15,209	16,493	17,445	19,171
Business taxes	6,183	6,753	7,248	7,691	7,974	8,109	7,977	7,853	7,018	7,441
Penalties and interest on delinquent taxes	1,005	769	862	746	474	428	632	860	1,422	1,064
Grants and contributions not restricted to specific programs	1,994	2,073	2,075	2,108	1,988	534	2,995	1,093	1,076	1,131
Investment earnings, unrestricted	1,370	1,490	2,917	4,549	5,645	3,044	993	396	195	180
Gain on sale of capital assets						5,042	1,494	484	670	810
Miscellaneous	879	676	1,178	1,548	747	765	716	395	592	389
Contributions to cemetery perpetual care	266	199	179	220	234	207	202	154	180	212
Transfers	(2,366)	(7,596)	(3,897)	(2,783)	(2,607)	(2,796)	(2,122)	(3,930)	(6,143)	(4,761)
Total governmental activities	<u>103,901</u>	<u>106,669</u>	<u>121,106</u>	<u>140,358</u>	<u>144,961</u>	<u>152,280</u>	<u>143,210</u>	<u>142,757</u>	<u>136,876</u>	<u>142,622</u>
Business-type activities:										
Grants and contributions not restricted to specific programs	2,371	2,924	11,106	6,553	6,089					
Investment earnings, unrestricted	1,162	1,585	3,308	6,204	6,170	3,329	1,145	433	223	150
Gain on sale of capital assets							89	6	19	3
Miscellaneous	125	94	730	179	195	395	545	416	365	412
Special items						(9,026)		(2,841)		
Transfers	2,366	7,596	3,897	2,783	2,607	2,796	2,122	3,930	6,143	4,761
Total business-type activities	<u>6,025</u>	<u>12,198</u>	<u>19,041</u>	<u>15,719</u>	<u>15,061</u>	<u>(2,506)</u>	<u>3,901</u>	<u>1,944</u>	<u>6,750</u>	<u>5,326</u>
Total primary government	<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>	<u>\$ 143,626</u>	<u>\$ 147,948</u>
Change in Net Position										
Governmental activities	\$ 18,646	\$ 22,611	\$ 28,348	\$ 55,118	\$ 74,707	\$ 152,280	\$ 12,207	\$ 11,564	\$ 32,265	\$ 30,133
Business-type activities	4,932	10,349	22,458	12,855	18,939	(2,506)	7,101	4,046	19,910	16,266
Total primary government	<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>	<u>\$ 52,175</u>	<u>\$ 46,399</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.

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

	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011*	2012
General Fund										
Reserved	\$ 800	\$ 968	\$ 958	\$ 1,160	\$ 1,331	\$ 1,248	\$ 1,546	\$ 1,551	\$ -	\$ -
Unreserved	16,169	16,973	17,114	18,751	20,380	20,724	21,382	21,837		
Committed									2,063	2,217
Unassigned									31,116	31,285
Total general fund	<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>	<u>\$ 33,179</u>	<u>\$ 33,502</u>
All other governmental funds										
Reserved	\$ 52,964	\$ 52,720	\$ 46,539	\$ 57,306	\$ 66,340	\$ 59,558	\$ 73,312	\$ 66,016	\$ -	\$ -
Unreserved, reported in:										
Special revenue funds	36	1,790	1,316	2,489	8,482	14,936	21,618	27,783		
Debt service funds	1,375	754	775	813	857	883	893	896		
Capital projects funds	28,460	26,047	32,369	39,114	41,178	38,419	21,756	18,773		
Nonspendable, reported in										
Special revenue funds									5,122	5,344
Restricted, reported in										
Special revenue funds									3,575	3,578
Capital projects funds									55,199	72,633
Committed, reported in										
Capital projects funds									29,938	30,519
Total all other governmental funds	<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>	<u>\$ 93,834</u>	<u>\$ 112,074</u>

* Fiscal year 2011 reflects implementation of GASB 54

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

	Fiscal Year									
Revenues	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Taxes	\$ 102,509	\$ 108,953	\$ 119,269	\$ 132,517	\$ 140,939	\$ 143,934	\$ 139,814	\$ 142,136	\$ 143,588	\$ 146,313
Licenses and permits	2,974	3,499	3,705	4,383	4,609	3,918	2,900	1,693	3,185	3,914
Intergovernmental	38,481	32,802	37,091	40,399	39,312	34,061	19,088	23,036	51,218	47,812
Charges for services	6,652	9,886	23,261	25,698	32,201	30,326	30,623	28,109	29,585	30,396
Fines	3,391	3,603	3,869	3,854	3,453	2,890	2,977	3,090	3,136	2,984
Investment earnings	1,132	1,300	2,909	5,106	6,659	3,930	1,292	473	218	214
Special assessments	252	34	21	10	6	8	5	4	2	1
Miscellaneous	5,575	5,610	6,050	7,429	6,004	7,293	8,064	12,121	6,938	6,210
Total revenues	<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>	<u>237,870</u>	<u>237,844</u>
Expenditures										
General administration	1,887	1,939	1,995	2,394	2,820	2,998	3,018	3,017	29,052	4,230
Management and financial services	7,469	7,959	8,428	7,979	8,386	9,405	9,168	8,779	7,712	7,526
Facilities maintenance	18,599	18,755	20,052	20,916	22,125	30,940	21,274	19,065	22,026	23,657
Police	33,483	35,532	51,140	57,206	58,474	65,097	63,923	62,155	63,880	66,909
Recorder's court	1,627	1,784	1,820	1,934	2,031	2,117	2,143	2,126	2,149	2,272
Fire	14,854	15,924	17,651	19,657	21,152	23,163	23,754	23,919	23,924	25,506
Leisure services	11,317	11,885	12,132	12,827	13,668	14,725	19,130	20,034	19,163	20,085
Tourism enhancement						8,784	8,334	8,903	8,421	9,109
Social and cultural	2,061	2,066	2,015	2,034	1,866	2,004	1,711	1,794	1,643	1,718
Public development	3,566	3,999	4,051	5,287	8,434	12,763	13,046	12,974	10,209	10,113
Other governmental services	11,532	12,655	14,324	19,083	16,112					
Grant program and administration	7,020	7,615	6,788	4,462	5,356	6,616	5,700	8,706	6,140	5,388
Community development program and administration	9,485	9,482	10,979	10,674	15,040	10,849	11,438	8,576	10,522	9,331
Capital outlay	22,068	25,935	39,778	30,303	35,590	40,450	34,238	27,807	34,719	27,036
Debt service										
Principal	3,890	1,890	167	167	1,487	1,540	1,615	1,892	1,867	2,625
Interest	1,417	1,223	1,139	1,129	1,119	1,050	1,083	1,040	1,120	1,025
Total expenditures	<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>	<u>242,547</u>	<u>216,530</u>
Excess of revenues over (under) expenditures	<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>	<u>(4,677)</u>	<u>21,314</u>
Other financing sources (uses)										
Transfers in	16,364	15,194	23,820	26,316	32,992	21,259	22,818	25,947	17,972	22,841
Transfers out	(18,730)	(22,790)	(27,717)	(29,098)	(33,581)	(23,837)	(24,083)	(29,473)	(23,137)	(25,592)
Debt issuance proceeds							37,000	485	595	
Premium on bond debt							505			
Payment to fiscal agent							(16,995)	(485)	(595)	
Proceeds from the sale of capital assets						5,920	706			
Total other financing sources (uses)	<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>	<u>(5,165)</u>	<u>(2,751)</u>
Net change in fund balances	<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>	<u>\$ (9,842)</u>	<u>\$ 18,563</u>
Debt service as a percentage of noncapital expenditures	4.1%	2.3%	0.9%	0.8%	1.5%	1.3%	1.5%	1.6%	1.4%	1.9%

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	
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
2011	3,693,484	9,233,710	745,747	1,864,368	100,696	251,740	4,539,928	11,349,818	12.50
2012	3,642,541	9,106,353	793,908	1,984,770	99,178	247,945	4,535,627	11,339,068	12.50

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
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
2010	13.000	0.200	14.131	10.537	0.820	0.250	38.938
2011	12.500	0.200	14.631	11.109	0.859	0.250	39.549
2012	12.500	0.200	14.631	11.109	0.859	0.200	39.499

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	2012			2003		
		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	\$ 44,263,993	1	0.98%	\$ 34,696,978	1	1.15%
Oglethorpe Mall, LLC	Regional Shopping Mall	31,691,398	2	0.70%	27,903,600	5	0.92%
International Paper Company	Paper Manufacturer	28,852,740	3	0.64%	32,504,400	2	1.07%
Home Depot	Distribution Center	27,767,783	4	0.61%	29,666,707	3	0.98%
Gulfstream Aerospace Corporation	Airplane manufacturer	25,465,988	5	0.56%	11,628,000	10	0.38%
Columbia Properties Savannah	Regional Shopping Mall	20,800,000	6	0.46%			
CWT Savannah Hotel LLC	Westin Hotel	19,168,202	7	0.42%	14,558,400	7	0.48%
Bellsouth/A T & T Georgia	Telecommunications Provider	19,149,150	8	0.42%	28,946,517	4	0.96%
HH Savannah LLC	Hyatt Hotel	16,287,087	9	0.36%	13,012,000	9	0.43%
Cargill Incorporated	Food producer & marketer	13,443,071	10	0.30%			
Friedmans Inc.	Retail Jewelry Sales				15,230,856	6	0.50%
CS Hotels, LP	Marriott Hotel				15,878,800	8	0.52%
Totals		<u>\$ 246,889,412</u>		<u>5.44%</u>	<u>\$ 224,026,258</u>		<u>7.39%</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 Levy
		Amount	Percentage of Levy					
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%
2011	58,011,336	50,430,009	86.9%	7,612,387	58,042,396	100.1%	5,904,409	10.2%
2012	56,362,999	50,344,870	89.3%	6,868,114	57,212,984	101.5%	5,910,698	10.5%

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			
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
2011		33,500,000	980,000		774,397	30,610,000	31,608,364		22,445,000	33,310,000	1,830,000	155,057,761	2.9%	1,138
2012		31,015,000	840,000		395,385	25,915,000	29,204,838		20,015,000	32,315,000	1,400,000	141,100,223	2.5%	1,035

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
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
2011	-	4,539,928	0.00%	136,286	0.00
2012	-	4,535,627	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, 2012

	Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Overlapping Debt*
City of Savannah			
General Obligation Bonded Debt	\$ -	100.00%	\$ -
Capital Leases	395,385		
Contractual Obligations:			
Resource Recovery Development Authority	20,015,000	100.00%	20,015,000
Downtown Savannah Authority (Capital Improvement Project)	8,895,000	100.00%	8,895,000
Downtown Savannah Authority (Parking Improvements)	24,820,000	100.00%	24,820,000
Downtown Savannah Authority (Stormwater Improvements)	<u>31,015,000</u>	100.00%	<u>31,015,000</u>
Total Direct General Obligation Supported Bonded Debt	<u>85,140,385</u>		<u>84,745,000</u>
Chatham County			
Capital leases	57,898	42.95%	24,867
Contractual Obligations:			
Downtown Savannah Authority (Chatham County Projects), Series 2005	11,520,000	42.95%	4,947,840
Chatham County Public Health Facilities Projects	340,000	42.95%	146,030
Downtown Savannah Authority (Chatham County Projects), Series 2005A	4,950,000	42.95%	2,126,025
Downtown Savannah Authority (Union Mission), Series 2009	2,230,000	42.95%	957,785
Downtown Savannah Authority (Union Mission), Series 2011	2,680,000	42.95%	1,151,060
Mosquito Control Facility	<u>3,903,143</u>	42.95%	<u>1,676,400</u>
Savannah/Chatham County School Board			
General Obligation Bonded Debt	60,110,000	42.95%	25,817,245
Capital Leases	2,218,923	42.95%	953,027
Contractual Obligations:			
Downtown Savannah Authority (Improvement Project)	<u>6,763,080</u>	42.95%	<u>2,904,743</u>
Total Indirect General Obligation Supported Bonded Debt	<u>94,773,044</u>		<u>40,705,022</u>
Total Direct and Indirect General Obligation Supported Bonded Debt	<u><u>\$179,913,429</u></u>		<u><u>\$ 125,450,022</u></u>

* Note: Overlapping percentage calculated based on assessed property values.

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

Legal Debt Margin Calculation for Fiscal Year 2012

Assessed value 2012 Tax Roll	<u>\$ 4,535,627,436</u>
General Bonded Debt Limit, 10% of Assessed Value	\$ 453,562,744
Debt applicable to limit:	
Total bonded debt	\$ 25,915,000
Less: revenue bonds	<u>25,915,000</u>
Total net debt applicable to limit	-
Legal debt margin	<u>\$ 453,562,744</u>

	Fiscal Year									
	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Debt Limit	\$ 302,785,111	\$ 328,847,995	\$ 359,355,708	\$ 410,207,224	\$ 461,061,466	\$ 498,659,695	\$ 501,024,955	\$ 476,848,044	\$ 453,992,798	\$ 453,562,744
Total net debt applicable to limit	1,700,000	-	-	-	-	-	-	-	-	-
Legal debt margin	<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>	<u>\$ 453,992,798</u>	<u>\$ 453,562,744</u>
Total net debt applicable to the limit as a percentage of debt limit	0.56%	0.00%	0.00%	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 Expenses & Transfers Out ²	Net Available Revenue	Debt Service		Coverage	Special Assessment Collections ³	Debt Service		Coverage
				Principal	Interest			Principal	Interest	
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	1,368	2.78	5,566	4,976	596	1.00
2010	60,396	41,631	18,765	5,860	1,344	2.69	4,940	2,479	297	1.78
2011	62,161	37,395	24,766	6,045	1,147	3.44	2,823	2,478	149	1.07
2012	64,135	41,254	22,881	4,695	772	4.19	1,073	-	-	-

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
2003	132,985	\$ 4,150,329	\$ 31,209	\$ 4,600	4.0%	41,903
2004	132,985	4,356,855	32,762	5,078	3.9%	41,615
2005	132,985	4,631,336	34,826	5,562	3.9%	41,571
2006	132,985	4,939,861	37,146	6,464	3.7%	41,225
2007	132,985	5,218,996	39,245	6,409	3.9%	40,520
2008	132,985	5,425,655	40,799	6,128	6.6%	40,244
2009	132,985	5,111,810	38,439	5,846	9.8%	41,152
2010	136,285	5,431,230	39,852	5,780	8.9%	40,973
2011	136,285	5,653,102	41,480	6,058	8.7%	41,588
2012	136,285	5,737,898 *	42,102 *	6,328	9.6%	42,064

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 2012 not available at time of publishing.

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

Employer	2012			2003		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Gulfstream Aerospace	7,300	1	6.00%	4,300	4	3.91%
Ft. Stewart/Hunter Army Airfield	4,719	2	3.88%	3,485	6	3.17%
Memorial Health University Medical Center	4,643	3	3.81%	4,583	2	4.17%
Savannah/Chatham County Bd. Of Education	4,600	4	3.78%	4,706	1	4.28%
St. Joseph's/Cander Health System	3,170	5	2.60%	3,800	5	3.46%
Wal-Mart	2,935	6	2.41%			
City of Savannah	2,500	7	2.05%	2,000	7	1.82%
Savannah College of Art and Design	1,750	8	1.44%			
Chatham County	1,500	9	1.23%	1,600	8	1.46%
Georgia-Pacific Savannah River Mill	1,200	10	0.99%			
Savannah International Airport				4,500	3	4.10%
State of Georgia				1,500	9	1.37%
International Paper Company				1,461	10	1.33%

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>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
General government										
General administration	32.50	35.00	36.00	41.00	43.00	43.00	43.00	35.00	51.00	59.00
Management and financial services	93.85	97.85	105.85	107.85	108.85	110.85	110.85	105.60	71.23	70.23
Information technology	34.00	34.00	35.00	35.00	37.00	37.00	37.00	34.00	37.25	36.50
Real property services	5.00	6.00	8.00	6.00	6.00	6.00	6.00	5.00	5.00	6.00
Recorder's court	28.50	28.50	27.50	27.50	27.50	27.50	28.50	27.50	27.00	28.00
Public works										
Park and Tree	64.00	64.00	65.00	66.00	66.00	66.00	66.00	66.00	58.00	60.00
Cemeteries	31.00	27.63	27.63	27.63	27.63	31.63	31.63	26.63	23.63	23.71
Streets and Drainage	150.00	151.00	155.00	158.00	160.00	160.00	161.00	143.00	141.00	143.00
Vehicle maintenance	45.00	45.00	44.00	44.00	44.00	44.00	44.00	41.00	41.00	41.00
Public safety										
Police	506.28	513.28	699.28	724.28	745.28	756.28	756.28	748.64	791.00	792.15
Communications center	51.00	51.00	85.00	87.00	84.00	91.00	91.00	90.00	106.00	106.00
Fire and emergency services	260.00	278.00	297.00	304.00	328.00	328.00	328.00	324.00	362.00	360.00
Leisure services	201.61	200.61	203.50	204.44	214.50	215.51	215.01	203.61	180.44	180.94
Public development	116.50	123.50	127.50	130.50	137.00	142.00	142.50	139.00	142.00	142.31
Sanitation	185.50	188.50	188.50	196.50	198.50	222.50	223.50	221.50	228.00	230.00
Civic center	20.00	20.00	20.00	20.00	21.00	25.00	25.00	24.00	23.50	22.50
Water and sewer	275.00	277.00	282.00	290.00	301.00	301.00	302.00	299.00	326.00	331.00
Parking services	63.90	64.90	66.40	66.40	77.15	77.65	78.65	78.75	77.15	70.20
Total	2,163.64	2,205.77	2,473.16	2,536.10	2,626.41	2,684.92	2,689.92	2,612.23	2,691.20	2,702.54

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>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Police										
Violent crimes	1,257	1,255	1,245	1,182	1,319	1,292	1,128	845	889	878
Property crimes	11,995	11,581	11,857	9,924	9,852	11,250	10,654	9,202	9,579	8,325
Fire										
Fire calls	1,167	1,119	1,038	1,390	1,270	1,105	935	996	1,050	1,041
Dwelling fires	422	407	196	410	391	429	384	432	361	387
Rescues	120	96	119	100	149	165	207	202	227	120
Refuse Disposal										
Total system City tons	196,823	200,118	199,414	192,214	201,637	157,237	163,221	109,341	124,987	118,484
Other public works										
Traffic sign repairs	5,660	3,885	4,075	5,100	7,573	5,200	8,910	7,778	6,992	7,266
Pothole repairs	840	840	1,835	1,616	2,530	1,400	720	732	701	616
Storm drain inlets cleaned	5,386	5,128	5,421	4,444	4,734	6,512	5,287	4,416	4,914	4,323
Leisure services										
Youth baseball participants	1,410	1,436	1,311	1,207	1,160	1,350	1,165	1,171	1,185	1,190
Youth football participants	1,046	1,403	1,475	1,509	1,576	1,623	2,040	1,976	1,594	1,596
Neighborhood center participants	6,709	7,350	7,490	6,664	7,433	7,775	5,865	7,021	6,113	5,451
Water										
Average daily ground water production (MGD)	24.66	25.39	23.99	24.04	25.59	25.03	23.39	23.36	22.86	21.88
Average daily surface water production (MGD)	35.52	33.47	31.53	30.10	29.92	28.43	27.51	32.53	30.00	29.11
Sewer										
Average flow (MGD)	27.72	25.33	27.03	26.33	25.26	24.27	26.31	25.99	23.08	24.59
Public Development										
Permits issued for commercial/industrial construction	76	109	102	102	146	61	76	49	53	60
Permits issued for residential construction	283	544	618	731	758	457	471	498	455	231

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>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Police										
Stations	4	4	6	6	6	5	5	5	5	5
Fire										
Stations	13	13	13	15	15	15	15	15	15	15
Refuse Collection										
Available landfill capacity (cubic yards)	699,464	362,382	214,471	2,608,718	2,471,818	2,210,699	1,933,345	1,815,878	1,692,082	1,569,835
Other public works										
Streets (miles)	578	578	578	593	638	676	682	682	687	687
Signalized intersections				208	241	243	244	248	248	250
Cemeteries	5	5	5	5	5	5	5	5	5	5
Leisure services										
Parks (acreage)	460	460	460	460	661	661	661	663	663	663
Playgrounds	55	55	55	55	55	55	55	57	57	60
Water										
Wells	41	41	41	42	43	47	47	49	49	49
Sewer										
Treatment capacity (MGD)	35.45	35.45	35.45	35.45	35.45	36.95	36.95	36.95	36.95	36.95
Parking facilities										
Parking garages	3	3	3	4	4	5	5	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)		
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
2011	22.86	31.82	30.00	43.55	92,130	89,573
2012	21.88	29.92	29.11	43.03	92,438	89,882

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, 2012**

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	18.90	19.51	25.61	1997	Primary treatment, activated sludge, clarifier, chlorinator, gravity thickener, belt press, clarifiers, chlorination, sludge incineration: 2MGD reclaim water by filtration.
Wilshire Plant	4.50	2.02	2.36	2.97	1999	Activated sludge, clarifier, gravity thickener, chlorinator, belt press, sludge disposed at landfill.
Georgetown Plant	2.45	1.55	1.89	2.35	2005	Activated sludge, clarifiers, effluent filtration, ultra-violet disinfection, belt press, sludge disposed at landfill.
Crossroads Plant	3.00	2.12	2.36	2.67	2008	Screening, grit removal, flow equalization, activated sludge clarifiers, filtration, ultra-violet disinfection, post aeration, belt press, sludge disposed at landfill.
Total	36.95	24.59	26.12	33.59		

**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.	
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
2011	11.06	0.82	1.00	16.59	1.23	1.50	8.80	2.56	2.94	13.20	3.84	4.41	700.72
2012	11.06	0.82	1.00	16.59	1.23	1.50	8.80	2.56	2.94	13.20	3.84	4.41	762.81

**CITY OF SAVANNAH, GEORGIA
WATER AND SEWER CONNECTION FEES
EFFECTIVE FOR THE YEAR ENDED DECEMBER 31, 2012**

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, 2012**

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

Customer	Product/Business	2012 Customer Revenue	Percent of 2012 Water and Sewer Fund Gross Revenue
Housing Authority of Savannah	Public housing	\$ 702,104	1.13%
Memorial Medical Center	General hospital	473,378	0.76%
Coastal Correctional Institute	State prison	437,571	0.71%
Chatham County Detention Center	County jail	275,866	0.45%
Candler/St. Josephs Hospital	General hospital	225,959	0.36%
Gulfstream Aerospace	Aircraft manufacturer	187,705	0.30%
Hercules Inc.	Chemical manufacturer	174,187	0.28%
Savannah College of Art and Design	Art college	172,628	0.28%
Savannah Hotel Association LLC	Hotel	168,528	0.27%
Links at Georgetown	Apartment	160,119	0.26%
		<u>\$ 2,978,045</u>	<u>4.81%</u>

Major industrial customers of the water system:

Customer	Product/Business	2012 Customer Revenue	Percent of 2012 Water and Sewer Fund Gross Revenue	2012 Consumption (MG)
Weyerhaeuser	Bleached pulp	\$ 3,520,354	5.68%	4,615
International Paper	Unbleached kraft products	1,943,901	3.14%	2,548
Savannah Foods	Sugar refinery	490,982	0.79%	644
		<u>\$ 5,955,237</u>	<u>9.61%</u>	<u>7,807</u>