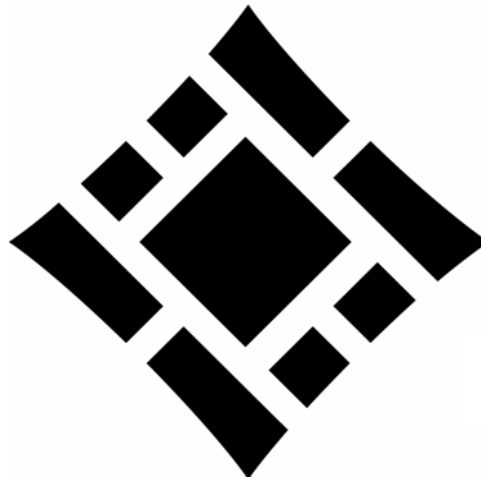


COMPREHENSIVE ANNUAL FINANCIAL REPORT

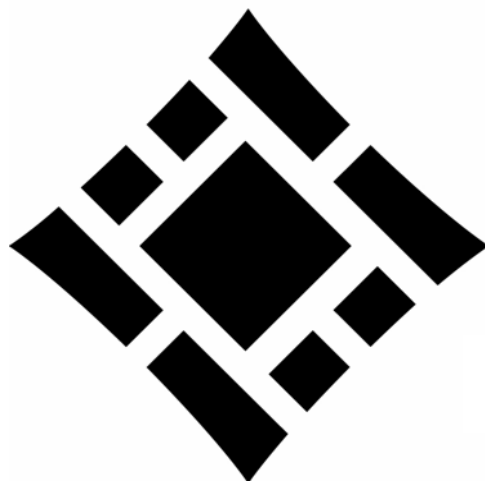
Year Ended December 31, 2016



**COMPREHENSIVE ANNUAL FINANCIAL REPORT
CITY OF SAVANNAH, GEORGIA
YEAR ENDED DECEMBER 31, 2016**



**PREPARED BY:
FINANCE DEPARTMENT
June 1, 2017**



**CITY OF SAVANNAH, GEORGIA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
YEAR ENDED DECEMBER 31, 2016**

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	25-88

FINANCIAL SECTION (continued)

PAGE

Required Supplementary Information:

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual:

General Fund	89
Community Development Fund	90
Schedule of Changes in Net Pension Liability – City of Savannah Employees' Retirement Plan	91
Schedule of Employer Contributions – Cost Sharing Pension Plans	92
Schedule of Valuation Details – City of Savannah Employees' Retirement Plan	93
Schedule of Investment Returns – City of Savannah Employees' Retirement Plan	94
Schedule of Changes in Proportional Share of Net Pension Liability – Plans without a Special Funding Situation	95
Schedule of Changes in Proportional Share of Net Pension Liability – Plans with a Special Funding Situation	96
Schedule of Funding Progress – City of Savannah Other Post Employment Benefits Plan	97
Schedule of Employer Contributions – City of Savannah Other Post Employment Benefits Plan	98
Schedule of Valuation Details – City of Savannah Other Post Employment Benefits Plan	99
Notes to Required Supplementary Information	100-101

SUPPLEMENTAL SECTION

Combining and Individual Fund Statements and Schedules: 102-104

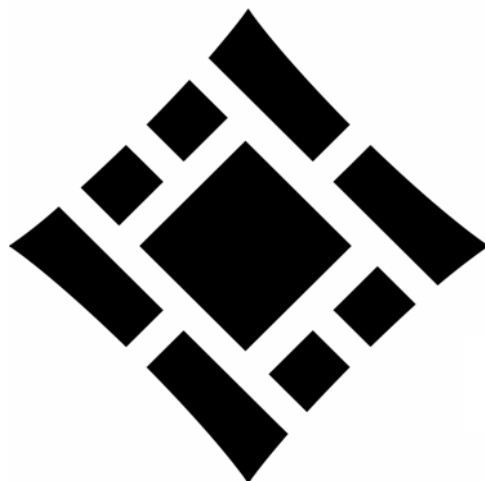
Combining Balance Sheet - Nonmajor Governmental Funds	105-106
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - Nonmajor Governmental Funds	107-108
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - Nonmajor Special Revenue and Debt Service Funds	109-114
Combining Statement of Net Position - Nonmajor Enterprise Funds	115
Combining Statement of Revenues, Expenses, and Changes in Net Position - Nonmajor Enterprise Funds	116
Combining Statement of Cash Flows - Nonmajor Enterprise Funds	117
Combining Statement of Net Position - Internal Service Funds	118
Combining Statement of Revenues, Expenses, and Changes in Net Position - Internal Service Funds	119
Combining Statement of Cash Flows - Internal Service Funds	120
Combining Statement of Fiduciary Net Position - Pension and OPEB Trust Funds and Agency Funds	121
Combining Statement of Changes in Fiduciary Net Position – Pension and OPEB Trust Funds	122
Combining Statement of Changes in Assets and Liabilities - Agency Funds	123

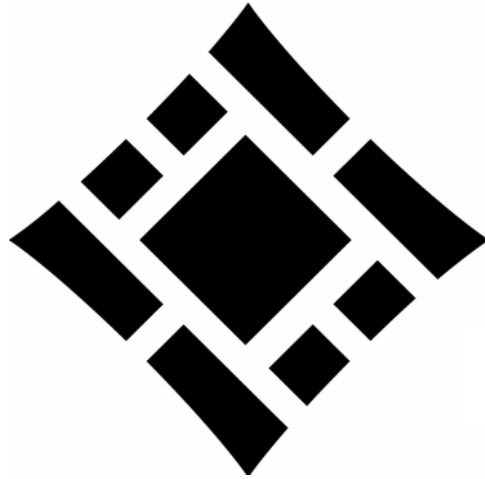
Other Supplemental Information:

Schedule of Projects Funded with Special Sales Tax Proceeds	124-129
Schedule of Hotel/Motel Tax	130
Schedule of Revenues and Expenditures/Expenses - Rental Motor Vehicle Tax	131

STATISTICAL SECTION

	<u>PAGE</u>
Net Position by Component	132
Changes in Net Position	133-134
Fund Balances of Governmental Funds	135
Changes in Fund Balances of Governmental Funds	136
Assessed Value and Estimated Actual Value of Taxable Property	137
Direct and Overlapping Property Tax Rates	138
Principal Property Taxpayers	139
Property Tax Levies and Collections	140
Ratios of Outstanding Debt by Type	141
Ratios of General Bonded Debt Outstanding	142
Direct and Overlapping Governmental Activities Debt	143
Legal Debt Margin Information	144
Pledged-Revenue Coverage	145
Demographic and Economic Statistics	146
Principal Employers	147
Full-time Equivalent City Government Employees by Function/Program	148
Operating Indicators by Function/Program	149
Capital Asset Statistics by Function/Program	150
Water System Production and Number of System Customers	151
Sewage Treatment Plant Flows	152
Water and Sewer Rates	153
Water and Sewer Connection Fees	154
Major Water and Sewer Customers	155





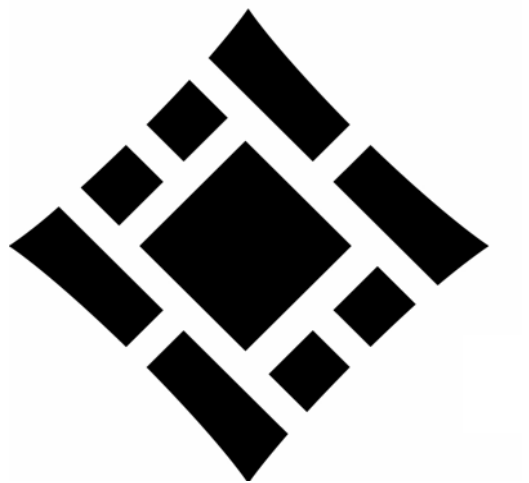
INTRODUCTORY SECTION

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

June 1, 2017

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, 2016. 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.

KRT, CPAs P.C., have issued an unmodified (“clean”) opinion on the City of Savannah’s financial statements for the year ended December 31, 2016. 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 Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). 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 as of the 2010 census 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) three acute care hospitals and 17 nursing care facilities, (iv) 19 institutions of higher learning, and (v) the nation's largest landmark historic district. Unemployment within the region has been relatively low when compared to the national and state levels. As of December 2016, unemployment in the Savannah metropolitan area was 5.0% compared to 4.7% nationally and 5.5% for the State of Georgia as a whole.

Overall, six industry groups account for approximately three-quarters of the jobs in the Savannah area: educational and health services (14.6%), state and local government (12.2%), leisure and hospitality (15.2%), retail trade (11.7%), professional and business services (11.7%), and manufacturing (10.3%). The federal government is also a significant economic presence thanks to Fort Stewart and Hunter Army Airfield, which together provide employment to over 27,000 military and civilian personnel and have an annual financial impact of about \$4.9 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 11.4% per year over the past five years. Savannah was named a "2015 TripAdvisor Travelers' Choice Destinations" award winner in August of 2015 by TripAdvisor and a "Most Romantic Cities" by Trivago.com in February of 2015 and continues to be a destination of choice year round. As it did in 2015, the City again played host to the Rock & Roll Marathon race series. The race brought nearly 15,000 runners and visitors to the streets of Savannah and infused an estimated \$30 million into the local economy. Savannah's landmark historic district continues to be the number one tourist destination in Georgia with an estimated 13.7 million visitors annually.

The Georgia Ports Authority (GPA) had another successful year in 2016, which helped to drive the local economy. The GPA operates the Port of Savannah, which is the fourth largest and fastest growing container port in the United States. This growth continued in 2016 as the Georgia Ports Authority for the second straight year handled more than 3.6 million twenty-foot equivalent container units. Container volume growth for the GPA was up 15.4% over the two-year period of 2015 – 2016. For its FY 2016, the Port of Savannah handled more than 27.8 million tons of total cargo. 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 will 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. Work on this deepening project got under way in September 2015 and since that time, steady progress has been made deepening the outer harbor to 49 feet at low tide. Deepening the inner harbor to 47 feet will begin later with the entire project expected to be completed by 2020. In addition to the harbor deepening work, several harbor deepening mitigation projects will have an impact on the City. A \$40 million contract was awarded to construct a 17 acre reservoir on Abercorn Creek to supplement the City's surface water supply. Construction on this project began in 2016. This reservoir will provide a safe, raw water supply to the City's surface water treatment plant. In addition, recovery operations for the confederate ironclad, CSS Georgia, are underway in the Savannah River and have yielded many exceptional artifacts already. These artifacts include a 9,000 pound Dahlgren rifled cannon, leg-irons, and unexploded munitions. This recovery effort is expected to cost between \$9 million and \$14 million to complete. Finally, a \$100 million contract was awarded to install oxygen bubblers in the Savannah River to maintain ecosystem-healthy oxygen levels in the river during the summer months. These oxygen levels will help support the diverse population of wildlife found in the river, including the endangered short-nosed sturgeon.

Long-term Financial Planning

As of December 31, 2016, unassigned fund balance in the general fund (18.1% 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). A draw of \$1,783,525 on general fund reserves is planned in the 2017 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 2016, the sales tax stabilization reserves totaled \$5,501,000. No draw on the sales tax stabilization reserves was necessary in 2016 or planned in the 2017 budget.

The adopted 2017 budget conservatively assumed 2.0% growth in the total taxable value of property in the City and tentatively set a 2017 property tax of 12.48 mills, the same rate that was set for 2016. Since 1996, the property tax rate has been reduced 4.96 mills or 28%. The 2017 budget also includes an additional 20% increase to the City's freeport exemption on personal property bringing the total exemption to 40%. This increase in the freeport exemption provides additional tax relief for manufacturers and should make the City more attractive for new manufacturing investment.

Several bond issues are scheduled for 2017 as the City moves forward with plans to fund major infrastructure improvements. The anticipated bond issues and their purpose are as follows:

- 2017 General Obligation Bond in the amount of \$2,000,000 to support downtown streetscape improvements
- 2017 Downtown Savannah Authority Bond in the amount of \$5,000,000 to support widening of Gwinnett Street near Stiles Avenue
- 2017 Downtown Savannah Authority Bond in the amount of \$13,500,000 to support extending the riverwalk along the Savannah River and other pedestrian improvements along the western part of River Street

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 2017 through 2021 identifies projects and funding that total \$191.0 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 \$38.9 million or 20.4% of the funding for the five year plan. The Water and Sewer Fund accounts for \$111.4 million during the five year plan and anticipated bond proceeds contribute \$23.5 million during the five year plan. Year one of the five year plan, which was adopted by the mayor and council in December 2016, totals \$59.2 million in project funding. Several signature projects included in the plan are downtown streetscape initiatives, a major landfill expansion and a new sewer treatment plant.

Major Initiatives

The City recently kicked off development of its strategic plan. The plan, once completed, will guide City government over the next three to five years by providing a framework of long term goals and objectives developed by the entire community. The development of this plan is anticipated to take several months and will involve input from local stakeholders, elected officials and City staff. Completion of the effort should coincide with development of the 2018 budget, which will allow for alignment of resources with priorities in the future.

In late 2016, the City began work to develop a tourism management plan with the goal of balancing resident needs with industry interests, while also maintaining Savannah's prominence as a global visitor destination. The tourism industry is currently the largest sector of the local economy and provides 26,000 jobs, \$2.5 billion in visitor spending and economic opportunities for residents, and highlights to the world the positive attributes of what makes Savannah so unique. Savannah must remain vigilant that the growing number of visitors does not detract from the community's authenticity or negatively impact the overall quality of life of historic district residents. Careful planning and management are necessary—especially looking into the future.

The City continues to support new development and has seen a wave of new investment in the downtown area. In order to support this new development, the City has commenced several projects aimed at improving the infrastructure in the downtown area. A downtown streetscape master plan will launch major streetscape improvements from Liberty Street north to the Savannah River with priority being given to the corridors of Broughton Street, River Street and Bay Street. These improvements will greatly enhance pedestrian safety, traffic management, overall aesthetics and will result in an increased potential for commercial development along these high volume areas. This project, currently estimated at \$14 million, is currently in the design phase. In addition, the City has begun construction of a new parking garage facility on the west end of River Street. This \$33 million facility will provide a total of 488 parking spaces to support several new hotel developments in the area that are currently under construction. In addition to the parking garage, the City is also extending the riverwalk as part of the overall development of the area. Private investment will provide approximately \$280 million in new hotel rooms, retail, dining and entertainment uses.

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. 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.

City Council and the public have correctly demanded an increased focus on public safety improvements for Savannah. In order to meet these expectations, service enhancements to public safety highlighted the recently enacted 2017 Service Program and Budget. For 2017, the City will create

10 additional firefighter positions in order to maintain staffing standards in line with the National Fire Protection Association guidelines. To support the police department, the City will be taking advantage of grant funding to provide the following enhancements:

- 15 additional police officers to support anti-gang initiatives, funded in part by a \$1.87 million U.S. Department of Justice COPS Hiring Grant;
- 3 police officers and vehicles to enhance the Traffic Unit. The Governor's Office of Highway Safety will fund 2 of the 3 positions through a HEAT Grant to the department;
- 220 body-worn cameras funded in part by a U.S. Department of Justice Grant.

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, 2015. 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.

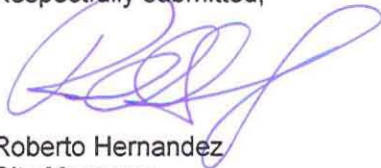
In addition, the City also received the GFOA's Distinguished Budget Presentation Award for the 2016 Service Program and Budget document. To qualify for the Distinguished Budget Presentation Award, the City's budget document must be proficient in several categories including policy documentation, financial planning, and organization.

Acknowledgments

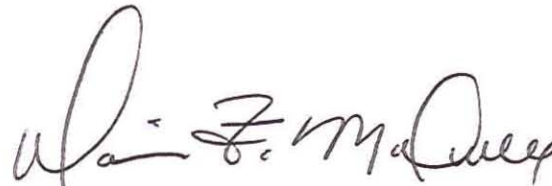
The preparation of this report could not have been accomplished without the professional, efficient, and dedicated services of the entire staff of the Finance Department, the Auditing Department, the Revenue Department, and the Research and Budget Department, as well as the independent auditors. We express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



Roberto Hernandez
City Manager



David Maxwell
Chief Financial Officer

**CITY OF SAVANNAH, GEORGIA
PRINCIPAL OFFICIALS
2016**

ELECTED OFFICIALS

MAYOR

Eddie W. DeLoach

ALDERMEN

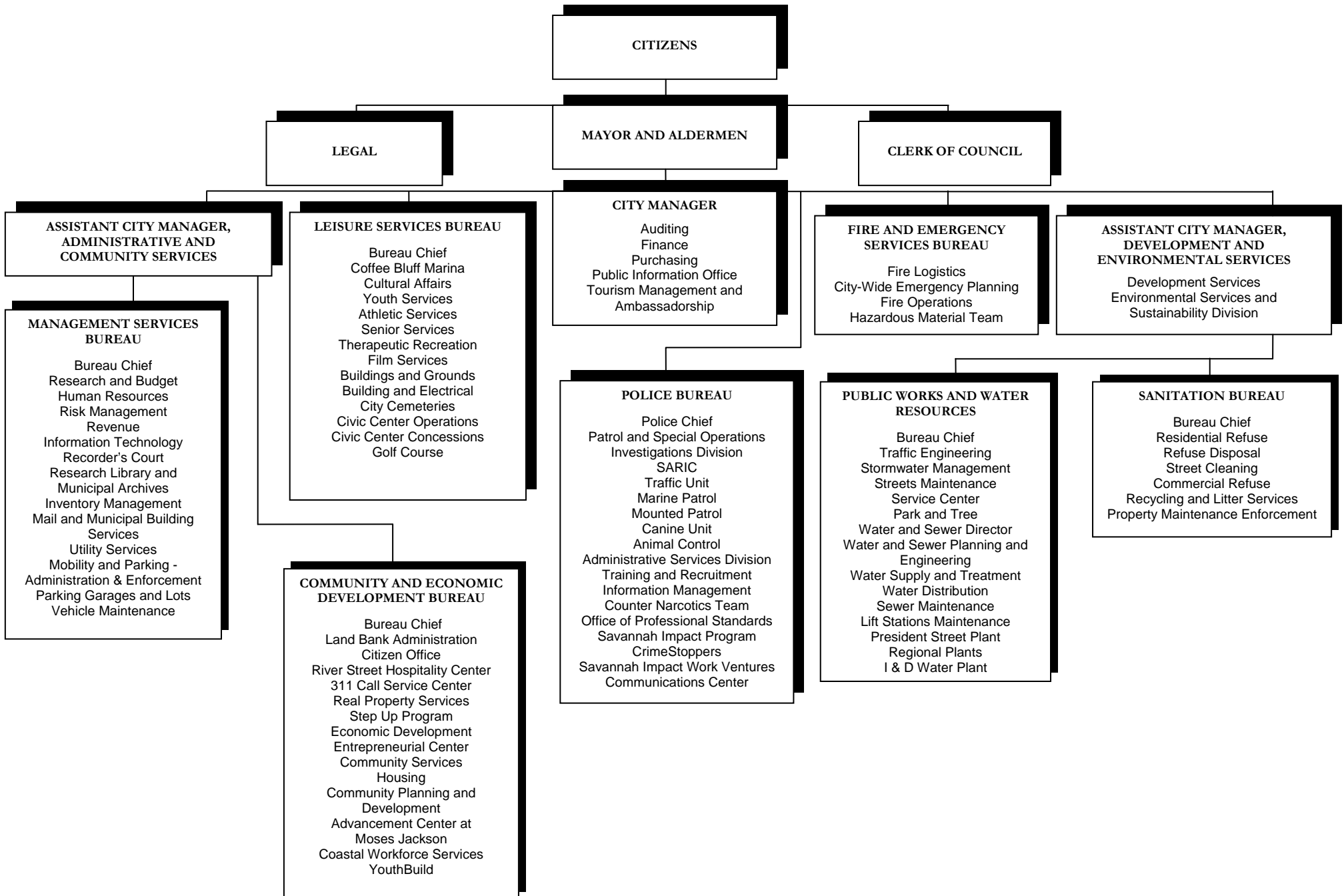
Carol Bell
Van R. Johnson II
John Hall
Dr. Estella Edwards Shabazz

Brian Foster
Bill Durrence
Julian Miller
Tony Thomas

OTHER OFFICIALS

Roberto Hernandez.....	City Manager
Peter Shonka	Assistant City Manager
David F. Maxwell, CPA	Chief Financial Officer
Melissa Carter	Budget Director
Megan Duffy.....	Auditing Director

City of Savannah Organizational Chart





Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

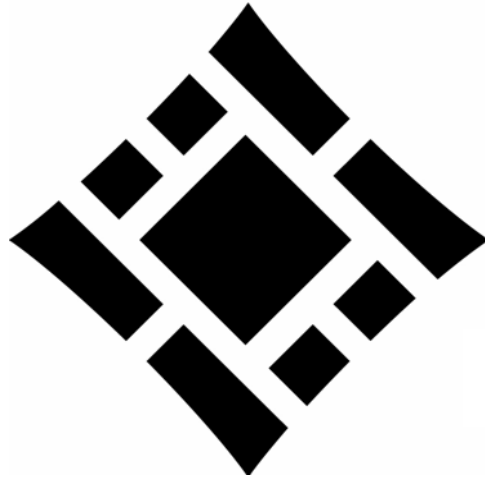
**City of Savannah
Georgia**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

December 31, 2015

A handwritten signature in black ink, appearing to read 'Jeffrey R. Emswiler', is written over a horizontal line.

Executive Director/CEO



FINANCIAL SECTION

INDEPENDENT AUDITORS' REPORT

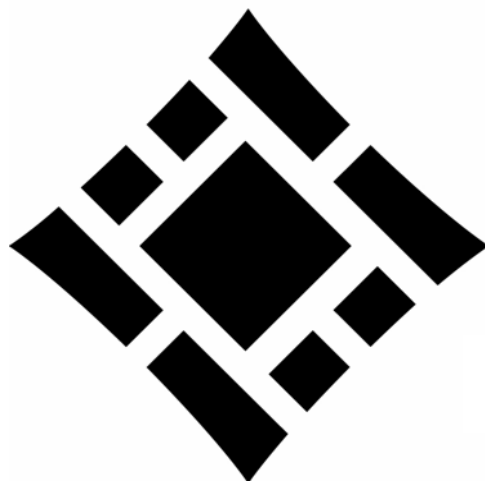
MANAGEMENT'S DISCUSSION AND ANALYSIS

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





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:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Savannah, Georgia, (City), as of and for the year ended December 31, 2016 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 City'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 City'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, 2016, and the respective changes in financial position, and, where applicable cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 13 and the required supplementary information other than the management's discussion and analysis on pages 89 through 101 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 accounting 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 June 1, 2017, 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.

KRT CPAs, PC

Savannah, Georgia

June 1, 2017

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, 2016. 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 2016 by \$1,212,034,046 (net position). Of this amount, \$108,461,328 is unrestricted net position.
- The government's total net position increased by \$41,694,881 during 2016. Approximately 67.2% of this increase is attributable to governmental activities - operating and capital grants/contributions. The remaining 32.8% is attributable to business-type activities, primarily the water and sewer utility.
- As of the close of 2016, the City's governmental funds reported combined ending fund balances of \$239,508,515, an increase of \$15,408,700 for the year ended December 31, 2016. The increase is mostly attributable to the collection of intergovernmental revenues within the SPLOST 2014-2020 Fund.
- The unassigned fund balance for the general fund at the end of 2016 was \$34,096,507 or 18.1% of total general fund expenditures and transfers-out for that year. For the year ended December 31, 2016, the total fund balance in the general fund increased \$1,239,050.
- The City's total long term liabilities experienced a net increase of \$31,792,256 during the 2016 fiscal year. Of this amount, \$6,961,259 was recognized in the governmental activities and \$24,830,997 was recognized in the business-type activities. The increase was attributable to new long-term capital financing bonds issued by the City during 2016. The City's governmental activities recognized new long-term liabilities from \$10 million in bonds issued in 2016 to finance the construction of streetscape improvements to the downtown corridor. The business-type activities recognized new long-term liabilities resulting from the issue of \$33,060,000 in bonds issued in 2016 to finance the construction of a parking garage on River Street.
- The City's Net OPEB Obligation at the end of 2016 was \$3,043,745 as compared to \$7,235,033 at the end of 2015. In 2016, the City contributed \$9,853,160 to the OPEB Trust Fund, which was 174.0% of the City's 2016 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, tourism enhancement 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 twenty-two 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, SPLOST 2009-2014 fund and SPLOST 2014-2020 fund, which are considered to be major funds. Data from the other eighteen 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 - 88 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 89 - 101 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 102 - 131 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 \$1,212,034,046 at the close of the most recent fiscal year.

The following table provides a comparative summary of the City's net position for 2016 and 2015:

City of Savannah -- Net Position (\$000)*						
	Governmental Activities		Business-type Activities		Total	
	2016	2015	2016	2015	2016	2015
Current and other assets	\$332,198	\$304,916	\$199,945	\$161,055	\$532,143	\$465,971
Capital assets	620,991	603,460	396,407	395,499	1,017,398	998,959
Total assets	<u>953,189</u>	<u>908,376</u>	<u>596,352</u>	<u>556,554</u>	<u>1,549,541</u>	<u>1,464,930</u>
Deferred outflows of resources	13,384	12,656	4,061	3,868	17,445	16,524
Total assets and deferred outflows of resources	<u>\$966,573</u>	<u>\$921,032</u>	<u>\$600,413</u>	<u>\$560,422</u>	<u>\$1,566,986</u>	<u>\$1,481,454</u>
Other liabilities	24,022	16,500	7,096	6,281	31,118	22,781
Long-term liabilities outstanding	159,958	152,996	148,379	123,665	308,337	276,661
Total liabilities	<u>183,980</u>	<u>169,496</u>	<u>155,475</u>	<u>129,946</u>	<u>339,455</u>	<u>299,442</u>
Deferred inflows of resources	13,127	10,107	2,369	1,566	15,496	11,673
Net position:						
Net investment in capital assets	596,139	582,292	318,419	316,149	914,558	898,441
Restricted	185,145	170,564	3,870	2,370	189,015	172,934
Unrestricted	(11,818)	(11,427)	120,280	110,391	108,462	98,964
Total net position	<u>769,466</u>	<u>741,429</u>	<u>442,569</u>	<u>428,910</u>	<u>1,212,035</u>	<u>1,170,339</u>
Total liabilities, deferred inflows of resources and net position	<u>\$966,573</u>	<u>\$921,032</u>	<u>\$600,413</u>	<u>\$560,422</u>	<u>\$1,566,986</u>	<u>\$1,481,454</u>

The largest portion of the City's net position (75.5% or \$914,557,173) 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 (15.6% or \$189,015,545) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position (8.9% or \$108,461,328) 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 2016 fiscal year, the City is able to report positive balances in all three categories of net position for the government as a whole and for the business-type activities. The governmental activities reported a negative unrestricted net position of \$11,818,498 at year end.

During the current fiscal year, the government's net position increased by \$41,694,881. About 67.2% of this increase is attributable to governmental activities mainly due to capital grants/contributions received in 2016. The remaining increase (32.8%) 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, 2016 and 2015:

City of Savannah - Changes in Net Position (\$000)						
	Governmental Activities		Business-Type Activities		Total	
	2016	2015	2016	2015	2016	2015
Revenues:						
Program revenues:						
Charges for services	\$ 36,729	\$ 41,485	\$ 112,080	\$ 108,092	\$ 148,809	\$ 149,577
Operating grants and contributions	13,875	8,935	70	73	13,945	9,008
Capital grants and contributions	40,303	41,270	4,114	3,474	44,417	44,744
General revenues:						
Property taxes	67,569	64,605			67,569	64,605
General sales taxes	37,788	37,841			37,788	37,841
Other taxes	56,385	53,726			56,385	53,726
Grants and contributions not restricted as to use	1,352	1,675			1,352	1,675
Other	3,584	3,382	860	562	4,444	3,944
Total revenues	<u>257,585</u>	<u>252,919</u>	<u>117,124</u>	<u>112,201</u>	<u>374,709</u>	<u>365,120</u>
Expenses (net of indirect costs):						
General administration and management	8,754	18,788			8,754	18,788
Facilities maintenance	44,175	42,305			44,175	42,305
Public safety	107,971	99,441			107,971	99,441
Leisure services, social and cultural	37,603	35,221			37,603	35,221
Public development	7,238	6,200			7,238	6,200
Community development and workforce training	28,383	14,336			28,383	14,336
Interest on long-term debt and capital leases	1,332	1,036			1,332	1,036
Water and sewer			56,963	56,949	56,963	56,949
Sanitation and solid waste disposal			24,813	22,895	24,813	22,895
Parking services			11,752	11,217	11,752	11,217
Civic center and golf course			4,030	3,742	4,030	3,742
Total expenses	<u>235,456</u>	<u>217,327</u>	<u>97,558</u>	<u>94,803</u>	<u>333,014</u>	<u>312,130</u>
Increase in net position before contributions and transfers	22,129	35,592	19,566	17,398	41,695	52,990
Transfers	5,908	(1,417)	(5,908)	1,417		
Change in net position	28,037	34,175	13,658	18,815	41,695	52,990
Net position - January 1	741,429	707,254	428,910	410,095	1,170,339	1,117,349
Net position - December 31	<u>\$ 769,466</u>	<u>\$ 741,429</u>	<u>\$ 442,568</u>	<u>\$ 428,910</u>	<u>\$ 1,212,034</u>	<u>\$ 1,170,339</u>

Governmental activities. Governmental activities increased the City's net position by \$28,036,653. Key elements of this increase are as follows:

- Capital grants and contributions were recognized in 2016 in the amount of \$40,302,519. Most of this revenue, \$33,952,250, was special purpose local option sales taxes received from Chatham County. An additional amount totaling \$4,398,061 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 \$2,964,258 (4.6%) during the year as compared to 2015. This increase resulted mainly from growth in the City's taxable digest and from increased collection efforts for current year taxes. A decrease was seen in vehicle title fees collected in 2016 of \$4,571,555 compared to 2015 collections of \$5,635,792.
- General sales tax revenues collections in 2016 of \$37,787,557 were relatively unchanged compared to the 2015 total collections of \$37,841,206.
- Selective sales tax revenues increased in 2016 by \$1,406,870 (5.6%) compared to 2015. This increase is mostly attributable to increased tourist traffic for the City in 2016 compared to 2015, which increased hotel/motel revenues by \$1,075,923 (5.8%). Another tourism related tax, auto rental tax, was \$65,551 (3.9%) higher in 2016 compared to 2015.

For 2016, overall governmental activity expenses increased by \$18,129,532 (8.3%) as compared to 2015. An expense decrease of \$9,485,441 (64.4%) occurred in the general administration activity in 2016 compared to 2015. The majority of this decrease is explained by a one-time payment to the board of public education of \$10 million made in 2015. This payment was contractually required as part of the City's tax allocation district plan and will be used by the school board to construct education facilities in the district.

In 2016, the public safety activity, which includes police, recorders court and fire protection, experienced a net increase in expenses of \$8,530,220 (8.6%). Within the public safety activity, expenses for police increased by \$8,347,734 (12.5%), recorders court increased by \$71,683 (3.4%) and fire increased by \$110,803 (less than 1%) for 2016 as compared to 2015. Total expense within the patrol department were higher by \$4,346,452 (11.8%) in 2016 compared to 2015 mainly due to increases in employee salary and benefits as the department maintained a higher level of staffing for its sworn positions. Police costs were also driven higher in 2016 by the creation of the Savannah Drug Squad. Expenses of this new unit in 2016 totaled \$428,137 as it combatted street level crime stemming from illegal drug activity, prostitution, and gambling. The Savannah Impact Program increased costs in 2016 by \$305,210 (25.0%) for a total of \$1,524,446. Most of this increase is attributable to higher cost for temporary labor related to summer youth employment programs operated by the police department. In 2016, expenses of the emergency 911 center totaled \$6,870,186, which was \$246,551 (3.7%) higher than in 2015.

The leisure services, tourism enhancement and social and cultural activity expenses were higher in 2016 by \$2,383,609 (6.8%) compared to the previous year. Tourism enhancement expenses were higher by \$569,812 (5.0%) in 2016. Tourism enhancement expense levels are driven by the legislative requirement to disburse certain tourism related revenues such as hotel/motel taxes. As the collections of these revenues increases, the related disbursements cause the expenses recognized to increase. Leisure services costs were higher by \$1,928,501 (8.7%) in 2016 compared to 2015. This increase was the result of higher expenses in the senior services department of \$151,020 (7.5%) and in the buildings and grounds maintenance department of \$150,534 (4.0%).

The facilities maintenance activity, which includes the City's public works functions, recorded increased expenses of \$1,869,841 (4.4%) in 2016 as a result of higher levels of spending in the stormwater management department of \$400,741 (7.3%) and the streets maintenance department of \$283,776 (5.9%).

Expenses related to grant program and administration increased in 2016 by \$13,659,241 (237.0%) compared to 2015. These expenses are driven by the ability of the City to successfully apply for available grant funds and can vary greatly from year to year. Grant expenses related to the federal workforce investment act and youthbuild grants were higher by a combined amount of \$1,025,995 (21.5%) in 2016 than in 2015. New for 2016, was \$11,076,679 in expenses related to the Hurricane Matthew recovery. This recovery effort included emergency protective measures for life and property, debris cleanup, and permanent work.

Business-type activities. Business-type activities increased the City's net position by \$13,658,228. Key elements of this increase are as follows:

- Charges for services for business-type activities overall increased by \$3,987,560 or 3.7%. The water and sewer activity increased charges for services by \$1,966,405 or 3.0% in 2016 as compared to 2015. 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 \$2,222,635 or 8.3%. This increase resulted from planned fee increases on services provided to residential and commercial customers for waste disposal fees. Parking facility charges for services increased in 2016 by the amount of \$214,595 or 1.7% compared to 2015. This increase resulted mainly from increased revenues on parking garage facilities operated by the City.
- Capital grants and contributions, associated with the water and sewer activity, in the amount of \$4,114,292 were recognized in 2016. Within the water and sewer activity, this amount represents the value of infrastructure contributed by developers to the city during the year. In 2016, the total amount of capital grants and contributions recognized in the business-type activities was higher than the amount recognized in 2015 by \$640,384.

Overall, expenses for business-type activities increased in 2016 by \$2,754,364, or 2.9%. The majority of this increase was due to increased expenses in the sanitation activity and the parking facilities activity. The sanitation activity increased expenses by \$1,918,339 (8.4%) in 2016, compared to 2015. Within the sanitation activity for 2016, expense increases were related to personal services in the amount of \$589,463 (5.0%), contractual services in the amount of \$838,919 (19.6%), depreciation in the amount of \$204,142 (16.2%) and closure post closure care costs in the amount of \$192,509(18.4%). The parking facilities activity increased expenses by \$535,045 (4.8%) in 2016, compared to 2015. Within the parking facilities activity for 2016, expense increases were related to personal services in the amount of \$300,972 (7.6%) and depreciation expense in the amount of \$216,199 (10.8%). The parking facilities activity also incurred \$522,988 in expenses for debt issuance during 2016 relative to the Downtown Savannah Authority Taxable Bonds, Series 2016. Overall expenses in the civic center activity were higher in 2016 compared to 2015 by \$234,414 (6.6%) due to increases in internal services (\$245,911 or 63.7%) and contractual services (\$150,246 or 15.2%). Compared to 2015, civic center expense related to depreciation expense was higher by \$44,754 or 9.2% in 2016. Overall expenses in the golf course activity were higher in 2016 compared to 2015 by \$53,791 (32.7%) due to increased depreciation expense. Overall expenses in the water and sewer activity were relatively stable in 2016 compared to 2015, experiencing an increase of only \$12,775 or 0.02%.

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 2016 fiscal year, the City's governmental funds reported combined ending fund balances of \$239,508,515, an increase of \$15,408,700 for the year ended December 31, 2016. Approximately 14.2% of the fund balance (\$34,096,507) 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, \$164,142,900 or 68.5% 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, \$140,370,968 is for SPLOST projects, \$11,292,356 is for tax allocation district projects, \$9,734,572 is for other capital projects, \$1,445,567 is for public safety purposes, \$933,528 is for debt service and \$365,909 is for economic development purposes. The City's committed fund balance at year end was \$34,960,772. Committed fund balances represent amounts

that have been constrained by the mayor and council for specific purposes. As of December 31, 2016, committed fund balance consisted of \$32,348,243 for other capital projects, \$1,430,126 for property redevelopment and \$1,182,403 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 \$6,308,336.

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 \$34,096,507. 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 18.1% of total general fund expenditures plus transfers-out.

The fund balance of the City's general fund increased in 2016 by \$1,239,050. Key factors in this increase are as follows:

- Property tax revenues increased by \$668,131 (1.0%) compared to the prior year. This increase in property tax revenues resulted mainly from increases in the City's taxable digest, which grew by 0.46% and an increased collection rate for the current year levy compared to 2015.
- Revenues from selective sales taxes increased by \$265,396 (5.4%) compared to the prior year. The additional revenue was derived mainly from increased collections of excise tax on energy used for manufacturing (\$135,000), mixed drink consumption tax (\$86,299) and tax on wholesale alcohol sales (\$44,099).
- Business tax revenues were higher in 2016 by \$652,054 (7.6%) compared to 2015. This increase can be mainly attributed to an increase in insurance premium taxes of \$653,260.

Overall total expenditures (and transfers out) of the general fund were \$188,654,066 in 2016, which was a decrease of \$1,779,565 (0.9%) compared to 2015. Significant increases in general fund expenditures were related to police \$4,506,921 (7.2%), facilities maintenance \$1,194,895 (4.1%), leisure services \$406,372 (1.9%) and public development \$600,860 (7.8%). Significant decreases in general fund expenditures were related to fire \$1,555,462 (5.1%), social and cultural \$114,704 (6.7%) and management and financial services \$42,810 (0.5%). General fund transfers out decreased a total of \$7,227,518 (36.3%) during 2016 compared to 2015. General fund transfers to the capital improvement fund decreased \$12,854,970 (93.5%). General fund transfers to the hurricane matthew recovery fund in 2016 were \$2,262,469. The hurricane matthew fund was new in 2016 and did not exist in 2015. The general fund transferred \$400,000 and \$679,801 to the golf course and parking services funds, respectively, in 2016. No transfers to these funds occurred in 2015.

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 2016, this fund expended \$7,569,860 on the City's community development program and its administration. Of this total, in 2016 the community development fund expended \$110,230 for debt service payments related to Section 108 loans owed by the City.

The City 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. In 2016, the SPLOST 2009-2014 fund expended \$5,238,948 for the construction of capital projects. As of the end of 2016, the SPLOST 2009-2014 fund had a fund balance of \$55,382,579, all of which is required for projects specified within the authorizing referendum.

The City also maintains the SPLOST 2014-2020 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 2013. The City began receiving tax revenues associated with this tax in 2014. In 2016, the SPLOST 2014-2020 fund received \$33,904,909 in special purpose local option sales taxes and expended \$7,973,582 for the construction of capital projects. As of the end of 2016, the SPLOST 2014-2020 fund had a fund balance of \$63,576,937, 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 \$119,713,054, which is an increase from the prior year of \$9,977,575.

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 \$11,849,315, an increase in the deficit from 2015 of \$5,643,614. This increase in the deficit resulted mainly from transfers out to the hurricane matthew fund to provide resources for debris removal. Unrestricted parking services net position increased by \$5,147,030 for 2016 and ended the year with a balance of \$11,245,656. Unrestricted net position for the non-major enterprise funds at the end of 2016 was \$1,170,431 which is \$408,009 higher than the prior year end. This increase can be attributed to the golf course fund, which received a transfer in of \$400,000 from the general fund in 2016.

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 \$3,394,600 which is 1.8%. Significant budget changes included an increase in the appropriation for transfers to the capital improvement fund of \$900,000, an increase in the appropriation for transfers to the golf course fund of \$400,000, an increase in the appropriation for transfers to the hurricane matthew recovery fund of \$2,262,469, an increase in the appropriation for police expenditures of \$1,075,534, an increase in the appropriation for social and cultural expenditures of \$111,709 and an increase in the appropriation for fire expenditures of \$620,983. Significant budget decreases included amounts appropriated for facilities maintenance (reduced \$636,010), management and financial services (reduced \$308,436), and recorders court (reduced \$54,195). Overall for the general fund in 2016, actual expenditures and transfers out were below the final budget amount by \$4,424,781 or about 2.3%. Favorable budgetary variances between the final amended budget and actual results were experienced during 2016 in all of the general fund activities with the most significant favorable variances in fire (\$660,737 or 2.2%), leisure services (\$248,065 or 1.1%), community development program and administration (\$2,035,067 or 96.9%) and police (\$439,242 or 0.7%).

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, 2016, amounted to \$1,017,398,211 (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 \$18,438,425 (a \$17,530,982 net increase for governmental activities and a \$907,443 net increase for business-type activities).

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

- Various governmental capital asset projects, including land purchases, with a total value of \$26,802,142 were completed or acquired during the year. The total value of governmental capital assets of all types still under construction at year end was \$117,124,126.
- A variety of street and drainage construction projects with a total value of \$12,923,871 were completed or acquired during the year. Machinery and other rolling stock valued at \$6,654,655 were placed into service during the year. Buildings and other improvements valued at \$4,735,793 were completed during the year.
- Various business-type plant capital asset projects, including land purchases, with a total value of \$18,567,761 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 \$60,101,095.

The following table summarizes the City's governmental activity and business-type activity capital assets by major category as of the end of 2016 and 2015:

City of Savannah - Capital Assets (\$000)						
	Governmental Activities		Business-type Activities		Total	
	2016	2015	2016	2015	2016	2015
Land	\$ 75,248	\$ 72,760	\$ 7,897	\$ 7,897	\$ 83,145	\$ 80,657
Plants and Buildings	64,533	63,405	628,158	610,970	692,691	674,375
Improvements other than buildings	87,947	84,339	37,475	37,168	125,422	121,507
Machinery, equipment and fixtures	126,096	120,750	37,737	36,699	163,833	157,449
Streets and drainage	509,665	496,742			509,665	496,742
Construction in progress	117,124	99,747	60,101	59,734	177,225	159,481
Less accumulated depreciation	(359,621)	(334,282)	(374,961)	(356,969)	(734,582)	(691,251)
Total	<u>\$620,992</u>	<u>\$603,461</u>	<u>\$396,407</u>	<u>\$395,499</u>	<u>\$1,017,399</u>	<u>\$998,960</u>

Additional information on the City's capital assets can be found in Notes to the Financial Statements Note 5 - Capital Assets on pages 61 - 64 of this report.

Long-term debt. At the end of year 2016, the City had total bonded debt (excluding special assessment debt) outstanding of \$44,923,658 (net of unamortized premiums and discounts). In addition to bonded debt, the City also had outstanding notes of \$400,000, and contractual obligations that secured bonds issued by certain public authorities (which are not part of the City entity) totaling \$109,986,960. All three types of debt obligations totaled \$155,310,618. Of this amount, \$50,612,484 comprises debt backed by the full faith and credit of the City and \$104,698,134 represents debt secured by specified revenue sources.

The following table summarizes outstanding debt of the City as of the end of 2016 and 2015:

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

	Governmental Activities		Business-type Activities		Total	
	2016	2015	2016	2015	2016	2015
General obligation bonds	\$ 2,000	\$ -	\$ -	\$ -	\$ 2,000	\$ -
Revenue bonds	-	-	33,648	17,197	33,648	17,197
Contractual obligations	48,213	43,779	71,050	42,403	119,263	86,182
Notes	400	500	-	21,188	400	21,688
Total	<u>\$ 50,613</u>	<u>\$ 44,279</u>	<u>\$ 104,698</u>	<u>\$ 80,788</u>	<u>\$ 155,311</u>	<u>\$ 125,067</u>

* Excluding special assessment debt.

As of the end of 2016, the City's total debt had increased by \$30,243,944 (24.2%) when compared to the amount outstanding at the end of 2015. This increase resulted from the City issuing \$2,000,000 in new general obligation bonds and \$8,000,000 in new debt on the Downtown Savannah Authority, Tax Exempt Series 2016 bond issue with the proceeds of both issues being used for downtown streetscape improvements. The City issued \$21,255,000 in Water and

Sewer Revenue Bonds, Series 2016 the proceeds of which were used to refinance at lower interest rates certain outstanding notes payable of the system. The City issued \$33,060,000 in new debt on the Downtown Savannah Authority, Taxable Series 2016 bond issue to finance the construction of a new parking garage on the west end of River Street. In addition, certain debt amounts outstanding were reduced by the City meeting regularly scheduled debt service payments during 2016. The City's general obligation credit rating is "AA+" by Standard & Poor's, and "Aa2" by Moody's. The credit rating assigned to water and sewer revenue debt of the City is "AA+" by Standard & Poor's, and "Aa1" 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 \$512,145,531. As of December 31, 2016 the City had outstanding general obligation bonded debt totaling \$2,000,000.

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 65 - 74 of this report.

Economic Factors and Next Year's Budgets and Rates

- The unemployment rate for the Savannah MSA as of the end of 2016 was 5.0% compared to 4.9% as of the end of 2015. The unemployment rate for the Savannah MSA as of December 2016 was lower than that of the state of Georgia as a whole (5.5%). The national average as of December 2016 was 4.7%.
- The City's property tax digest value increased by 0.46% in 2016 compared to a 7.29% increase in 2015.
- Hotel motel tax collections were the highest on record at the City and were 5.8% higher in 2016 compared to 2015.

All of these factors were considered in preparing the City of Savannah's budget for the 2017 fiscal year. The 2017 adopted budget is balanced and includes a tentative property tax millage rate of 12.48 mills, which is equivalent to the adopted millage for 2016. A draw on reserves in the amount of \$1,783,525 is included in the 2017 in order to balance sources of funds with uses of funds.

Rates for water and sewer service for 2017 are increased from 2016. The base charges will remain the same; however, consumption charges will increase for the median inside City customer by \$1.65 per month, or 4.0%. The increase is necessary to fund anticipated increases in the operation and maintenance costs 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 2017. The monthly cost of residential curbside pickup is increased \$2.00 per month for 2017, increasing to \$33.50 and the commercial disposal fee is increased from \$4.30/cy to \$4.45/cy, or 3.5%.

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 Chief Financial Officer, City of Savannah, Post Office Box 1027, Savannah, Georgia 31402.

CITY OF SAVANNAH, GEORGIA
STATEMENT OF NET POSITION
DECEMBER 31, 2016

	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
<u>ASSETS</u>			
Cash and investments	\$ 100,064,660	\$ 132,997,051	\$ 233,061,711
Receivables (net)	33,203,320	30,154,716	63,358,036
Internal balances	(90,599)	90,599	
Inventories	946,719	80,787	1,027,506
Restricted assets:			
Cash and investments	169,494,679	36,475,916	205,970,595
Accounts receivable	118,652	146,376	265,028
Notes receivable, due within one year	2,261,764		2,261,764
Notes receivable, long term	25,475,319		25,475,319
Property held for resale	722,764		722,764
Capital assets:			
Land and construction in progress	192,372,233	67,997,838	260,370,071
Other capital assets, net of depreciation	428,619,335	328,408,805	757,028,140
Total assets	953,188,846	596,352,088	1,549,540,934
<u>DEFERRED OUTFLOWS OF RESOURCES</u>			
Total deferred outflows related to pensions	13,383,700	3,427,888	16,811,588
Deferred amounts from refunding of debt		632,917	632,917
Total deferred outflows of resources	13,383,700	4,060,805	17,444,505
Total assets and deferred outflows of resources	\$ 966,572,546	\$ 600,412,893	\$ 1,566,985,439
<u>LIABILITIES</u>			
Accounts payable and accrued liabilities	\$ 17,611,062	\$ 2,262,714	\$ 19,873,776
Interest payable	675,002	582,264	1,257,266
Payable from restricted assets:			
Deposits	3,924,028	3,795,303	7,719,331
Interest payable	3,454	64,571	68,025
Unexpended grant proceeds	1,808,177		1,808,177
Current portion of debt payable		392,500	392,500
Long-term liabilities:			
Due within one year	14,568,734	8,505,616	23,074,350
Due in more than one year	63,060,292	118,030,748	181,091,040
Net Pension Liability	79,590,258	21,536,581	101,126,839
Net OPEB Obligation	2,738,458	305,287	3,043,745
Total liabilities	183,979,465	155,475,584	339,455,049
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Deferred revenue from program income	3,243,626		3,243,626
Deferred revenue from property sale proceeds	722,764		722,764
Deferred amounts from refunding of debt	18,306		18,306
Total deferred inflows related to pensions	9,142,732	2,368,916	11,511,648
Total deferred inflows of resources	13,127,428	2,368,916	15,496,344
<u>NET POSITION</u>			
Net investment in capital assets	596,138,633	318,418,540	914,557,173
Restricted for:			
Sales Tax Capital projects	140,370,968		140,370,968
Other Capital Projects	11,292,356		11,292,356
Community Development projects	24,554,728		24,554,728
HUD Section 108 projects	394,122		394,122
Nonexpendable perpetual care	6,426,976		6,426,976
Debt service	374,296	3,870,027	4,244,323
Public safety communications	1,149,635		1,149,635
Court technology fee	253,026		253,026
Other grants	329,411		329,411
Unrestricted	(11,818,498)	120,279,826	108,461,328
Total net position	769,465,653	442,568,393	1,212,034,046
Total liabilities, deferred inflows of resources and net position	\$ 966,572,546	\$ 600,412,893	\$ 1,566,985,439

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

**CITY OF SAVANNAH, GEORGIA
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2016**

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	\$ 5,236,896	\$ -	\$ -	\$ -	\$ -	\$ (5,236,896)		\$ (5,236,896)
Management and financial services	9,318,118	(5,800,784)	2,325,454			(1,191,880)		(1,191,880)
Facilities maintenance	44,174,960		1,327,448		39,948,846	(2,898,666)		(2,898,666)
Police	75,375,182		23,006,148	639,637	112,883	(51,616,514)		(51,616,514)
Recorder's court	2,154,064		1,939,518			(214,546)		(214,546)
Fire	30,420,743	21,045	425,100	229,832		(29,786,856)		(29,786,856)
Leisure services	24,130,197		1,003,636	328,358		(22,798,203)		(22,798,203)
Tourism enhancement	11,883,824		1,449,884			(10,433,940)		(10,433,940)
Social and cultural	1,589,651					(1,589,651)		(1,589,651)
Public development	7,238,133		3,740,606			(3,497,527)		(3,497,527)
Grant program and administration	19,313,784	108,509		8,112,785	23,823	(11,285,685)		(11,285,685)
Community development program and administration	8,556,485	402,712	1,511,346	4,564,746	216,967	(2,666,138)		(2,666,138)
Interest on long-term debt	1,331,705					(1,331,705)		(1,331,705)
Total governmental activities	<u>240,723,742</u>	<u>(5,268,518)</u>	<u>36,729,140</u>	<u>13,875,358</u>	<u>40,302,519</u>	<u>(144,548,207)</u>		<u>(144,548,207)</u>
Business-type activities:								
Water and sewer	54,121,722	2,839,911	68,474,293	69,574	4,114,292		\$ 15,696,526	15,696,526
Sanitation	23,972,290	840,884	28,896,166				4,082,992	4,082,992
Parking facilities	11,072,271	680,354	13,179,754				1,427,129	1,427,129
Civic Center	3,565,489	245,900	1,529,888				(2,281,501)	(2,281,501)
Golf Course	218,460						(218,460)	(218,460)
Resource Recovery								
Total business-type activities	<u>92,950,232</u>	<u>4,607,049</u>	<u>112,080,101</u>	<u>69,574</u>	<u>4,114,292</u>		<u>18,706,686</u>	<u>18,706,686</u>
Total	<u>\$ 333,673,974</u>	<u>\$ (661,469)</u>	<u>\$ 148,809,241</u>	<u>\$ 13,944,932</u>	<u>\$ 44,416,811</u>	<u>(144,548,207)</u>	<u>18,706,686</u>	<u>(125,841,521)</u>
General Revenues:								
Taxes:								
Property taxes						67,569,027		67,569,027
Intangible, transfer and franchise taxes						20,670,635		20,670,635
General sales taxes						37,787,557		37,787,557
Selective sales taxes						26,461,473		26,461,473
Business taxes						9,253,248		9,253,248
Penalties and interest on delinquent taxes						795,976		795,976
Grants and contributions not restricted to specific programs						1,351,866		1,351,866
Investment earnings, unrestricted						248,650	359,702	608,352
Gain on sale of capital assets						1,846,904		1,846,904
Miscellaneous revenue						691,670	499,694	1,191,364
Transfers						5,907,854	(5,907,854)	
Total general revenues, contributions, and transfers						<u>172,584,860</u>	<u>(5,048,458)</u>	<u>167,536,402</u>
Change in net position						28,036,653	13,658,228	41,694,881
Net position, beginning						<u>741,429,000</u>	<u>428,910,165</u>	<u>1,170,339,165</u>
Net position, ending						<u>\$ 769,465,653</u>	<u>\$ 442,568,393</u>	<u>\$ 1,212,034,046</u>

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

**CITY OF SAVANNAH, GEORGIA
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2016**

	GENERAL	COMMUNITY DEVELOPMENT	SPLOST 2009-2014	SPLOST 2014-2020	NONMAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
<u>ASSETS</u>						
Cash and investments	\$ 57,166,520	\$ 505,988	\$ -	\$ -	\$ 8,206,404	\$ 65,878,912
Receivables, net	14,464,247				1,948,637	16,412,884
Due from other funds	1,996,032				29,841,791	31,837,823
Due from other governments	9,403,707	1,160,861		2,918,370	2,193,546	15,676,484
Restricted assets:						
Cash and investments		135,872	56,092,022	61,981,608	51,285,177	169,494,679
Special assessment receivable, net					118,652	118,652
Notes receivable, long-term		27,708,870			28,213	27,737,083
Property held for resale	722,764					722,764
Total assets	<u>\$ 83,753,270</u>	<u>\$ 29,511,591</u>	<u>\$ 56,092,022</u>	<u>\$ 64,899,978</u>	<u>\$ 93,622,420</u>	<u>\$ 327,879,281</u>
<u>LIABILITIES</u>						
Accounts payable	\$ 4,270,482	\$ 144,493	\$ 709,443	\$ 1,323,041	\$ 7,143,816	\$ 13,591,275
Accrued liabilities	2,442,070					2,442,070
Due to other funds	29,841,791				2,086,631	31,928,422
Payable from restricted assets:						
Unexpended grant proceeds		1,521,672			286,505	1,808,177
Escrow deposits	3,788,154	135,872				3,924,026
Total liabilities	<u>40,342,497</u>	<u>1,802,037</u>	<u>709,443</u>	<u>1,323,041</u>	<u>9,516,952</u>	<u>53,693,970</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>						
Unavailable property taxes	5,574,571					5,574,571
Unavailable program income	404,402	27,709,554			265,505	28,379,461
Unavailable property sale proceeds	722,764					722,764
Total deferred inflows of resources	<u>6,701,737</u>	<u>27,709,554</u>			<u>265,505</u>	<u>34,676,796</u>
<u>FUND BALANCES</u>						
Nonspendable					6,308,336	6,308,336
Restricted			55,382,579	63,576,937	45,183,384	164,142,900
Committed	2,612,529				32,348,243	34,960,772
Unassigned	34,096,507					34,096,507
Total fund balance	<u>36,709,036</u>		<u>55,382,579</u>	<u>63,576,937</u>	<u>83,839,963</u>	<u>239,508,515</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 83,753,270</u>	<u>\$ 29,511,591</u>	<u>\$ 56,092,022</u>	<u>\$ 64,899,978</u>	<u>\$ 93,622,420</u>	<u>\$ 327,879,281</u>

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, 2016**

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)	\$ 239,508,515
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	590,624,993
Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the governmental fund financial statements.	4,240,968
Other long-term assets are not available to pay for current-period expenditures and are not recognized as revenues at the fund level	30,710,405
Internal service funds are used by management to charge costs of fleet management, information 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.	56,865,713
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds	<u>(152,484,941)</u>
Net position of governmental activities (page 14)	<u><u>\$ 769,465,653</u></u>

CITY OF SAVANNAH, GEORGIA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2016

	GENERAL	COMMUNITY DEVELOPMENT	SPLOST 2009-2014	SPLOST 2014-2020	NONMAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
REVENUES:						
Property taxes	\$ 66,838,649	\$ -	\$ -	\$ -	\$ 359,640	\$ 67,198,289
Intangible, transfer and franchise taxes	20,670,635					20,670,635
General sales tax	37,787,557					37,787,557
Selective sales taxes	5,197,366				21,264,107	26,461,473
Business taxes	9,253,248					9,253,248
Penalties and interest on delinquent taxes	795,976					795,976
Licenses and permits	2,009,895					2,009,895
Inspection fees	3,272,627					3,272,627
Intergovernmental revenue	1,764,122	4,781,713		33,904,909	9,352,030	49,802,774
Charges for services	20,881,499	522,636			5,151,708	26,555,843
Indirect cost allocations	5,800,784					5,800,784
Special assessments					622	622
Fines and forfeitures	2,666,023					2,666,023
Investment income	144,309	752,644	179,743	152,296	123,103	1,352,095
Miscellaneous revenue	1,138,525	101,648			1,036,693	2,276,866
Total revenues	178,221,215	6,158,641	179,743	34,057,205	37,287,903	255,904,707
EXPENDITURES:						
Current:						
General administration	4,759,901					4,759,901
Management and financial services	7,968,513					7,968,513
Facilities maintenance	30,367,354					30,367,354
Police	67,159,055				7,289,528	74,448,583
Recorder's court	2,249,094				474,112	2,723,206
Fire	28,879,327				535,871	29,415,198
Leisure services	21,904,599					21,904,599
Tourism enhancement	2,737,026				9,148,830	11,885,856
Social and cultural	1,589,651					1,589,651
Public development	8,312,969					8,312,969
Grant program and administration					19,443,232	19,443,232
Community development program and administration	64,933	7,459,630				7,524,563
Debt Service:						
Principal		100,000			3,465,000	3,565,000
Interest and fiscal charges		10,230			1,438,998	1,449,228
Bond issuance costs					127,000	127,000
Capital outlay					16,263,228	16,263,228
Capital outlay - SPLOST funded			5,238,948	7,973,582	2,714,794	15,927,324
Total expenditures	175,992,422	7,569,860	5,238,948	7,973,582	60,900,593	257,675,405
Excess (deficiency) of revenues over (under) expenditures	2,228,793	(1,411,219)	(5,059,205)	26,083,623	(23,612,690)	(1,770,698)
OTHER FINANCING SOURCES (USES):						
Transfers in	10,304,880	1,522,854			18,873,199	30,700,933
Transfers out	(12,661,644)	(111,635)			(12,115,277)	(24,888,556)
Debt issuance					10,000,000	10,000,000
Sale of capital assets	1,367,021					1,367,021
Total other financing sources (uses)	(989,743)	1,411,219			16,757,922	17,179,398
Net change in fund balances	1,239,050		(5,059,205)	26,083,623	(6,854,768)	15,408,700
Fund balances, beginning of year	35,469,986		60,441,784	37,493,314	90,694,731	224,099,815
Fund balances, end of year	\$ 36,709,036	\$ -	\$ 55,382,579	\$ 63,576,937	\$ 83,839,963	\$ 239,508,515

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, 2016**

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)	\$ 15,408,700
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.	13,633,201
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to increase net position.	4,398,061
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	456,734
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.	(6,331,537)
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.	(2,064,252)
Internal service funds are used by management to charge costs of fleet management, information services, and risk management to individual funds.	1,802,626
The net revenue of certain activities of internal service funds is reported with governmental activities.	733,120
Change in net position of governmental activities (page 15)	<u>\$ 28,036,653</u>

CITY OF SAVANNAH, GEORGIA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
DECEMBER 31, 2016

		ENTERPRISE FUNDS					
		WATER AND SEWER	SANITATION	PARKING SERVICES	NONMAJOR ENTERPRISE FUNDS	TOTALS	INTERNAL SERVICE FUNDS
<u>ASSETS</u>							
ASSETS							
Current assets:							
Cash and investments		\$ 111,361,668	\$ 6,863,226	\$ 12,414,284	\$ 2,357,873	\$ 132,997,051	\$ 34,185,748
Receivables, net		21,837,925	8,315,583	1,208		30,154,716	1,113,951
Due from other funds					90,599	90,599	
Inventories		45,042			35,745	80,787	946,719
Total current assets		133,244,635	15,178,809	12,415,492	2,484,217	163,323,153	36,246,418
Noncurrent assets:							
Restricted assets:							
Cash and investments		7,068,206	1,002,986	27,330,772	1,073,952	36,475,916	
Accounts receivable					146,376	146,376	
Capital assets:							
Land		1,976,460	1,910,772	1,810,415	2,199,096	7,896,743	
Plant, buildings, stations, reservoirs, etc		522,440,410	1,455,453	84,032,153	20,229,843	628,157,859	2,479,758
Improvements, other than buildings			30,234,195	414,670	6,826,585	37,475,450	610,615
Machinery and equipment		8,019,381	21,860,697	4,386,813	2,061,064	36,327,955	88,242,283
Other capital assets					1,408,612	1,408,612	
Less accumulated depreciation		(279,967,040)	(43,042,251)	(29,856,582)	(22,095,198)	(374,961,071)	(61,253,385)
Construction in progress		50,320,219	1,155,959	7,555,425	1,069,492	60,101,095	287,304
Total noncurrent assets		309,857,636	14,577,811	95,673,666	12,919,822	433,028,935	30,366,575
Total assets		443,102,271	29,756,620	108,089,158	15,404,039	596,352,088	66,612,993
<u>DEFERRED OUTFLOWS OF RESOURCES</u>							
Total deferred outflows related to pensions		1,782,195	1,096,580	377,216	171,897	3,427,888	
Deferred amounts from refunding of debt		363,994	37,657	231,266		632,917	
Total deferred outflows of resources		2,146,189	1,134,237	608,482	171,897	4,060,805	
Total assets and deferred outflows of resources		\$ 445,248,460	\$ 30,890,857	\$ 108,697,640	\$ 15,575,936	\$ 600,412,893	\$ 66,612,993
<u>LIABILITIES</u>							
Current liabilities:							
Accounts payable		\$ 1,588,646	\$ 125,354	\$ 437,328	\$ 111,386	\$ 2,262,714	\$ 1,577,717
Interest payable			87,979	494,285		582,264	
Current portion of contractual obligations				1,185,000		1,185,000	
Current portion of notes and bonds payable		3,230,644	2,940,000			6,170,644	
Current portion of compensated absences		602,062	370,586	122,524	54,800	1,149,972	194,714
Current portion of claims and judgments payable							4,112,273
Total current liabilities		5,421,352	3,523,919	2,239,137	166,186	11,350,594	5,884,704
Noncurrent liabilities:							
Payable from restricted assets:							
Customer deposits		2,574,975			1,220,328	3,795,303	
Interest payable		64,571				64,571	
Current portion of revenue bonds payable		392,500				392,500	
Contractual obligations							
Revenue bonds payable, net of discount		30,024,894	6,335,620	60,589,476		60,589,476	
Compensated absences		915,485	778,157	146,488	135,458	36,360,514	
Accrued landfill closure costs			19,105,170			1,975,588	249,040
Claims and judgments						19,105,170	
Net Pension Liability		11,200,197	6,893,025	2,368,454	1,074,905	21,536,581	3,613,536
Net OPEB Obligation				305,287		305,287	
Total noncurrent liabilities		45,172,622	33,111,972	63,409,705	2,430,691	144,124,990	3,862,576
Total liabilities		50,593,974	36,635,891	65,648,842	2,596,877	155,475,584	9,747,280
<u>DEFERRED INFLOWS OF RESOURCES</u>							
Total deferred inflows related to pensions		1,237,524	764,433	257,825	109,134	2,368,916	
<u>NET POSITION</u>							
Net investment in capital assets		269,833,881	5,339,848	31,545,317	11,699,494	318,418,540	30,366,575
Restricted for:							
Debt service		3,870,027				3,870,027	
Unrestricted		119,713,054	(11,849,315)	11,245,656	1,170,431	120,279,826	26,499,138
Total net position		393,416,962	(6,509,467)	42,790,973	12,869,925	442,568,393	56,865,713
Total liabilities, deferred inflows of resources and net position		\$ 445,248,460	\$ 30,890,857	\$ 108,697,640	\$ 15,575,936	\$ 600,412,893	\$ 66,612,993

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, 2016

	ENTERPRISE FUNDS					INTERNAL SERVICE FUNDS
	WATER AND SEWER	SANITATION	PARKING SERVICES	NONMAJOR ENTERPRISE FUNDS	TOTALS	
OPERATING REVENUES:						
Metered sales	\$ 58,949,960	\$ -	\$ -	\$ -	\$ 58,949,960	\$ -
Charges for services	9,306,808	28,896,166			38,202,974	22,659,601
Rental fees	287,099		13,179,754	1,019,779	14,486,632	
Recreation fees				510,109	510,109	
Risk management fees						33,420,289
Miscellaneous	133,081	218,575	148,038		499,694	
Total operating revenues	<u>68,676,948</u>	<u>29,114,741</u>	<u>13,327,792</u>	<u>1,529,888</u>	<u>112,649,369</u>	<u>56,079,890</u>
OPERATING EXPENSES:						
Personal services	18,354,600	12,289,609	4,241,952	1,293,367	36,179,528	
Contractual services	13,860,198	5,114,927	2,704,255	1,140,078	22,819,458	
Commodities	4,980,058	1,249,206	256,005	217,417	6,702,686	
Internal service	5,430,929	3,338,424	1,126,429	632,051	10,527,833	
Landfill closure and post closure care		1,240,910			1,240,910	
Depreciation	13,593,534	1,466,824	2,219,600	746,936	18,026,894	7,104,686
Central garage						5,574,231
Information services						7,630,727
Risk management						33,967,620
Total operating expenses	<u>56,219,319</u>	<u>24,699,900</u>	<u>10,548,241</u>	<u>4,029,849</u>	<u>95,497,309</u>	<u>54,277,264</u>
Operating Income (Loss)	<u>12,457,629</u>	<u>4,414,841</u>	<u>2,779,551</u>	<u>(2,499,961)</u>	<u>17,152,060</u>	<u>1,802,626</u>
NONOPERATING REVENUES (EXPENSES):						
Interest earned	306,302	53,400			359,702	90,343
Interest expense	(382,253)	(241,804)	(769,446)		(1,393,503)	
Gain (loss) on disposal of assets	(156,618)				(156,618)	479,883
Debt issuance costs	(384,899)		(522,988)		(907,887)	
Amortization	24,838	128,530	88,050		241,418	
Total nonoperating revenues (expenses)	<u>(592,630)</u>	<u>(59,874)</u>	<u>(1,204,384)</u>		<u>(1,856,888)</u>	<u>570,226</u>
Income (loss) before contributions and transfers	11,864,999	4,354,967	1,575,167	(2,499,961)	15,295,172	2,372,852
CAPITAL CONTRIBUTIONS	4,114,292				4,114,292	224,035
TRANSFERS IN			679,801	2,322,032	3,001,833	
TRANSFERS OUT	<u>(662,057)</u>	<u>(8,083,129)</u>	<u>(111)</u>	<u>(7,772)</u>	<u>(8,753,069)</u>	<u>(61,141)</u>
Change in net position	15,317,234	(3,728,162)	2,254,857	(185,701)	13,658,228	2,535,746
Total net position - beginning	<u>378,099,728</u>	<u>(2,781,305)</u>	<u>40,536,116</u>	<u>13,055,626</u>	<u>428,910,165</u>	<u>54,329,967</u>
Total net position - ending	<u>\$ 393,416,962</u>	<u>\$ (6,509,467)</u>	<u>\$ 42,790,973</u>	<u>\$ 12,869,925</u>	<u>\$ 442,568,393</u>	<u>\$ 56,865,713</u>

**CITY OF SAVANNAH, GEORGIA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
YEAR ENDED DECEMBER 31, 2016**

	ENTERPRISE FUNDS					INTERNAL SERVICE FUNDS
	WATER AND SEWER	SANITATION	PARKING SERVICES	NONMAJOR ENTERPRISE FUNDS	TOTALS	
CASH FLOWS FROM OPERATING ACTIVITIES:						
Cash received from customers	\$ 59,412,857	\$ 16,123,355	\$ 12,829,479	\$ 1,609,410	\$ 89,975,101	\$ -
Cash received from other funds for services	326,550	8,629,781	500,473		9,456,804	22,669,916
Customer deposits received	965,722				965,722	
Customer deposits returned	(830,451)				(830,451)	
Cash received for services and fees						33,428,982
Cash paid to suppliers	(18,322,187)	(6,245,698)	(2,526,663)	(1,351,847)	(28,446,395)	(13,182,041)
Cash paid to other funds for services	(5,430,929)	(3,338,424)	(1,126,429)	(632,051)	(10,527,833)	
Cash paid to employees	(18,409,803)	(12,065,151)	(4,241,952)	(1,293,367)	(36,010,273)	
Cash paid for supplies and insurance						(32,947,056)
Net cash provided (used) by operating activities	17,711,759	3,103,863	5,434,908	(1,667,855)	24,582,675	9,969,801
CASH FLOWS FROM NON CAPITAL FINANCING ACTIVITIES:						
Repayment of due to (from) other funds				(12,317)	(12,317)	
Transfers in			679,801	2,322,032	3,001,833	
Transfer out	(662,057)	(8,083,129)	(111)	(7,772)	(8,753,069)	(61,141)
Net cash provided (used) by non capital financing activities	(662,057)	(8,083,129)	679,690	2,301,943	(5,763,553)	(61,141)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:						
Bond proceeds	21,255,000		33,060,000		54,315,000	
Issuance costs, premiums and discounts on issuance of bonds	(384,899)		(630,320)		(1,015,219)	
Principal paid on long-term debt	(26,470,522)	(2,880,000)	(1,155,000)		(30,505,522)	
Interest paid	(428,536)	(265,804)	(714,662)		(1,409,002)	
Proceeds from sale of equipment	156,618				156,618	505,699
Acquisition and construction of capital assets	(8,079,166)	(398,760)	(6,434,549)	(153,226)	(15,065,701)	(6,406,189)
Net cash provided (used) by capital and related financing activities	(13,951,505)	(3,544,564)	24,125,469	(153,226)	6,476,174	(5,900,490)
CASH FLOWS FROM INVESTING ACTIVITIES:						
Investment income	306,302	53,400			359,702	90,343
Net cash provided by investing activities	306,302	53,400	-	-	359,702	90,343
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	3,404,499	(8,470,430)	30,240,067	480,862	25,654,998	4,098,513
CASH AND CASH EQUIVALENTS, JANUARY 1 (INCLUDING RESTRICTED ACCOUNTS OF \$7,312,881 IN 2015)	115,025,375	16,336,642	9,504,989	2,950,963	143,817,969	30,087,235
CASH AND CASH EQUIVALENTS, DECEMBER 31 (INCLUDING RESTRICTED ACCOUNTS OF \$36,475,916 IN 2016)	\$ 118,429,874	\$ 7,866,212	\$ 39,745,056	\$ 3,431,825	\$ 169,472,967	\$ 34,185,748
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES:						
Operating income (loss)	\$ 12,457,629	\$ 4,414,841	\$ 2,779,551	\$ (2,499,961)	\$ 17,152,060	\$ 1,802,626
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:						
Depreciation	13,593,534	1,466,824	2,219,600	746,936	18,026,894	7,104,686
Change in assets and liabilities:						
(Increase) decrease in receivables	(8,802,270)	(4,361,605)	2,160	(48,190)	(13,209,905)	19,008
(Increase) decrease in prepaid items and inventories	(9,865)			(3,056)	(12,921)	(118,213)
Increase (decrease) in accounts and other payables	426,591	1,359,345	309,829	136,416	2,232,181	1,161,694
Increase (decrease) in net pension liability and OPEB obligation	46,140	224,458	123,768		394,366	
Net cash provided (used) by operating activities	\$ 17,711,759	\$ 3,103,863	\$ 5,434,908	\$ (1,667,855)	\$ 24,582,675	\$ 9,969,801
NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES:						
Contributions of capital assets from developers/other entities	\$ 4,114,292	\$ -	\$ -	\$ -	\$ 4,114,292	\$ -

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, 2016**

	PENSION (AND OTHER EMPLOYEE BENEFITS) TRUST FUNDS	AGENCY FUNDS
<u>ASSETS</u>		
Cash and cash equivalents	\$ 7,192,353	\$ 311,224
Accrued income	751,819	
Accounts receivable:		
From employer	16,178	
From participants	67,977	
Investments, at fair value:		
U.S. government obligations	65,953,161	
Foreign corporate bonds	4,225,559	
Corporate bonds	42,022,005	
Domestic stocks	127,808,474	
Domestic stock fund	72,831,588	
Foreign stocks	5,629,301	
International stock fund	41,301,915	
Real estate fund	47,870,885	
Total investments	<u>407,642,888</u>	
Total assets	<u>415,671,215</u>	<u>\$ 311,224</u>
<u>LIABILITIES AND NET POSITION</u>		
Liabilities:		
Payable from restricted assets:		
Accounts payable	\$ 324,993	\$ 120,501
Employee benefits payable		97,578
Benefit plan surplus		93,145
Total liabilities	<u>324,993</u>	<u>\$ 311,224</u>
Net position:		
Restricted for:		
Pension benefits	346,038,779	
OPEB benefits	69,307,443	
Total net position	<u>\$ 415,346,222</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, 2016**

	PENSION (AND OTHER EMPLOYEE BENEFITS) TRUST FUNDS
ADDITIONS	
Contributions	
Employer	\$ 20,678,711
Plan members	10,029,284
Total contributions	<u>30,707,995</u>
Investment income	
Interest	2,666,554
Dividends	4,389,953
Real estate net income	2,942,456
Net appreciation (depreciation) in fair value of investments	20,189,793
Total investment income	30,188,756
Less investment expense	<u>1,543,999</u>
Net investment income (loss)	<u>28,644,757</u>
Total additions	<u>59,352,752</u>
DEDUCTIONS	
Benefits	30,163,507
Refunds of contributions	2,029,993
Administrative expense	351,411
Total deductions	<u>32,544,911</u>
Change in net position	26,807,841
Net position:	
Beginning of year - January 1	<u>388,538,381</u>
End of year - December 31	<u><u>\$ 415,346,222</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, 2016

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, 2016. They include all the activities controlled by the Mayor and Aldermen 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 as it provides services entirely to the City of Savannah. The Authority is controlled and managed by a board of five members appointed by the Mayor and Aldermen 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 five 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 cannot be city or county employees or officers. Thus, the City cannot 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. Franchise fees are considered available if collectible within 90 days after year end. Revenues considered susceptible to accrual are franchise taxes, 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 applicable to the period covered by these statements.

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, SPLOST 2009-2014 and the SPLOST 2014-2020 Fund.

(a) General Fund

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

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

(c) 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. This SPLOST commenced on October 1, 2008 and expired 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)

- (d) SPLOST 2014 – 2020 Fund – This fund accounts for special purpose local option sales tax resources provided to the City by Chatham County in accordance with a 2013 Special Purpose Local Option Sales Tax referendum, which was passed on a county-wide basis. The current SPLOST commenced on October 1, 2014 and expires on September 30, 2020. These funds are used by the City to design and construct major capital improvements that will benefit the entire county. Projects include streets, drainage improvements, public buildings and other community development.

(2) Major Proprietary Funds

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

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

(3) Other Reported Fund Types

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

CITY OF SAVANNAH, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(E) Cash and Cash Equivalents

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

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

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

(F) Receivables

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

(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.

CITY OF SAVANNAH, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(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, public safety communication projects or court technology 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) 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

(L) 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.

(M) 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)

(N) 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 \$590,624,993 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) Certain amounts shown as deferred inflows of resources in the fund financial statements are reclassified on the entity-wide statements. Amounts shown as deferred inflows of resources on the fund financial statements included \$5,574,570 related to taxes, \$118,652 related to special assessment receivables, \$197,733 related to cemetery receivables, and \$24,819,450 related to loan receivables that will be used in grant programs in future periods.

- (3) 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	\$ 48,230,790
General obligation bonds payable	2,000,000
Compensated absences payable	18,846,979
Net OPEB obligation	2,738,458
Net pension liability	79,590,258
Section 108 notes payable	400,000
Accrued interest payable	678,456
	<u>\$152,484,941</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 \$33,157,535.
- (2) Depreciation expense during the year recorded on the government-wide statements but not on the fund financial statements was \$19,524,334.
- (3) The net effect of various miscellaneous transactions involving capital assets during the year was \$4,398,061; this amount represents the value of assets donated to the City.

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	\$ 3,465,000
HUD Section 108 Note	100,000
Amortization of premiums	103,463
Debt issuance:	
Debt issuance proceeds	(10,000,000)
	<u>(\$ 6,331,537)</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 \$2,064,252 are as follows:

Net OPEB expense	\$ (3,403,775)
Net pension expense	3,991,834
Compensated absences	1,490,252
Accrued interest	<u>(14,059)</u>
	<u>(\$ 2,064,252)</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, 2016, 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, 2016, 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	\$416,165,532	\$416,165,532	\$ -	\$ -	\$ -
Pension Trust Fund:						
US Government/Agency Securities	Aaa	59,122,863	1,638,686	23,757,246		33,726,931
Corporate Bonds						
Various	A	6,896,080	4,779,113	386,674	151,868	1,578,425
Various	Aa	1,384,505	411,040	285,412	151,596	536,457
Various	Aaa	2,847,362				2,847,362
Various	Ba	2,232,831	1,790,396			442,435
Various	Baa	9,699,560	5,517,764	629,790		3,552,006
Private Placement Bonds	NR	9,456,058	3,687,692	1,183,321	1,097,482	3,487,563
Domestic Stock	NR	166,792,803				
International Stock Funds	NR	40,213,638				
Real Estate Investment Trust	NR	40,915,398				
OPEB Trust Fund:						
US Government/Agency Securities Funds	NR	6,830,298				
Domestic Corporate Bond Funds	NR	13,731,169				
Domestic Stock Funds	NR	33,847,259				
International Stock Funds	NR	6,717,578				
Real Estate Investment Trust	NR	6,955,486				
Total Investments		\$823,808,420	\$433,990,223	\$26,242,443	\$1,400,946	\$46,171,179

CITY OF SAVANNAH, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

NOTE 3 - DEPOSITS AND INVESTMENTS (CONTINUED)

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

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 State Treasurer. The pool is not registered with the SEC as an investment company. The fair value of the pool is the same as the value of the pool shares. As a public fund, Georgia Fund 1 is exempt from any disclosure of custodial credit risk.

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

Interest rate risk is the risk that changes in interest rates will adversely affect the value of an investment. The City's Investment Policy states that the City will create its portfolio with investments having maturity dates at or prior to the time cash is prudently projected to be required to meet disbursement needs, thereby avoiding the need to sell securities prior to their maturity. The Policy limits investment maturities to a maximum of five years from the date of purchase. As of December 31, 2016, the City had investments of \$416,165,532 in Georgia Fund 1, which reported a weighted average maturity on its entire portfolio of 34 days as of the end of the year.

Policies of the City of Savannah Employees Retirement Plan limit its cash and 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, 2016, the City of Savannah Employees Retirement Plan had 1.87% of its portfolio in cash and short-term investments.

Polices of the City's OPEB Plan limit its cash and short term investments to a maximum of 5.0% of the total portfolio, with a target amount of less than one percent. As of December 31, 2016 the City's OPEB Trust Fund had 1.82% of its portfolio in cash and 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.

CITY OF SAVANNAH, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS

NOTE 3 - DEPOSITS AND INVESTMENTS (CONTINUED)

Foreign currency risk is the risk that exchange rates may affect the valuation of an investment. The Pension Trust Fund had investments in international stock and foreign corporate bonds of \$40,213,638 and \$4,225,559 respectively, as of yearend. 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.

The OPEB Trust Fund had investments in international stock funds of \$6,717,578 as of yearend. These investments are subject to foreign currency risk consisting of various currencies. Policies of the City's OPEB limit investment in international equities to 15% of the market value of the fund.

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

The City' OPEB 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 75%
Non U.S. Equities	10%	5% to 15%
Fixed Income Debt Obligations	30%	15% to 45%
Real Estate	10%	5% to 15%

CITY OF SAVANNAH, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

NOTE 3 - DEPOSITS AND INVESTMENTS (CONTINUED)

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

Basic financial statements:

Cash and investments	\$ 233,061,711
Restricted cash	205,970,595
Trust and agency funds	<u>415,146,465</u>
Total	<u>\$ 854,178,771</u>

Notes to financial statements:

Cash on Hand	\$ 20,274
Deposits	30,350,077
Investments	<u>823,808,420</u>
Total	<u>\$ 854,178,771</u>

NOTE 4 - PENSION PLANS

The City maintains a cost-sharing multiple-employer pension plan to provide retirement benefits to employees of the City called the City of Savannah Employees' Retirement Plan (COSERP). In addition, certain employees of the City's police department participate in a separate cost-sharing multiple-employer pension plan administered by the Chatham County Employees' Retirement Plan (CCERP). Separate plan disclosures are provided herein. The proportionate share of the net pension liability allocated to the City of Savannah for the two plans is:

	Total Pension Liability	Plan Fiduciary Net Position	Proportionate Share of Net Pension Liability	Deferred Outflows	Deferred Inflows
City of Savannah Employees' Retirement Plan	\$ 406,766,950	\$ 308,797,985	\$ 97,968,965	\$ 15,561,627	\$ 11,132,625
Chatham County Employees' Retirement Plan	12,643,175	9,485,301	3,157,874	1,249,961	379,023
	<u>\$ 419,410,125</u>	<u>\$ 318,283,286</u>	<u>\$ 101,126,839</u>	<u>\$ 16,811,588</u>	<u>\$ 11,511,648</u>

CITY OF SAVANNAH, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS

NOTE 4 - PENSION PLANS (CONTINUED)

(A) City of Savannah Employees' Retirement Plan

Summary of Significant Accounting Policies

Basis of Accounting. COSERP 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 to the plan are recognized when due and employer has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan.

Method Used to Value Investments. Investments are reported at fair value. Short term investments are reported at cost, which approximates fair value. 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 are reported at estimated fair value.

Plan Description and Contribution Information

Plan Administration. The City of Savannah administers a cost sharing 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.

The Plan is administered by the Retirement Board. The Retirement Board is composed of eight members consisting of the following:

- The City Manager
- The Chief Financial Officer of the City of Savannah
- A Police employee selected by the Police Employees
- A Fire employee selected by the Fire Employees
- A General employee selected by the General Employees
- A member of the City Council selected by the City Council
- Two citizens at large selected by the Mayor and Aldermen

CITY OF SAVANNAH, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

NOTE 4 - PENSION PLANS (CONTINUED)

As of January 1, 2016, employee membership data related to the pension plan was as follows:

Retirees and beneficiaries currently receiving benefits	1,358
Terminated employees entitled to benefits but not yet receiving them	<u>111</u>
	<u>1,469</u>
Active plan participants:	
Vested	1,472
Nonvested	<u>1,069</u>
Total	<u>2,541</u>

The Plan's audited financial statements are included in the City's comprehensive annual financial report as a pension trust fund. The Plan does not issue a stand-alone financial report.

Benefits provided. City ordinance specifies types and levels of Plan benefits as well as Plan member contribution requirements. The Plan provides normal and early retirement pension benefits, occupational disability benefits, survivor's benefits, non-occupational disability and death benefits to plan members and beneficiaries.

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.

In 1999, the Plan 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.

Contributions. The annual contribution amounts are actuarially determined. Active employees covered by the Plan are required to contribute 6.65% of their earnings on a pre-tax basis and the employers contribute such additional amounts as are necessary, based on actuarial valuations, in order to

CITY OF SAVANNAH, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS

NOTE 4 - PENSION PLANS (CONTINUED)

provide the Plan with assets sufficient to meet future benefit payments. The employer contribution as a percentage of payroll determined by the most recent actuarial valuation is 10.27%. In 2016, contributions to the COSERP by the City of Savannah were \$9,454,605 and the contributions paid by City employees totaled \$6,792,964. The total payroll for City employees covered under the COSERP for the year ended December 31, 2016 was \$102,149,835. The projected unit credit method is used to determine contributions.

Investments

Investment Policy. The Plan's policy in regard to the allocation of invested assets is established and may be amended by the Retirement Board through a vote by a majority of its members. Plan assets are managed on a total return basis with long-term objective of achieving and maintaining a fully funded status for the benefits provided through the pension plan. The following was the Retirement Board's adopted asset allocation policy as of December 31, 2016:

<u>Asset Class</u>	<u>Target Allocation</u>
Fixed income	30%
Domestic equity	50
International equity	10
Real estate	10
Total	<u>100%</u>

The target allocations detailed above were established in 2013 and have not been amended since that time.

Rate of Return. For the year ended December 31, 2016, the annual money weighted rate of return on pension plan investments, net of pension plan investment expense, was 8.59 percent. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

CITY OF SAVANNAH, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

NOTE 4 - PENSION PLANS (CONTINUED)

Net Pension Liability

Net components of the net pension liability of the COSERP at December 31, 2016, were as follows:

Total pension liability	\$ 455,557,118
Plan fiduciary net position	<u>345,837,143</u>
Employers' net pension liability	<u>\$ 109,719,975</u>

Plan fiduciary net position as a percentage of the total pension liability	75.92%
--	--------

Changes in the Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances - beginning of year	\$ 435,181,218	\$ 327,785,507	\$ 107,395,711
Changes for the Year:			
Service cost	13,751,371	-	13,751,371
Interest expense	32,713,986	-	32,713,986
Changes of assumptions	(4,829,920)	-	(4,829,920)
Differences between expected and actual experience	4,870,999		4,870,999
Contributions--employer	-	10,588,773	(10,588,773)
Contributions--employee	-	7,522,500	(7,522,500)
Net investment income	-	26,131,579	(26,131,579)
Benefits paid, including refunds of member contributions	(26,130,536)	(26,130,536)	-
Plan administrative expenses	-	(60,680)	60,680
Net Changes	<u>20,375,900</u>	<u>18,051,636</u>	<u>2,324,264</u>
Balances - end of year	<u>\$ 455,557,118</u>	<u>\$ 345,837,143</u>	<u>\$ 109,719,975</u>

CITY OF SAVANNAH, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS

NOTE 4 - PENSION PLANS (CONTINUED)

The actuarial assumptions used in the January 1, 2016 valuation were based on the results of the last actuarial experience study dated October 28, 2015. The net pension liability is based on an actuarial valuation dated January 1, 2016, upon which update procedures were used to roll forward the total pension liability to the year end of December 31, 2016. The actuarial cost method used to calculate the total pension liability was entry age normal.

Actuarial Assumptions. The total pension liability was determined by an actuarial valuation as of January 1, 2016, using the following actuarial assumptions, applied to all periods included in the measurement:

- Inflation 3.00%
- Salary increases Varies by age
- Investment rate of return 7.50%
- Cost-of-living adjustments 5.00% at participant's adjustment date, 1.00% annually thereafter

For pre-retirement members of the Plan, mortality rates were based on the RP-2014 Employee Mortality Table projected generationally using a modified version of the MP-2014 improvement scale. For healthy annuitants of the Plan, mortality rates were based on the RP-2014 Healthy Annuitant Mortality Table set forward six years for males and three years for females projected generationally using a modified version of the MP-2014 improvement scale. For disabled annuitants, mortality rates were based on the RP-2014 Disabled Retiree Mortality Table set back three years for males and females projected generationally using a modified version of the MP-2014 improvement scale.

Long-term expected rate of return. The long-term expected rate of return on pension plan investments was determined using a building-block method in which the best estimate ranges of expected future real rates of return (expected returns, net of inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage. The target asset allocation percentage and best estimates of arithmetic real rates of return for each major asset class included in the Plan's target asset allocations as of December 31, 2016 are summarized in the following table:

<u>Asset Class</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic equity	6.75%
International equity	7.45%
Fixed income	1.75%
Real estate	4.55%

CITY OF SAVANNAH, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

NOTE 4 - PENSION PLANS (CONTINUED)

Discount Rate. The discount rate used to measure the total pension liability was 7.50% as of January 1, 2016. The projection of cash flows used to determine the discount rate assumed employee contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the actuarially determined contribution rates. For this purpose, only employee and employer contributions that intended to fund benefits of current plan members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs for future plan members and their beneficiaries, as well as projected contributions from future plan members, are not included. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all projected future benefit payments for current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability as of December 31, 2016.

Sensitivity of the net pension liability to changes in the discount rate. The following presents the net pension liability of the COSERP as of December 31, 2016, calculated using the discount rate of 7.50%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.50%) or 1-percentage-point higher (8.50%) than the current rate:

	1% Decrease (6.50%)	Current Discount (7.50%)	1% Decrease (8.50%)
Net pension liability as of December 31, 2016	\$ 165,108,358	\$ 109,719,975	\$ 63,197,064

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At December 31, 2016, the City of Savannah reported a liability of \$97,968,965 for its proportionate share of the net pension liability of the COSERP. The net pension liability was measured as of December 31, 2016 and determined based on the total pension liability from the actuarial valuation as of January 1, 2016. The City's proportion of the net pension liability was based on the fiscal 2016 employer contributions into the Plan. In 2016 the City of Savannah was allocated a proportional share of 89.29% of the net pension liability compared to a share of 90.45% for 2015.

CITY OF SAVANNAH, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS

NOTE 4 - PENSION PLANS (CONTINUED)

For the year ended December 31, 2016, the City recognized pension expense of \$14,481,592. At December 31, 2016, the City reported deferred outflows of resources and deferred inflows of resources related to the Plan from the following sources:

	Year of Deferral	Amortization Period	Beginning of year balance	Additions	Deductions	End of year balance
Deferred inflows of resources						
Change in proportion	2016	5 years	\$ -	\$ (1,245,790)	\$ (249,158)	\$ (996,632)
Demographic	2015	6 years	(7,119,530)		(1,423,906)	(5,695,624)
Assumption changes	2016	7 years		(4,312,634)	(616,089)	(3,696,545)
Total deferred inflows of resources			<u>(7,119,530)</u>	<u>(5,558,424)</u>	<u>(2,289,153)</u>	<u>(10,388,801)</u>
Deferred outflows of resources						
Demographic	2016	7 years	\$ -	\$ 4,349,315	\$ 621,329	\$ 3,727,986
Difference between projected and actual investment earnings	2015	5 years	15,778,188		3,944,547	11,833,641
	2016	5 years		(929,777)	(185,953)	(743,824)
Net difference between projected and actual investment earnings			<u>15,778,188</u>	<u>(929,777)</u>	<u>3,758,594</u>	<u>11,089,817</u>
Total deferred outflows of resources			<u>\$ 15,778,188</u>	<u>\$ 3,419,538</u>	<u>\$4,379,923</u>	<u>14,817,803</u>
Net of deferred outflows of resources and deferred inflows of resources						<u>\$ 4,429,002</u>

CITY OF SAVANNAH, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

NOTE 4 - PENSION PLANS (CONTINUED)

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended	Recognition of deferred outflows/(inflows)
December 31, 2017	\$ 2,090,767
December 31, 2018	2,090,767
December 31, 2019	2,090,767
December 31, 2020	(1,853,779)
December 31, 2021	5,240
Thereafter	5,240
Net balance of deferred outflows/(inflows) of resources	<u><u>\$ 4,429,002</u></u>

(B) Chatham County Employees' Retirement Plan

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Chatham County Employees' Retirement Plan (CCERP), and additions to/deductions from fiduciary net position have been determined on the same basis as they are reported by CCERP. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Plan Description. The Chatham County Employees' Retirement Plan is a cost-sharing multiple-employer defined benefit pension plan that covers all Chatham County, Georgia employees and certain former members of the Chatham County police department now employed within the Savannah-Chatham Metropolitan Police Department. The Plan is administered by Chatham County and provides retirement, disability, and death benefits to plan members and their beneficiaries. Article IX of the Chatham County Employees' Retirement Plan defines the authority of the Pension Board including their ability to establish and amend the benefit provisions of the plan. The City's proportionate share was calculated on the basis of actual employer contributions.

The CCERP does not issue a stand-alone financial report. The plan's audited financial statements are included in the Chatham County, Georgia Comprehensive Annual Financial Report as a pension trust fund. That report may be obtained by writing to Chatham County Finance Department, 124 Bull Street, Savannah, Georgia 31401.

Membership. Participation in the plan for City employees is limited to those former Chatham County Police Department employees who elected to remain participants in the CCERP when the County and City police departments were merged into the Savannah-Chatham Metropolitan Police Department

CITY OF SAVANNAH, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS

NOTE 4 - PENSION PLANS (CONTINUED)

(SCMPD). As of December 31, 2016, forty-six members of the SCMPD were active participants in the CCERP. No other past or future City employees are eligible to participate in the CCERP.

Benefits Provided. For plan members with participation dates beginning prior to July 1, 2013 benefits vest after five years of service. For plan members with participation dates beginning after July 1, 2013 benefits vest after 10 years of service. For general employees normal retirement age is 62 and for peace officers the normal retirement age is 55. Participants that retire at normal retirement age are entitled to 2 percent of the final average earnings for each of the first 30 years of credited service plus one percent of final average earnings for the remaining number of years of credited service. Participants that are age 55 with 25 or more years of service have the reduced benefit from 30 years of service in lieu of age. The plan also provides for occupational and non-occupational disability. Participants may also retire with unreduced benefits with 25 years of credited service. The plan also provides incentives for early retirements with reduced benefits of a 3 percent per year penalty for early retirement. Full benefits are equal to the average of the highest three years of covered earnings. Cost-of-living adjustments (COLA) are provided at the discretion of the Pension Board.

Contributions. The annual contribution amounts are actuarially determined. Effective July 1, 2007, the CCERP requires participants to contribute 3.5% of covered earnings to the plan. The employer contributes such additional amounts as are necessary, based on actuarial valuations, to provide the plan with sufficient assets to meet future benefit payments. In 2016, the City contributed \$597,929 (23.2% of covered payroll), and the contributions paid by employees totaled \$90,176. The total payroll for employees covered under the plan for the year ended December 31, 2016 was \$2,576,465.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. At December 31, 2016, the City of Savannah reported a liability of \$3,157,874 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2016 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2015. The City's proportion of the net pension liability was based on the actual employer contributions. At December 31, 2016, the City's proportion was 4.540452 percent and 4.697371 percent at December 31, 2015. During 2016, the City recognized \$542,402 in pension expense related to the CCERP.

CITY OF SAVANNAH, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

NOTE 4 - PENSION PLANS (CONTINUED)

Changes in the net pension liability:

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances - beginning of year	\$ 12,067,443	\$ 9,763,210	\$ 2,304,233
Changes for the Year:			
Service cost	276,848		276,848
Interest expense	919,798		919,798
Differences between expected and actual experience	(20,209)		(20,209)
Changes of assumptions	507,531		507,531
Contributions--employer		653,189	(653,189)
Contributions--employee		100,809	(100,809)
Net investment income		(646)	646
Benefits paid, including refunds of member contributions	(705,116)	(705,116)	
Amortization of change in proportion			(76,975)
Change in proportion	(403,120)	(326,145)	
Net Changes	575,732	(277,909)	853,641
Balances - end of year	<u>\$ 12,643,175</u>	<u>\$ 9,485,301</u>	<u>\$ 3,157,874</u>

CITY OF SAVANNAH, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS

NOTE 4 - PENSION PLANS (CONTINUED)

For the year ended December 31, 2016, the City recognized pension expense of \$597,662. At December 31, 2016, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Year of Deferral	Amortization Period	Beginning of year balance	Additions	Deductions	End of year balance
Deferred inflows of resources						
Change in proportion	2015	5.9 years	\$ (296,700)	\$ -	\$ (60,551)	\$ (236,149)
	2016	5.9 years		(66,237)	(11,381)	(54,856)
Demographic	2015	5.9 years	(89,499)		(18,265)	(71,234)
	2016	5.9 years		(20,209)	(3,425)	(16,784)
Total deferred inflows of resources			<u>(386,199)</u>	<u>(86,446)</u>	<u>(93,622)</u>	<u>(379,023)</u>
Deferred outflows of resources						
Changes in assumptions	2016	5.9 years	\$ -	\$ 507,531	\$ 86,022	\$ 421,509
Difference between projected and actual investment earnings	2015	5 years	336,939		84,234	252,705
	2016	5 years		719,687	143,940	575,747
Net difference between projected and actual investment earnings			<u>336,939</u>	<u>719,687</u>	<u>228,174</u>	<u>828,452</u>
Total deferred outflows of resources			<u>\$ 336,939</u>	<u>\$ 1,227,218</u>	<u>\$ 314,196</u>	<u>1,249,961</u>
Net of deferred outflows of resources and deferred inflows of resources						<u>\$ 870,938</u>

CITY OF SAVANNAH, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

NOTE 4 - PENSION PLANS (CONTINUED)

Amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in pension expense as follows:

Measurement period ending December 31,

2017	\$ 220,572
2018	220,572
2019	220,572
2020	144,217
2021	<u>65,005</u>

Net balance of deferred outflows/(inflows) of resources	<u><u>\$ 870,938</u></u>
---	--------------------------

Actuarial Assumptions and Method. The actuarial valuations use the entry age normal actuarial cost method. The plan changed from the aggregate actuarial cost method to the entry age normal method on July 1, 2003. The plan's amortization method is level dollar with closed amortization periods. The equivalent single amortization period is 12 years, based on all of the current amortizations. The actuarial assumptions include a 7.6% investment rate of return (net of administrative expenses). Salary progression rates are based on actual compensation increases from 2005 to 2016. The rates range from .5% to 3% depending on age and years of service. An inflation factor of 3% is included in the assumptions for salary growth purposes. The assumptions do not include postretirement benefit increases. The actuarial value of assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a five-year period. Gains or losses are recognized at 20% per year. The July 1, 2003 unfunded actuarial accrued liability is being amortized over 30 years (18 remaining), increases or decreases in the actuarial accrued liability due to plan amendments over 20 years, actuarial gains/losses over 15 years, and changes in the actuarial accrued liability due to assumption changes over 30 years. Assumption changes for retired members only are amortized over 10 years.

Mortality rates were based on the RP-2000 Healthy Annuitant Mortality Table projected to 2008 and updated to reflect actual large governmental plan experience through 2010. The table includes a margin for future improvement in the life expectancy.

Disability mortality rates were based on the RP-2000 Disabled Retiree Mortality Table projected to 2008 and updated to reflect actual large government plan experience through 2010. The table includes a margin for future improvement in life expectancy.

The valuation interest rate remained 7.6% based on analysis performed by the investment consultant.

CITY OF SAVANNAH, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS

NOTE 4 - PENSION PLANS (CONTINUED)

The actuarial assumptions used in the July 1, 2015 valuation were based on the results of the last actuarial experience study dated November 1, 2016. The total pension liability is based on the actuarial valuation date of July 1, 2015. The result was rolled forward using standard actuarial techniques to the measurement date.

Long-Term Expected Rate of Return. Dahab Associates, investment consultants for the Chatham County Employees' Retirement Plan, recommended to the Pension Board a series of long-term investment return expectations. The chart below indicates the asset class, index and the long-term expected returns (arithmetic averages not adjusted for inflation) for the past 20 years as of June 30, 2016.

<u>Asset Class</u>	<u>Index</u>	<u>Long-term expected rate of return</u>
Large Cap Equity	Russell 1000	9.93 %
Mid Cap Equity	Russell Midcap	12.12
International Equity	MSCI ACWI Ex US	9.77
Small Cap Equity	Russell 2000	8.5
	Barclays	
Fixed Income	Gov/Credit	5.4
Inflation	CIP	3

Discount Rate. Based on the 39% Large Cap Equity, 8% Mid Cap Equity, 8% Small Cap Equity, 15% International Equity, and 30% Fixed Income policy target allocation of the plan, it is expected to achieve a combined long-term return of 7.6%.

Projected Cash Flows. The projection of cash flows used to determine the discount rate assumed the employers would contribute 22.63% of payroll. The employers have, since July 1, 2003, followed a policy of funding each year an amount at least equal to the normal cost plus an amount sufficient to amortize the unfunded actuarial accrued liability in accordance with the Public Retirement Systems Standards Law. This allows the amortization of July 1, 2003 unfunded actuarial accrued liability over 30 years, increases or decreases in actuarial accrued liability due to plan amendments over 20 years, actuarial gains/losses over 15 years, and changes in the actuarial accrued liability due to assumption changes over 30 years. If the plan amendment applies to retired members only, the change is amortized over 10 years. The resulting contribution can be reduced by prior year contributions in excess of the amount determined in accordance with the policy.

Periods of Projected Benefit Payments. Projected future benefit payments for all current plan members were projected through 2112.

CITY OF SAVANNAH, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

NOTE 4 - PENSION PLANS (CONTINUED)

Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate. The following table represents the net pension liability of the City relative to the CCERP plan calculated using the discount rate of 7.8%, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1.0% percent lower (6.8%) or 1.0% higher (8.8%).

	1.0% Decrease (6.8%)	Current Discount Rate (7.8%)	1.0% Increase (8.8%)
City's Net Pension Obligation at December 31, 2016	\$ 4,512,789	\$ 3,157,874	\$ 2,005,336

(C) Pensions with a Special Funding Situation

The City participates in two pension plans that are considered to have a special funding situation. The two plans are the Peace Officers' Annuity and Benefit Fund of Georgia (POAB) and the Georgia Firefighters' Pension Plan (GFFP). Both of these pension plans are cost-sharing, multiple employer defined benefit plans and the employer contributions are funded by the State on behalf of the City. GASB Statement No. 68, Accounting and Financial Reporting for Pensions requires participating employers and nonemployer contributing entities to recognize their proportional share of the collective net pension liability and pension expense. Since the City does not contribute directly to the plans, there is no net pension liability or deferred inflows or outflows to report in the financial statements of the City. The State's proportionate share of the collective net pension liability (asset) of the POAB plan total \$428,086 and the Georgia Firefighters' plan totals \$3,610,412. The State revenue and pension expense of the plans total \$161,613 for the POAB and \$497,636 for the Georgia Firefighters' plan and these amounts were recognized by the City during the period as revenues and expenditures/expenses. Detailed information about each of the plans' fiduciary net position is available in separately issued financial reports that can be obtained at www.poab.georgia.gov (POAB) and at www.gfpf.org (Georgia Firefighters Pension Plan).

Peace Officers' Annuity and Benefit Fund of Georgia (POAB): The Peace Officers' Annuity and Benefit Fund of Georgia was created in 1950 by the General Assembly of Georgia to provide retirement benefits to peace officers.

Benefits provided. POAB provides retirement as well as death benefits. Title 47 of the O.C.G.A. assigns the authority to establish and amend the provisions of the fund to the State Legislature. A member must have terminated his or her active employment as a peace officer to receive benefits. The monthly benefit is a single life annuity payable in monthly installments for the life of the member only. The monthly payment amount at June 30, 2016, was \$24.41 per month (plus 1/12 of this amount for each month of any partial year) for each full year of creditable service up to a maximum of 30 years of total service. The Board of Trustees is authorized to provide for increases effective as of January 1 and July 1 of each year up to 1.5% of the maximum monthly retirement benefit then in effect. Members may elect, as an alternate to the benefit described above, to receive a 100% joint life annuity payable during the life of the member of the member's spouse, or a contingency life annuity with a 50% monthly payment to the surviving spouse. The amount of the benefit for these options is an actuarially reduced portion of the single life annuity benefit described above.

Contributions and Vesting. A member is eligible to receive retirement benefits with 30 years of service, regardless of age. A member is also eligible to receive retirement benefits at age 55 with 10 years of service; however, members joining on or after July 1, 2010, must have 15 years of service to be eligible for benefits. A member must have terminated his or her active employment as a peace officer to receive benefits. POAB is funded by member

CITY OF SAVANNAH, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS

NOTE 4 - PENSION PLANS (CONTINUED)

and nonemployer contributing entity contributions. Contribution provisions are established by statute and may be amended only by the General Assembly of Georgia. Member contribution requirements are set forth in O.C.G.A. 47-17-44 and are not actuarially determined. Each member must contribute \$20 per month, to be paid no later than the tenth day of each month. Nonemployer contributions consist of court fines and forfeitures collected and remitted by the courts directly to POAB in accordance with O.C.G.A. 47-17-60. These court fines and forfeitures are considered to be made by the State of Georgia as the nonemployer contributing entity.

The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2015.

Actuarial Assumptions. The collective total pension liability was determined by an actuarial valuation as of June 30, 2015, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.0%
Salary increases	N/A
Investment rate of return	7.00%, net of pension plan investment expense, including inflation

Mortality rates were based on the RP-2014 Healthy Mortality Table with blue collar adjustment projected on a fully generational mortality basis using Scale MP 2014 for healthy lives and the RP 2014 Disabled Mortality Table with generational mortality projection using Scale MP 2014 for disabled lives. The actuarial assumptions used in the June 30, 2015 valuation were based on the results of the most recent actuarial experience study.

The long-term expected rate of return on pension plan investments was calculated by the Fund's investment manager as 6.66% using a Monte Carlo simulation in which best-estimate ranges of expected future real rates of return (expected nominal returns, net of pension plan investment expense and the assumed rate of inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage. The fund's administrator determined that 7.00% was a reasonable assumption for the long-term rate of return on plan assets based on the calculation of the fund's investment manager.

Discount rate. The discount rate used to determine the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumes revenues will remain level. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Georgia Firefighters' Pension Fund (GFFP): The Georgia Firefighters' Pension Fund was created in 1955 by an act of the Georgia General Assembly to provide retirement benefits for qualified firefighters. The GFFP administers a cost-sharing, multiple-employer defined benefit pension plan as defined in Governmental Accounting Standards Board (GASB) Statement No. 67, *Financial Reporting for Pension Plans – an amendment of GASB Statement No. 25*.

CITY OF SAVANNAH, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

NOTE 4 - PENSION PLANS (CONTINUED)

Any person employed as a firefighter or enrolled as a volunteer firefighter within the State of Georgia or any regular employee of the GFFP is eligible for membership in the fund. The various fire departments located within the State of Georgia, as the employers of the members of the GFFP, do not make contributions to the fund. The State of Georgia provides nonemployer contributions to the fund through the collection of insurance premiums tax. These nonemployer contributions are recognized as revenue by the fund when collected from the insurers.

Benefits provided. The GFFP provides retirement as well as disability and death benefits. Benefit provisions and vesting requirements are established by state statute and may be amended only by the General Assembly of Georgia. A member is eligible to receive retirement benefits at age 55 provided the member has 25 years of service. A member is eligible to receive a pro rata share of benefits, at the latter of age 55 or at the member's termination as a firefighter or volunteer firefighter, after at least 15 years of service (amount received to be the maximum benefit amount times a ratio of years of service to 25 years). At age 50, a member may elect to receive a percentage of benefits to which the member would have been eligible to receive at age 55. Members may not receive benefits while they are still an employee of a fire department or of the fund. Members may receive benefits and continue service as a volunteer firefighter as long as they receive no form of compensation for their volunteer department activity.

The maximum retirement benefit at June 30, 2015 is \$882 per month for the life of the member. The Board of Trustees is authorized to provide for ad-hoc cost-of-living adjustments (COLAs) effective as of January 1 and July 1 of each year up to 1.5% of the maximum retirement benefit then in effect. Members retiring after July 1, 1984 with service in excess of 25 years are entitled to an additional 1% of the maximum benefit in effect at the time of retirement for each additional full year of service. Members retiring after July 1, 2002 with service in excess of 25 years are entitled to an additional 2% of the maximum benefit in effect at the time of retirement for each additional full year of service.

Members may elect, as an alternate to the benefit described above, to receive either:

- the joint and survivor option, which is an actuarially reduced benefit payable during the joint lifetime of the member and the member's spouse, continuing after the death of the member through the lifetime of the spouse, or
- the ten years' certain and life option, which is a reduced benefit during the member's lifetime. In the event of the member's death within 10 years of retirement, the same monthly benefits continue to be paid to the member's selected beneficiary for the balance of the 10 year period.

Disability benefits are provided subject to the approval of the Board of Trustees to any firefighter or volunteer firefighter, who was an active member, and became totally and permanently disabled, applied for disability benefits, and was awarded such benefits prior to July 1, 1993.

A death benefit in the amount of \$5,000 is provided to the beneficiary of a member in the event of the death of a member of the GFFP who is in good standing and who has not commenced receiving any benefits. In the event of the death of a member of the fund who is in good standing and who has commenced receiving benefits, but who has not received total benefits in the amount of \$5,000; the designated beneficiary of such deceased member is entitled to receive the difference between \$5,000 and the amount of the benefits received by the deceased member. In the event of the death of a member with 15 years of service, prior to commencing benefits, the spouse or beneficiary of the member is entitled to the retirement benefit elected to have been received by the member in accordance with the plan's regular benefit terms.

CITY OF SAVANNAH, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS

NOTE 4 - PENSION PLANS (CONTINUED)

In the event a member terminates prior to receiving retirement benefits, 95% of the member's contributions will be returned. No interest is paid upon amounts so withdrawn.

Contributions. The GFFP is funded by member and nonemployer contributing entity (nonemployer) contributions. Contribution provisions are established by statute and may be amended only by the General Assembly of Georgia.

Member contribution requirements are set forth in O.C.G.A. 47-7-60 and are not actuarially determined. Each member must contribute \$25 per month, to be paid no later than the tenth day of each month.

Nonemployer contributions consist of insurance premiums tax collected and remitted by insurers directly to the GFFP in accordance with O.C.G.A. 47-7-61. Every fire insurance company, corporation or association doing business within the State of Georgia must pay to the executive director of the fund 1% of the gross premiums written by such insurance company, corporation, or association for fire, lightning, or extend coverage, inland marine or allied lines, or windstorm insurance policies covering property within the State of Georgia. These insurance premiums taxes are considered to be made by the State of Georgia as the nonemployer contributing entity.

Actuarial Assumptions. The total pension liability was determined based on an actuarial valuation as of June 30, 2015, using the following key actuarial assumptions:

Inflation	2.75%
Salary increases	N/A
Investment rate of return	6.0%, net of pension plan investment expense, including inflation

Mortality rates for pre-retirement were based on the RP-2000 Employee Mortality Table projected to 2025 with Projection Scale BB being used. Mortality rates for post-retirement were based on the RP-2000 Blue Collar Mortality Table projected to 2025 with projection scale BB. Post-disability mortality rates were based on the RP 2000 disabled mortality table projected to 2025 with projection scale BB.

The actuarial assumptions used in the June 30, 2015 valuation were based on the results of the last actuarial experience study dated November 4, 2015.

The long-term expected rate of return on pension plan investments was determined using a log-normal distribution analysis in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and the assumed rate of inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

CITY OF SAVANNAH, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

NOTE 4 - PENSION PLANS (CONTINUED)

The target asset allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table.

Asset Class	Target Allocation	Long-term expected real rate of return
Cash	0.40 %	0.75 %
Intermediate government corporate credit	3.60	2.25
Mortgage-backed securities	12.40	1.25
Core bonds	10.30	1.46
Custom fixed income	7.60	2.25
Large cap equities	16.50	4.75
Small/mid cap equities	18.30	5.00
International unhedged equities	15.00	5.25
Emerging international equities	5.00	6.50
Private equity	1.20	6.75
Real estate (core)	5.00	3.50
Real estate (liquid)	4.70	4.75
	<u>100.00 %</u>	

Discount Rate. The discount rate used to measure the total pension liability was 6.0%. The projection of cash flows used to determine the discount rate assumed that plan member contributions (dues) will be made at the current contribution rate and that nonemployer contributions (from insurers) will continue to be made at the current rates. Based on those assumptions, the fund's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

(D) 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 2016. 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 2016.

CITY OF SAVANNAH, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS

NOTE 4 - PENSION PLANS (CONTINUED)

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

CITY OF SAVANNAH
STATEMENT OF FIDUCIARY NET POSITION
PENSION TRUST FUNDS
DECEMBER 31, 2016

	EMPLOYEES' RETIREMENT		
	PENSION TRUST	OLD PENSION TRUST	TOTAL
<u>ASSETS</u>			
Cash and cash equivalents	\$ 5,731,929	\$ 201,636	\$ 5,933,565
Accrued income	751,819		751,819
Accounts receivable:			
From employers	16,178		16,178
From participants	67,977		67,977
Investments, at fair value:			
U.S. government obligations	59,122,863		59,122,863
Foreign corporate bonds	4,225,559		4,225,559
Domestic corporate bonds	28,290,836		28,290,836
Domestic stocks	127,808,474		127,808,474
Domestic stock fund	38,984,329		38,984,329
Foreign stocks	5,629,301		5,629,301
International stock fund	34,584,337		34,584,337
Real estate fund	40,915,399		40,915,399
Total investments	339,561,098		339,561,098
Total assets	346,129,001	201,636	346,330,637
<u>LIABILITIES</u>			
Payable from restricted assets:			
Accounts payable	\$ 291,858	\$ -	\$ 291,858
Total liabilities	291,858		291,858
<u>NET POSITION</u>			
Held in trust for:			
Pension benefits	\$ 345,837,143	\$ 201,636	\$ 346,038,779

CITY OF SAVANNAH, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

NOTE 4 - PENSION PLANS (CONTINUED)

(F) 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, 2016

	EMPLOYEES' RETIREMENT		
	PENSION TRUST	OLD PENSION TRUST	TOTAL
<u>ADDITIONS</u>			
Contributions			
Employer	\$ 10,588,773	\$ -	\$ 10,588,773
Plan members	7,522,500		7,522,500
Total contributions	18,111,273		18,111,273
Investment income			
Interest	2,650,760	645	2,651,405
Dividends	2,975,673		2,975,673
Real estate net income	3,208,500		3,208,500
Net appreciation (depreciation) in fair value of investments	18,616,334		18,616,334
Total investment income	27,451,267	645	27,451,912
Less investment expense	1,319,689		1,319,689
Net investment income (loss)	26,131,578	645	26,132,223
Total additions	44,242,851	645	44,243,496
<u>DEDUCTIONS</u>			
Benefits	24,100,543	16,721	24,117,264
Refunds of contributions	2,029,993		2,029,993
Administrative expense	60,679		60,679
Total deductions	26,191,215	16,721	26,207,936
Change in net position	18,051,636	(16,076)	18,035,560
Net position:			
Beginning of year - January 1	327,785,507	217,712	328,003,219
End of year - December 31	<u>\$ 345,837,143</u>	<u>\$ 201,636</u>	<u>\$ 346,038,779</u>

CITY OF SAVANNAH, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS

NOTE 5 – CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2016 was:

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Governmental activities					
Capital assets, not being depreciated:					
Land	\$ 72,760,284	\$ 2,487,823	\$ -	\$ -	\$ 75,248,107
Construction in progress	99,746,941	33,228,192	15,851,007		117,124,126
Total capital assets, not being depreciated	<u>172,507,225</u>	<u>35,716,015</u>	<u>15,851,007</u>	<u>-</u>	<u>192,372,233</u>
Capital assets, being depreciated					
Plants and buildings	63,404,505	1,128,045			64,532,550
Improvements other than buildings	84,339,064	3,607,748			87,946,812
Machinery, equipment and vehicles	120,750,394	6,654,655	1,309,244		126,095,805
Streets and drainage	496,741,514	12,923,871			509,665,385
Total capital assets, being depreciated	<u>765,235,477</u>	<u>24,314,319</u>	<u>1,309,244</u>	<u>-</u>	<u>788,240,552</u>
Less: Accumulated Depreciation					
Plants and buildings	22,808,712	1,873,453			24,682,165
Improvements other than buildings	28,314,879	2,048,375			30,363,254
Machinery, equipment and vehicles	76,893,856	9,295,759	1,289,919		84,899,696
Streets and drainage	206,264,669	13,411,433			219,676,102
Total accumulated depreciation	<u>334,282,116</u>	<u>26,629,020</u>	<u>1,289,919</u>	<u>-</u>	<u>359,621,217</u>
Total capital assets, being depreciated, net	<u>430,953,361</u>	<u>(2,314,701)</u>	<u>19,325</u>	<u>-</u>	<u>428,619,335</u>
Governmental activities capital assets, net	<u>\$ 603,460,586</u>	<u>\$ 33,401,314</u>	<u>\$ 15,870,332</u>	<u>\$ -</u>	<u>\$ 620,991,552</u>

CITY OF SAVANNAH, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

NOTE 5 – CAPITAL ASSETS (CONTINUED)

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Business-type activities					
Capital assets, not being depreciated:					
Land	\$ 7,896,743	\$ -	\$ -	\$ -	\$ 7,896,743
Construction in progress	59,734,519	11,091,222	10,724,646		60,101,095
Total capital assets, not being depreciated	<u>67,631,262</u>	<u>11,091,222</u>	<u>10,724,646</u>	<u>-</u>	<u>67,997,838</u>
Capital assets, being depreciated					
Plants, buildings, stations and reservoirs	610,969,936	17,187,925			628,157,861
Improvements other than buildings	37,167,674	307,775			37,475,449
Machinery and equipment	36,698,618	1,072,061	34,113		37,736,566
Total capital assets, being depreciated	<u>684,836,228</u>	<u>18,567,761</u>	<u>34,113</u>	<u>-</u>	<u>703,369,876</u>
Less: Accumulated Depreciation					
Plants, buildings, stations and reservoirs	302,103,807	15,618,838			317,722,645
Improvements other than buildings	25,587,485	1,112,075			26,699,560
Machinery and equipment	29,276,998	1,295,981	34,113		30,538,866
Total accumulated depreciation	<u>356,968,290</u>	<u>18,026,894</u>	<u>34,113</u>	<u>-</u>	<u>374,961,071</u>
Total capital assets, being depreciated, net	<u>327,867,938</u>	<u>540,867</u>	<u>-</u>	<u>-</u>	<u>328,408,805</u>
Business-type activities capital assets, net	<u>\$ 395,499,200</u>	<u>\$ 11,632,089</u>	<u>\$ 10,724,646</u>	<u>\$ -</u>	<u>\$ 396,406,643</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, 2016 is \$19,917,760.

CITY OF SAVANNAH, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS

NOTE 5 – CAPITAL ASSETS (CONTINUED)

During 2016, depreciation expense was charged to functions/programs of the City as follows:

Governmental activities:

General administration	\$ 171,570
Management and financial services	1,396,417
Facilities maintenance	13,739,838
Police	640,458
Recorders Court	3,290
Fire	914,394
Leisure services	2,219,874
Public development	437,270
Grant program and administration	<u>1,223</u>
Total depreciation expense – governmental activities	19,524,334
Depreciation expense on Internal Service Fund Capital Assets	<u>7,104,686</u>
Total depreciation expense allocated to governmental activities	<u>\$26,629,020</u>

Business-type activities:

Water and sewer	\$ 13,593,534
Sanitation	1,466,824
Parking facilities	2,219,600
Civic Center	530,407
Golf course	<u>216,529</u>
Total depreciation expense allocated to business-type activities	<u>\$18,026,894</u>

CITY OF SAVANNAH, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

NOTE 5 – CAPITAL ASSETS (CONTINUED)

During 2016, the City incurred total interest expense of \$2,118,281 in its business-type activities and of this amount; \$724,778 was capitalized during the year.

As of December 31, 2016, 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	\$68,735,025	\$11,161,234	\$57,573,791	NONE
Public Buildings	226,917,228	36,930,370	189,986,858	NONE
Recreation	17,670,657	13,735,531	3,935,126	NONE
Sanitation	10,439,931	1,155,959	9,283,972	NONE
Sewerage	133,086,156	36,280,522	96,805,634	NONE
Squares	7,412,073	3,205,013	4,207,060	NONE
Street Paving	15,633,499	2,813,783	12,819,716	NONE
Traffic Engineering	60,309,084	28,544,893	31,764,191	NONE
Water	54,412,189	13,641,367	40,770,822	NONE
Other	73,468,002	29,756,549	43,711,453	NONE
Total	<u>\$668,083,844</u>	<u>\$177,225,221</u>	<u>\$490,858,623</u>	

CITY OF SAVANNAH, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS

NOTE 6- LONG-TERM LIABILITIES

(A) The following shows the composition of bonds, notes, and contractual obligations payable at December 31, 2016 and the annual maturities of long-term liabilities:

	Low est /Highest Coupon Rate	Original Issue Amount	Unmatured Bond/Interest at 12/31/16	2017	2018	2019	2020	2021	2022-2026	2027-2031	2032-2036
GOVERNMENTAL ACTIVITIES PRINCIPAL PORTION											
Contractual Obligations Related to:											
2009 Downtown Savannah Authority Bonds Series "A"	2.25/3.5	\$ 16,845,000	\$ 4,090,000	\$2,015,000	\$2,075,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2009 Downtown Savannah Authority Bonds Series "B"	2.3/5.7	20,155,000	8,270,000						1,060,000	5,895,000	1,315,000
2014 Downtown Savannah Authority Bonds	2.0/4.0	9,970,000	7,660,000	770,000	785,000	795,000	810,000	835,000	3,665,000		
2015 Downtown Savannah Authority Bonds	2.0/4.0	19,950,000	19,190,000	895,000	910,000	695,000	935,000	920,000	4,830,000	5,100,000	4,905,000
2016 Downtown Savannah Authority Bonds	2.03/2.03	8,000,000	8,000,000				730,000	745,000	3,955,000	2,570,000	
Total Contractual Obligations		<u>74,920,000</u>	<u>47,210,000</u>	<u>3,680,000</u>	<u>3,770,000</u>	<u>1,490,000</u>	<u>2,475,000</u>	<u>2,500,000</u>	<u>13,510,000</u>	<u>13,565,000</u>	<u>6,220,000</u>
General Obligation Bonds:											
2016 General Obligation Bonds	1.97/1.97	2,000,000	2,000,000				315,000	325,000	1,360,000		
Notes:											
2011-A Series HUD Section 108 Note	1.60/2.92	595,000	365,000	65,000	100,000	100,000	100,000				
2010-A Series HUD Section 108 Note	1.70/2.91	485,000	35,000	35,000							
Total Notes Payable		<u>1,080,000</u>	<u>400,000</u>	<u>100,000</u>	<u>100,000</u>	<u>100,000</u>	<u>100,000</u>				
Total Governmental Activities Principal Portion		<u>\$ 78,000,000</u>	<u>\$ 49,610,000</u>	<u>\$3,780,000</u>	<u>\$3,870,000</u>	<u>\$1,590,000</u>	<u>\$2,890,000</u>	<u>\$2,825,000</u>	<u>\$14,870,000</u>	<u>\$13,565,000</u>	<u>\$6,220,000</u>
GOVERNMENTAL ACTIVITIES INTEREST PORTION											
Contractual Obligations			\$ 16,118,035	\$1,608,636	\$1,522,930	\$1,416,406	\$1,386,606	\$1,332,847	\$ 5,438,641	\$ 2,879,050	\$ 532,919
General Obligation Bonds			254,415	35,350	39,400	39,400	39,400	33,195	67,670		
Notes			21,510	8,290	6,270	4,500	2,450				
Total Governmental Activities Interest Portion			<u>16,393,960</u>	<u>1,652,276</u>	<u>1,568,600</u>	<u>1,460,306</u>	<u>1,428,456</u>	<u>1,366,042</u>	<u>5,506,311</u>	<u>2,879,050</u>	<u>532,919</u>
Total Governmental Activities Debt Service Requirements			<u>\$ 66,003,960</u>	<u>\$5,432,276</u>	<u>\$5,438,600</u>	<u>\$3,050,306</u>	<u>\$4,318,456</u>	<u>\$4,191,042</u>	<u>\$20,376,311</u>	<u>\$16,444,050</u>	<u>\$6,752,919</u>

CITY OF SAVANNAH, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

NOTE 6- LONG-TERM LIABILITIES (CONTINUED)

	Lowest /Highest Coupon Rate	Original Issue Amount	Unmatured Bond/Interest at 12/31/16	2017	2018	2019	2020	2021	2022-2026	2027-2031	2032-2036	2037-2041	2042-2046
BUSINESS-TYPE ACTIVITIES PRINCIPAL PORTION													
WATER AND SEWER SYSTEM													
2014 Water and Sewer Revenue Bonds	2.0/3.0	\$ 17,690,000	\$ 13,420,000	\$ 1,890,000	\$ 845,000	\$ 860,000	\$ 875,000	\$ 890,000	\$ 4,825,000	\$ 3,235,000	\$ -	\$ -	\$ -
2016 Water and Sewer Revenue Bonds	2.15/2.15	21,255,000	19,810,000	1,710,000	1,740,000	1,780,000	1,830,000	1,860,000	6,900,000	3,990,000			
Total Water and Sewer Bonds		38,945,000	33,230,000	3,600,000	2,585,000	2,640,000	2,705,000	2,750,000	11,725,000	7,225,000			
SANITATION													
2013 Resource Recovery Bonds	2.0/3.0	12,950,000	9,020,000	2,940,000	3,005,000	3,075,000							
Total Sanitation Bonds		12,950,000	9,020,000	2,940,000	3,005,000	3,075,000	-						
PARKING SERVICES													
Contractual Obligations Related to:													
2013 Downtown Savannah Authority Bonds	2.0/2.0	6,485,000	2,975,000	1,185,000	1,215,000	575,000							
2015 Downtown Savannah Authority Bonds	2.0/4.0	25,055,000	25,055,000			940,000	1,405,000	1,465,000	8,350,000	10,495,000	2,400,000		
2016 Downtown Savannah Authority Bonds	2.6/4.05	33,060,000	33,060,000						4,580,000	5,305,000	6,295,000	7,610,000	9,270,000
Total Parking Services Contractual Obligations		64,600,000	61,090,000	1,185,000	1,215,000	1,515,000	1,405,000	1,465,000	12,930,000	15,800,000	8,695,000	7,610,000	9,270,000
Total Business-type Activities Principal Portion		\$ 116,495,000	\$ 103,340,000	\$ 7,725,000	\$ 6,805,000	\$ 7,230,000	\$ 4,110,000	\$ 4,215,000	\$ 24,655,000	\$ 23,025,000	\$ 8,695,000	\$ 7,610,000	\$ 9,270,000
BUSINESS-TYPE ACTIVITIES INTEREST PORTION													
Water and Sewer Bonds			\$ 5,208,308	\$ 757,097	\$ 682,290	\$ 627,460	\$ 571,569	\$ 514,483	\$ 1,740,354	\$ 315,055	\$ -	\$ -	\$ -
Sanitation Resource Recovery Bonds			455,750	211,150	152,350	92,250							
Parking Services Contractual Obligations			33,489,154	1,711,949	2,063,724	2,039,423	2,009,123	1,981,024	8,881,173	6,601,595	4,223,423	2,821,647	1,156,073
Total Business-type Activities Interest Portion			39,153,212	2,680,196	2,898,364	2,759,133	2,580,692	2,495,507	10,621,527	6,916,650	4,223,423	2,821,647	1,156,073
Total Business-type Activities Debt Service Requirements			\$ 142,493,212	\$ 10,405,196	\$ 9,703,364	\$ 9,989,133	\$ 6,690,692	\$ 6,710,507	\$ 35,276,527	\$ 29,941,650	\$ 12,918,423	\$ 10,431,647	\$ 10,426,073

CITY OF SAVANNAH, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS

NOTE 6 - LONG-TERM LIABILITIES (CONTINUED)

(B) The following are changes in the long-term liabilities for the year ended December 31, 2016:

	Balance 12/31/15	2016 Issues	2016 Retirements	Balance 12/31/16	Unamortized (Discounts)/ Premiums	Balance 12/31/16	Amounts Due Within One Year	Accrued Interest at 12/31/2016
Governmental Activities:								
Bonds and notes payable:								
General Obligation Bond 2016	\$ -	\$ 2,000,000	\$ -	\$ 2,000,000	\$ -	\$ 2,000,000	\$ -	\$ 12,367
Series 2011-A HUD Section 108 Note	415,000		50,000	365,000		365,000	65,000	3,030
Series 2010-A HUD Section 108 Note	85,000		50,000	35,000		35,000	35,000	424
Contractual Obligations relating to:								
Downtown Savannah Authority Bonds 2009	14,310,000	-	1,950,000	12,360,000	52,380	12,412,380	2,015,000	252,138
Downtown Savannah Authority Bonds 2014	8,415,000		755,000	7,660,000	553,500	8,213,500	770,000	103,021
Downtown Savannah Authority Bonds 2015	19,950,000		760,000	19,190,000	396,604	19,586,604	895,000	252,891
Downtown Savannah Authority Tax Exempt Bonds 2016		8,000,000		8,000,000		8,000,000		54,585
Total bonds and notes payable	43,175,000	10,000,000	3,565,000	49,610,000	1,002,484	50,612,484	3,780,000	678,456
Other liabilities:								
Compensated absences	17,796,244	8,865,663	7,371,174	19,290,733		19,290,733	6,676,461	
Net pension liability	78,072,981	9,049,131	7,531,854	79,590,258		79,590,258		
Net OPEB obligation	6,142,233	4,316,209	7,719,984	2,738,458		2,738,458		
Claims and judgments	6,706,108	34,987,321	33,967,620	7,725,809		7,725,809	4,112,273	
Total other liabilities	108,717,566	57,218,324	56,590,632	109,345,258		109,345,258	10,788,734	
Governmental Activities long-term liabilities	\$151,892,566	\$67,218,324	\$60,155,632	\$158,955,258	\$ 1,002,484	\$159,957,742	\$ 14,568,734	\$ 678,456
Business-type Activities:								
Bonds and notes payable:								
Water and Sewer Revenue Bonds 2014	\$ 16,725,000	\$ -	\$ 3,305,000	\$ 13,420,000	\$ 418,038	\$ 13,838,038	\$ 1,913,144	\$ 29,083
Water and Sewer Revenue Bonds 2016		21,255,000	1,445,000	19,810,000		19,810,000	1,710,000	35,493
Sewer SRF Loans	21,720,517		21,720,517					
Resource Recovery Bonds 2013	11,900,000		2,880,000	9,020,000	255,620	9,275,620	2,940,000	87,974
Contractual obligations relating to:								
Downtown Savannah Authority Bonds 2013	4,130,000		1,155,000	2,975,000	61,822	3,036,822	1,185,000	24,792
Downtown Savannah Authority Bonds 2015	25,055,000			25,055,000	729,986	25,784,986		337,570
Downtown Savannah Authority Taxable Bonds 2016	-	33,060,000		33,060,000	(107,332)	32,952,668		131,923
Total bonds and notes payable	79,530,517	54,315,000	30,505,517	103,340,000	1,358,134	104,698,134	7,748,144	646,835
Other liabilities:								
Compensated absences	2,824,246	1,594,090	1,292,776	3,125,560		3,125,560	1,149,972	
Net pension liability	21,370,672	2,088,660	1,922,751	21,536,581		21,536,581		
Net OPEB obligation	1,092,800	1,345,663	2,133,176	305,287		305,287		
Closure and Postclosure Liability	17,864,260	1,240,910		19,105,170		19,105,170		
Total other liabilities	43,151,978	6,269,323	5,348,703	44,072,598		44,072,598	1,149,972	
Business-type Activities long-term liabilities	\$122,682,495	\$ 60,584,323	\$ 35,854,220	\$147,412,598	\$ 1,358,134	\$148,770,732	\$ 8,898,116	\$ 646,835

CITY OF SAVANNAH, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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, Net Pension Liability 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) Contractual obligations relating to the Downtown Savannah Authority Bonds, Series 2009A and the Downtown Savannah Authority Bonds, Tax Exempt Series 2016 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, Series 2014 and Series 2015 are liquidated by the Tax Allocation District I Fund, a non-major fund.
- 4) 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 and in the Tax Allocation District I Fund.

(1) General Obligation Bonds

The City is authorized to issue, under the provisions 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.

During 2016, the City issued \$2,000,000 in general obligation bonds to partially fund the design and construction of streetscape improvements to the downtown corridors and pay all issuance costs. The bonds bear interest at a fixed rate of 1.97% and mature serially beginning August 1, 2020.

(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

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. A maturity schedule for the contractual obligations is shown on page 65.

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 2032. 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.

During 2014, the City exercised its optional redemption on certain maturities of the Authority's Series 2009B bonds totaling \$10,425,000. In order to fund the optional redemption during 2014, the City entered into a contractual obligation related to the Downtown Savannah Authority Refunding Revenue Bonds, Series 20014, tax-exempt bonds issued in the principal amount of \$9,970,000. The proceeds of the bond sale were used to currently refund certain maturities of the Downtown Savannah Authority Revenue Bonds, Series 2009B, which had a principal balance of \$10,425,000 at refunding, and to cover issuance costs. The bonds bear interest at fixed rates ranging from 2.00% to 4.00% and mature serially beginning August 1, 2014. The refunding was undertaken to reduce total future debt service payments. The reacquisition price was lower than the net carrying amount of the old debt by \$24,408. This amount is classified as a deferred inflow of resources on the statement of net position and will be amortized over the life of the new debt. The transaction also resulted in an economic gain of \$522,498 and a reduction of \$589,116 in future debt service payments.

During 2015, the City entered into a contractual obligation related to the Downtown Savannah Authority Refunding Revenue Bonds, Series 2015, tax-exempt bonds issued in the principal amount of \$45,005,000. Of this amount, \$25,055,000 was allocated to the Parking Services Fund to currently refund the Downtown Savannah Authority Revenue Bonds, Series 2005, which had a principal balance of \$24,820,000 at refunding, and to cover issuance costs. The remaining proceeds of the bond sale, \$19,950,000, were allocated to the governmental activities and used for the

CITY OF SAVANNAH, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

NOTE 6- LONG-TERM LIABILITIES (CONTINUED)

purpose of acquiring, constructing and equipping improvements to the downtown area of the City and paying issuance costs related to the bonds. The bonds bear interest at fixed rates ranging from 2.00% to 4.00% and mature serially beginning August 1, 2016.

During 2016, the City entered into a contractual obligation related to the Downtown Savannah Authority Tax Exempt Revenue Bonds, Series 2016, issued in the principal amount of \$8,000,000. The proceeds of the bond sale are for the purpose of partially funding the design and construction of streetscape improvements to downtown corridors and paying issuance costs related to the bonds. The bonds bear interest at a fixed rate of 2.03% and mature serially beginning August 1, 2020.

The Authority's Series 2009A, Series 2009B, Series 2014, Series 2015 and Tax Exempt Series 2016 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 65.

(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.

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 costs associated with renovations to the City's 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.

CITY OF SAVANNAH, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS

NOTE 6- LONG-TERM LIABILITIES (CONTINUED)

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 65.

(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

During 2014, the City exercised its optional redemption on certain maturities of the Water and Sewer Improvement Revenue Bonds, 2009B bonds totaling \$13,970,000. In order to fund the optional redemption during 2014, the City issued Water and Sewer Revenue Refunding Bonds, Series 2014 in the principal amount of \$17,690,000. The proceeds of the bond sale were used to (1) refinance, at lower rates, the outstanding maturities of the Series 2003 bonds, which had a principal balance of \$3,720,000 at refunding, (2) refinance at lower rates a portion of the outstanding maturities of the Series 2009B bonds totaling \$13,970,000 and, (3) pay all costs incidental to the issuance of the Series 2014 bonds. The bonds bear interest at fixed rates ranging from 2.00% to 3.00% and mature serially beginning December 1, 2015. The refunding was undertaken to reduce total future debt service payments. The reacquisition price exceeded the net carrying amount of the old debt by \$87,573. This amount is classified as a deferred outflow of resources in the Water and Sewer Fund and will be amortized over the life of the new debt. The transaction also resulted in an economic gain of \$962,419 and a reduction of \$1,117,334 in future debt service payments. A maturity schedule for the water and sewer revenue bonds is shown on page 66.

During 2016, the City issued the Water and Sewer Refunding Bond, Series 2016 in the principal amount of \$21,255,000. The proceeds of the bond sale were used by the City to (1) refund and redeem certain outstanding amounts of loans made to the City by the State of Georgia under the State Revolving Fund Program (SRF) and (2) fund all expenses incidental to the issuance of the Bond. The bond bears interest at a fixed rate of 2.15% with principal repayment beginning February 2016 and continuing monthly thereafter. The refunding was undertaken to reduce total future debt service payments. The reacquisition price exceeded the net carrying amount of the old debt by \$318,092. This amount is classified as a deferred outflow of resources in the Water and Sewer Fund and will be amortized over the life of the new debt. The transaction also resulted in an economic gain of \$1,037,203 and a reduction of \$1,196,427 in future debt service payments.

The Series 2014 and Series 2016 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, 2016 the debt service reserve requirement is calculated as 10% of the par value of bonds outstanding, which is \$3,798,000. The debt service reserve requirement is met with cash held in the Sinking Fund. Monies in the debt service reserve can be used only to pay principal and interest on the bonds if there would otherwise be a default. The Series 2014 and Series 2016 bonds are secured solely by a first lien upon the gross revenues derived from the water and sewer system and are not secured by the general credit of the City.

CITY OF SAVANNAH, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

NOTE 6- LONG-TERM LIABILITIES (CONTINUED)

At December 31, 2016, the sinking fund requirements and actual balances were as follows:

Sinking Fund Requirements:	
Interest requirements (for June 1, 2017)	\$ 64,571
Principal requirements (for December 1, 2017)	392,500
Debt Service Reserve	<u>3,798,000</u>
Total requirements at December 31, 2016	<u>4,255,071</u>
Sinking Fund Resources:	
Cash and investments in sinking fund at December 31, 2016	<u>4,327,098</u>
Surplus	\$ <u>72,027</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, 2016.

Year of Loan	Project Description	Total Loan Commitment	Interest Rate (%)	Amortization Period (Years)	Amount Drawn	-As of December 31, 2016-	
						Principal Retired	Loan Payable
1990	Georgetown Sewage Plant & Gateway Area Force Main	\$ 6,719,514	2.00%	20	\$ 6,719,514	\$ 6,719,514	\$ -
1996	President Street Plant	10,020,200	4.00%	18	10,020,200	10,020,200	
2000	I & D Plant Improvements	8,205,660	3.53%	20	8,205,660	8,205,660	
2005	Crossroads Wastewater Plant	24,496,559	3.00%	20	24,496,559	24,496,559	
2014	President Street Biosolids Handling Facility	28,470,000	1.03%	20	-	-	
		<u>\$ 77,911,933</u>			<u>\$49,441,933</u>	<u>\$49,441,933</u>	<u>\$ -</u>

CITY OF SAVANNAH, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS

NOTE 6- LONG-TERM LIABILITIES (CONTINUED)

(3) Parking Services Contractual Obligations

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.

In 2013, the City entered into a contractual obligation related to Downtown Savannah Authority Revenue Refunding, Series 2013 issued in the principal amount of \$7,435,000. The proceeds of the bond sale were made available to the City to (1) refund and redeem all of the Authority's Series 2003 Bonds currently outstanding and (2) fund all expenses incidental to the issuance of the Bonds. The portion of the bond proceeds used by the City's Parking Fund to refund debt and pay issuance costs amounted to \$6,485,000 and has been allocated to the Parking Fund. The bonds bear interest at a fixed rate of 2.00% and mature serially beginning August 1, 2014. The refunding was undertaken to reduce total future debt service payments. The reacquisition price exceeded the net carrying amount of the old debt by \$41,746. This amount is classified as a deferred outflow of resources in the Parking Fund and will be amortized over the life of the new debt. The transaction also resulted in an economic gain of \$441,319 and a reduction of \$449,231 in future debt service payments.

As discussed previously, in 2015, the City entered into a contractual obligation related to Downtown Savannah Authority Revenue Refunding, Series 2015 issued in the principal amount of \$45,005,000. The proceeds of the bond sale were made available to the City to (1) refund and redeem all of the Authority's Series 2005 Bonds currently outstanding (2) acquire, construct and equip improvements to the downtown area of the City and (3) fund all expenses incidental to the issuance of the Bonds. The portion of the bond proceeds used by the City's Parking Services Fund to refund debt and pay issuance costs amounted to \$25,055,000 and has been allocated to the Parking Services Fund. The bonds bear interest at a fixed rate between 2.00% and 4.00% and mature serially beginning August 1, 2019. The refunding was undertaken to reduce total future debt service payments. The reacquisition price exceeded the net carrying amount of the old debt by \$250,394. This amount is classified as a deferred outflow of resources in the Parking Fund and will be amortized over the life of the new debt. The transaction also resulted in an economic gain of \$3,438,002 and a reduction of \$4,258,436 in future debt service payments.

In 2016, the City entered into a contractual obligation related to the Downtown Savannah Authority Taxable Revenue Bonds, Series 2016 issued in the principal amount of \$33,060,000. The proceeds of the bond sale were made available to the City in order to provide funds necessary to develop, acquire, construct, and equip underground parking facilities in the downtown area of the City and pay issuance costs related to the bonds. The bonds bear interest at fixed rates ranging from 2.60% to 4.05% and mature serially beginning August 1, 2022.

The Authority's Series 2013, Series 2015 and Taxable Series 2016 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 66.

CITY OF SAVANNAH, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

NOTE 6- LONG-TERM LIABILITIES (CONTINUED)

(4) Sanitation Fund Resource Recovery 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.

In 2013, the Resource Recovery Development Authority issued its Revenue Refunding Bonds, Series 2013 in the principal amount of \$12,950,000. In conjunction with the Series 2013 bond offering, the Authority and City of Savannah entered into a contract, under which, the City will use the proceeds of the Series 2013 bonds to refund all of the Authority's outstanding Series 2003 bonds in the principal amount of \$13,285,000 and pay all costs incidental to the issuance of the Series 2013 bonds. The bonds bear interest at fixed rates ranging from 2.00% to 3.00% and mature serially beginning August 1, 2014. The refunding was undertaken to reduce total future debt service payments. The reacquisition price exceeded the net carrying amount of the old debt by \$99,440. This amount is classified as a deferred outflow of resources in the Sanitation Fund and will be amortized over the life of the new debt. The transaction also resulted in an economic gain of \$1,396,815 and a reduction of \$1,436,710 in future debt service payments.

The Authority's Series 2009 and Series 2013 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 66.

(5) Civic Center Fund Contractual Obligations

As disclosed previously, in 2013 the City entered into a contractual obligation related to Downtown Savannah Authority Revenue Refunding, Series 2013 issued in the principal amount of \$7,435,000. The proceeds of the bond sale were made available to the City to (1) refund and redeem all of the Authority's Series 2003 Bonds currently outstanding, and (2) 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 \$950,000 and has been allocated to the Civic Center Fund. The bonds bear interest at a fixed rate of 2.00% and mature serially beginning August 1, 2014. The refunding was undertaken to reduce total future debt service payments. The reacquisition price exceeded the net carrying amount of the old debt by \$6,172.

This amount is classified as a deferred outflow of resources in the Civic Center Fund and will be amortized over the life of the new debt. The transaction also resulted in an economic gain of \$31,848 and a reduction of \$31,814 in future debt service payments.

The Authority's Series 2013 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 66.

CITY OF SAVANNAH, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS

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 2016, the City recognized a postclosure expense of \$1,240,910, which is based on 76.9% usage (filled) of the landfill. It is estimated that an additional \$5,739,103 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 (\$24,844,273) 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, 2016. Based on landfill capacity, the estimated remaining useful life of the landfill is approximately 9.3 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, 2016, the City had accrued \$19,105,170 in landfill closure and postclosure costs. This amount was determined as follows:

Estimated total cost of closure and postclosure care	\$ 24,844,273
Percent utilized at 12/31/16	<u>76.9</u>
Total postclosure and closure liability at 12/31/16	19,105,170
Less amount recognized in prior years	<u>17,864,260</u>
Current year closure/postclosure expense (credit)	\$ <u>1,240,910</u>

The City will fund the closure and postclosure care costs with user fees and subsidies from the General Fund. As of December 31, 2016, no amount of assets had been restricted for the payment of closure and postclosure care costs. The landfill postclosure and closure liability of \$19,105,170 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 Savannah Airport Commission elected to discontinue coverage under the Plan for active employees; however, it continues to cover retirees who elected coverage previously.

CITY OF SAVANNAH, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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

The Plan covers both general and uniform employees of the participating employers. As of December 31, 2015, the latest valuation date, employee membership data related to the OPEB plan was as follows:

Retirees and beneficiaries currently receiving benefits	1,322
Active plan participants	<u>2,354</u>
Total	<u>3,676</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 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, 2016 the Plan reported \$69,340,578 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 the 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.

CITY OF SAVANNAH, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS

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

Benefit claims of the Plan are funded on a pay-as-you-go basis. Additional contributions were made to the Plan in 2016 by the City of Savannah in the amount of \$6,259,748. Required contribution rates of plan members for the valuation dated December 31, 2015 were set as follows:

<u>Class of Retiree</u>	<u>Monthly Contribution per Retiree</u>
• Retiree or Spouse without Medicare	30% of gross premiums
• Retiree or Spouse on Medicare	
1. Traditional	\$79.00
2. Passive	\$155.00

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 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, 2016, the Plan's annual OPEB cost was \$5,893,775, which was made up of the annual required contribution plus certain adjustments for interest on the net OPEB obligation. The dollar amount contributed toward the OPEB cost was \$10,089,939. As of December 31, 2016 the Plan had a net OPEB obligation of \$8,064,633, the components of which are disclosed as the following:

Annual required contribution	\$ 5,960,277
Interest on net OPEB obligation	669,789
Adjustments to annual required contributions	(736,291)
Annual OPEB cost	\$ 5,893,775
Contributions made	(10,089,939)
Increase/(decrease) in net OPEB obligation	(4,196,164)
Net OPEB obligation – beginning of year	12,260,797
Net OPEB obligation – end of year	\$ 8,064,633

CITY OF SAVANNAH, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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

For the fiscal year ended December 31, 2016, the City's annual OPEB cost was \$5,661,872, 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 \$9,853,160. As of December 31, 2016 the City had a net OPEB obligation of \$3,043,745.

The Plan'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
12/31/2014	\$ 7,937,031	138.5%	\$ 14,825,407
12/31/2015	8,203,494	131.3%	12,260,797
12/31/2016	5,893,775	171.2%	8,064,633

(5) Funded Status and Funding Progress

As of the Plan's most recent OPEB actuarial valuation, dated December 31, 2015, the actuarial accrued liability for benefits was \$94,833,000, of which, \$34,297,838 was unfunded. As of the valuation date, the Plan had assets with an actuarial value of \$60,535,162. 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
12/31/2015	\$60,535,162	\$94,833,000	\$34,297,838	63.83	\$100,272,452	34.20%

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.

CITY OF SAVANNAH, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS

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

(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 assumptions 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, 2015, the actuarial cost method used in determining the 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 3.00 percent annually.
- The investment rate of return was assumed to be 7.00 percent for prefunded plan, 3.25 percent for pay-as-you-go plans.
- Projected salary increases were 4.84 percent at age 20 graded to 3.16 percent at age 60.
- The medical cost trend rate (pre 65) used was 8.50 percent graded to 4.00 percent over 8 years.
- The drug cost trend rate (pre 65) used was 11.00 percent graded to 4.50 percent over 13 years.
- The medical and drug cost trend rate (post 65) used was 5.75 percent graded to 4.50 percent over 5 years.
- The amortization method used was level percent of pay and the amortization period for the most recent actuarial valuation was 21 years and the period is closed.

CITY OF SAVANNAH, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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

(7) Statement of Fiduciary Net Position for the OPEB Plan

CITY OF SAVANNAH
STATEMENT OF FIDUCIARY NET POSITION
OPEB TRUST FUND
DECEMBER 31, 2016

ASSETS

Cash and cash equivalents	\$	1,258,788
Investments, at fair value:		
U.S. government obligations		6,830,298
Domestic corporate bonds		13,731,169
Domestic stock fund		33,847,259
International stock fund		6,717,578
Real estate fund		6,955,486
Total investments		<u>68,081,790</u>
Total assets		<u>69,340,578</u>

LIABILITIES

Payable from restricted assets:		
Accounts payable	\$	33,135
Total liabilities		<u>33,135</u>

NET POSITION

Held in trust for:		
OPEB benefits	\$	<u><u>69,307,443</u></u>

CITY OF SAVANNAH, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS

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

(8) Statement of Fiduciary Net Position for the OPEB Plan

**CITY OF SAVANNAH
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
OPEB TRUST FUND
YEAR ENDED DECEMBER 31, 2016**

ADDITIONS

Contributions	
Employer	\$ 10,089,938
Plan members	2,506,784
Total contributions	<u>12,596,722</u>
Investment income	
Interest	15,149
Dividends	1,414,280
Real estate net income	(266,044)
Net appreciation(depreciation) in fair value of investments	1,573,459
Total investment income	<u>2,736,844</u>
Less investment expense	224,310
Net investment income(loss)	<u>2,512,534</u>
Total additions	<u>15,109,256</u>

DEDUCTIONS

Benefits	6,046,243
Administrative expense	<u>290,732</u>
Total deductions	<u>6,336,975</u>
Change in net position	8,772,281
Net position:	
Beginning of year - January 1	<u>60,535,162</u>
End of year - December 31	<u><u>\$ 69,307,443</u></u>

CITY OF SAVANNAH, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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 2016 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 2016, premiums paid into the fund by both the City and its employees were exceeded by the liabilities incurred for the various types of claims covered by \$515,480. The amount available for catastrophic losses at December 31, 2016 had a total net position balance of \$3,114,469.

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 \$7,725,809 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, 2016, \$3,613,536 of those covered liabilities is considered to be long-term and \$4,112,273 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
2014	\$ 9,399,734	\$ 27,927,007	\$ (28,982,065)	\$ 8,344,676
2015	8,344,676	24,354,506	(25,993,074)	6,706,108
2016	6,706,108	34,987,321	(33,967,620)	7,725,809

CITY OF SAVANNAH, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS

NOTE 10 - INTERFUND TRANSFERS, RECEIVABLES AND PAYABLES

Interfund transfers in (out) for the year ended December 31, 2016, are as follows:

<u>Transfer From</u>	<u>Transfer To</u>	<u>Amount</u>	<u>Purpose</u>
General Fund	Hazardous Materials Team Fund	\$ 193,352	Provide resources to fund operating expenditures.
General Fund	Grant Fund	229,945	Provide resources to fund grant match requirements.
General Fund	Tax Allocation District I Fund	2,005,562	Provide resources to fund debt service expenditures.
General Fund	Community Development Fund	1,522,854	Provide resources to fund operating expenditures and grant matches.
General Fund	Debt Service Fund	2,146,612	Provide resources to fund debt service expenditures.
General Fund	Capital Improvement Fund	900,000	Provide resources to fund planned capital project expenditures.
General Fund	Public Safety Communications Fund	2,321,049	Provide resources to fund emergency communications expenditures.
General Fund	Hurricane Matthew Recovery Fund	2,262,469	Provide resources to fund operating expenditures and grant matches.
General Fund	Golf Course Fund	400,000	Provide resources to fund operating expenditures and grant matches.
General Fund	Parking Services Fund	679,801	Transfer resources to fund prior year property acquisition.
Community Development Fund	General Fund	111,635	Transfer resources to fund prior year property acquisition.
Hotel/motel Tax Fund	Civic Center Fund	605,606	Transfer restricted revenues to fund required to expend them.
Hotel/motel Tax Fund	General Fund	9,754,436	Transfer restricted revenues to fund required to expend them.
Auto Rental Tax Fund	Civic Center Fund	1,316,426	Transfer restricted revenues to fund required to expend them.
Auto Rental Tax Fund	General Fund	438,809	Transfer restricted revenues to fund required to expend them.
Water and Sewer Fund	Hurricane Matthew Recovery Fund	662,057	Provide resources to fund operating expenditures and grant matches.
Sanitation Fund	Hurricane Matthew Recovery Fund	8,083,129	Provide resources to fund operating expenditures and grant matches.
Parking Services Fund	Hurricane Matthew Recovery Fund	111	Provide resources to fund operating expenditures and grant matches.
Civic Center Fund	Hurricane Matthew Recovery Fund	7,772	Provide resources to fund property acquisition
Internal Service Revolving Fund	Hurricane Matthew Recovery Fund	61,141	Provide resources to fund property acquisition
Total		\$ 33,702,766	

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, (3) subsidize funding shortfalls, and (4) 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.

In certain years, 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, 2016, the General Fund had transferred an aggregate total of \$6,607,165 to the Tax Allocation District I Fund to pay debt service obligations of the fund.

CITY OF SAVANNAH, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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

Interfund receivable and payable balances as of December 31, 2016 are as follows:

<u>Payable from</u>	<u>Payable to</u>	<u>Amount</u>	<u>Purpose</u>
General Fund	Capital Improvements Fund	\$ 29,841,791	Committed funds for capital projects. Cash is transferred only as project costs are paid. This balance may not be paid within one year.
Nonmajor governmental fund	General Fund	1,310,414	Cash to be repaid upon receipt of amounts due from other governments as reimbursements for grant eligible expenditures.
Nonmajor governmental fund	General Fund	655,419	Hotel/motel taxes receivable at year end which are to be transferred to General Fund when received.
Nonmajor governmental fund	General Fund	30,199	Auto rental taxes receivable at year end which are to be transferred to General Fund when received.
Nonmajor governmental fund	Nonmajor business-type fund	90,599	Auto rental taxes receivable at year end which are to be transferred for use by Civic Center when received.
		<u>\$ 31,928,422</u>	

NOTE 11 – RECEIVABLE AND PAYABLE BALANCES

Receivables at December 31, 2016 were as follows:

	<u>Governmental Activities</u>	<u>Business-type Activities</u>
Taxes Receivable	\$12,484,391	
Due from other Governments	15,653,583	
Miscellaneous accounts receivable	11,631,324	\$38,779,876
Less: allowance for uncollectible	<u>6,447,326</u>	<u>8,478,784</u>
Total	<u>\$33,321,972</u>	<u>\$30,301,092</u>

CITY OF SAVANNAH, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS

NOTE 11 – RECEIVABLE AND PAYABLE BALANCES (CONTINUED)

Payables at December 31, 2016 consisted of:

	Governmental Activities	Business-type Activities
Due to vendors	\$ 15,168,992	\$ 2,262,714
Accrued payroll tax liabilities and withholdings	<u>2,442,070</u>	
Total	\$ <u>17,611,062</u>	\$ <u>2,262,714</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, 2016 include:

Activity	Restricted by	Amount
Governmental Activities:		
Sales Tax Capital Projects	Law	\$140,370,968
Other Capital Projects	Bond covenants	11,292,356
Community Development projects	Grantor agencies	24,554,728
HUD Section 108 projects	Creditor – U. S. Dept. of Housing & Urban Development	394,122
Nonexpendable Perpetual Care	Cemetery perpetual care	6,426,976
Debt service	Special assessment bonds	374,296
Public safety communications	Law	1,149,635
Court technology fee	Law	253,026
Other grants	Grantor agencies	329,411
Business-Type Activities:		
Debt service	Bond covenants	3,870,027

CITY OF SAVANNAH, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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

As of December 31, 2016, Governmental Funds' balance sheet reports fund balances as follows:

	<u>General</u>	<u>SPLOST 2009-2014</u>	<u>SPLOST 2014-2020</u>	<u>Other Funds</u>
Fund Balances:				
Nonspendable:				
Permanent fund principal	\$ -	\$ -	\$ -	\$ 6,308,336
Restricted for:				
Public safety				1,445,567
Community development program and administration				365,909
Debt service				933,528
Other capital projects		55,382,579	63,576,937	42,438,380
Committed to:				
General administration	17,630			
Management and financial services	344,958			
Facilities maintenance	168,816			
Public safety	265,222			
Leisure services	242,586			
Social and cultural	130,430			
Public development	12,761			
Community development program and administration	1,430,126			
Other capital projects				32,348,243
Unassigned:	34,096,507			
Total fund balances	<u>\$ 36,709,036</u>	<u>\$ 55,382,579</u>	<u>\$ 63,576,937</u>	<u>\$ 83,839,963</u>

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.

CITY OF SAVANNAH, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS

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

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 \$620,991,568 less related debt of \$24,852,935, which includes contractor retainage payable of \$4,424,389 and contractual obligations of \$40,230,794 less unspent bonds proceeds of \$19,802,248. 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 \$396,406,643 less related debt of \$77,988,103, which includes contractor retainage payable of \$381,766 and debt of \$103,672,717 less unspent bond proceeds of \$26,066,380. The contractor retainage payable amount is presented in the financial statements in accounts payable and accrued liabilities.

For the year ended December 31, 2016, the Sanitation Fund reported a deficit in ending net position of \$6,509,467. The City anticipates that the deficit in the Sanitation Fund will be eliminated by increased charges for services, reimbursements from federal grants 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:

2016 (tentative) millage rate adopted by ordinance	December 31, 2015
Beginning of fiscal year for taxes	January 1, 2016
First installment real property tax bills rendered	April 11, 2016
First installment real property tax payment due	May 15, 2016
County Tax Digest approved by the State of Georgia	September 12, 2016
2016 final millage rate adopted by ordinance	July 25, 2016
Second installment real property tax bills rendered	October 4, 2016
Personal property tax bills rendered	October 11, 2016
Second installment real property tax payment due	November 21, 2016
Personal property tax payment due	November 27, 2016

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 Uniform Guidance, the City will have a single audit performed for the year ended December 31, 2016. 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 cannot be determined at this time although the City expects such amounts, if any, to be immaterial.

CITY OF SAVANNAH, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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

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, 2016, which have not been accrued.

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.

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, 2016, the Series 2011 Revenue Bonds outstanding were \$2,845,000. At December 31, 2016, all Series 1992 bonds and Series 2001 bonds had been defeased.

NOTE 16 – TAX ABATEMENTS

As of December 31, 2016, the City provides tax abatements through the creation of enterprise zones pursuant to O.C.G.A. 36-88-1 to encourage private enterprise to invest in certain areas of the City by creating jobs and trade, providing services, and other economic activities. Abatements are obtained through application by qualifying businesses or homeowners. Under the program, municipal ad valorem property taxes may be exempted in accordance with the following schedule:

1. One hundred percent of the property taxes shall be exempted for the first five years;
2. Eighty percent of the property taxes shall be exempted for the next two years;
3. Sixty percent of the property taxes shall be exempted for the next year;
4. Forty percent of the property taxes shall be exempted for the next year;
5. Twenty percent of the property taxes shall be exempted for the next year.

During 2016, as part of the enterprise zone tax abatement program, the City tax revenues were reduced by \$195,431 under agreements entered into by the City of Savannah.

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, 2016

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
REVENUES:				
Property taxes	\$ 67,775,305	\$ 68,616,905	\$ 66,838,649	\$ (1,778,256)
Intangible, transfer and franchise taxes	20,260,635	20,643,482	20,670,635	27,153
General sales tax	39,234,540	37,500,000	37,787,557	287,557
Selective sales taxes	5,010,000	5,120,000	5,197,366	77,366
Business taxes	8,750,000	9,259,231	9,253,248	(5,983)
Penalties and interest on delinquent taxes	800,000	900,000	795,976	(104,024)
Licenses and permits	1,930,000	1,988,000	2,009,895	21,895
Inspection fees	2,685,200	3,473,000	3,272,627	(200,373)
Intergovernmental revenue	1,447,350	1,499,897	1,764,122	264,225
Charges for services	23,799,620	23,037,670	20,881,499	(2,156,171)
Indirect cost allocations	5,800,784	5,800,784	5,800,784	
Fines and forfeitures	2,350,000	2,547,000	2,666,023	119,023
Investment income	13,000	113,000	144,309	31,309
Miscellaneous revenue	(82,187)	1,049,286	1,138,525	89,239
Total revenues	<u>179,774,247</u>	<u>181,548,255</u>	<u>178,221,215</u>	<u>(3,327,040)</u>
EXPENDITURES:				
Current:				
General administration	4,885,145	4,806,169	4,759,901	46,268
Management and financial services	8,503,683	8,195,247	7,968,513	226,734
Facilities maintenance	31,166,388	30,530,378	30,367,354	163,024
Police	66,522,763	67,598,297	67,159,055	439,242
Recorder's court	2,393,428	2,339,233	2,249,094	90,139
Fire	28,919,081	29,540,064	28,879,327	660,737
Leisure services	22,175,656	22,152,664	21,904,599	248,065
Tourism enhancement	2,901,214	2,944,570	2,737,026	207,544
Social and cultural	1,620,354	1,732,063	1,589,651	142,412
Public development	8,392,704	8,389,502	8,312,969	76,533
Community development program and administration	2,100,000	2,100,000	64,933	2,035,067
Total expenditures	<u>179,580,416</u>	<u>180,328,187</u>	<u>175,992,422</u>	<u>4,335,765</u>
Excess (deficiency) of revenues over (under) expenditures	<u>193,831</u>	<u>1,220,068</u>	<u>2,228,793</u>	<u>1,008,725</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	9,860,000	10,125,000	10,304,880	179,880
Transfers out	(10,103,831)	(12,750,660)	(12,661,644)	89,016
Sale of capital assets	50,000	1,405,592	1,367,021	(38,571)
Total other financing sources (uses)	<u>(193,831)</u>	<u>(1,220,068)</u>	<u>(989,743)</u>	<u>230,325</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>1,239,050</u>	<u>\$ 1,239,050</u>
FUND BALANCE - JANUARY 1			<u>35,469,986</u>	
FUND BALANCE - DECEMBER 31			<u><u>\$ 36,709,036</u></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, 2016**

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
REVENUES:				
Intergovernmental Revenue	\$ 8,814,961	\$ 6,869,331	\$ 4,781,713	\$ (2,087,618)
Charges for services			522,636	522,636
Interest earned			752,644	752,644
Miscellaneous revenue			101,648	101,648
Total revenues	<u>8,814,961</u>	<u>6,869,331</u>	<u>6,158,641</u>	<u>(710,690)</u>
EXPENDITURES:				
Community development program and administration	9,973,403	8,043,451	7,459,630	583,821
Debt Service:				
Principal	100,000	100,000	100,000	
Interest and fiscal charges	12,000	12,000	10,230	1,770
Total expenditures	<u>10,085,403</u>	<u>8,155,451</u>	<u>7,569,860</u>	<u>585,591</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,270,442)</u>	<u>(1,286,120)</u>	<u>(1,411,219)</u>	<u>(125,099)</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	1,270,442	1,286,120	1,522,854	236,734
Transfers out			(111,635)	111,635
Total other financing sources (uses)	<u>1,270,442</u>	<u>1,286,120</u>	<u>1,411,219</u>	<u>348,369</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>		<u>\$ 223,270</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 CHANGES IN NET PENSION LIABILITY
LAST TEN FISCAL YEARS**

	<u>2016</u>	<u>2015</u>	<u>2014</u>
Total pension liability			
Service cost	\$ 13,751,371	\$ 12,832,463	\$ 12,803,097
Interest	32,713,986	31,983,189	30,562,389
Differences between expected and actual experience	4,870,999	(9,445,475)	-
Change of assumptions	(4,829,920)	-	-
Benefit payments, including refunds of employee contributions	(26,130,536)	(25,750,547)	(24,314,601)
Net change in total pension liability	<u>20,375,900</u>	<u>9,619,630</u>	<u>19,050,885</u>
Total pension liability - beginning	<u>435,181,218</u>	<u>425,561,588</u>	<u>406,510,703</u>
Total pension liability - ending (a)	<u>\$ 455,557,118</u>	<u>\$ 435,181,218</u>	<u>\$ 425,561,588</u>
Plan fiduciary net position			
Contributions - employer	\$ 10,588,773	\$ 11,378,991	\$ 11,989,213
Contributions - employee	7,522,500	6,948,068	6,656,241
Net investment income	26,131,579	3,612,074	23,393,123
Benefit payments, including refunds of employee contributions	(26,130,536)	(25,750,547)	(24,314,601)
Administrative expense	(60,680)	(157,329)	(99,358)
Other	-	-	-
Net change in plan fiduciary net position	<u>18,051,636</u>	<u>(3,968,743)</u>	<u>17,624,618</u>
Plan fiduciary net position - beginning	<u>327,785,507</u>	<u>331,754,250</u>	<u>314,129,632</u>
Plan fiduciary net position - ending (b)	<u>345,837,143</u>	<u>327,785,507</u>	<u>331,754,250</u>
Employers' net pension liability - ending (a) - (b)	<u>\$ 109,719,975</u>	<u>\$ 107,395,711</u>	<u>\$ 93,807,338</u>
Plan fiduciary net position as a percentage of the total pension liability	75.92%	75.32%	77.96%
Covered employee payroll	\$ 108,873,305	\$ 99,962,326	\$ 100,296,655
Employers' net pension liability as a percentage of covered employee payroll	100.78%	107.44%	93.53%

Notes to Schedule:

Benefit changes: There have been no changes in benefit provisions since GAB 67 implementation.

Change of Assumptions: Amounts reported for the Fiscal Year Ending in 2016 and later reflect the following assumption changes approved by the Pension Board, based on the results of an actuarial experience study covering the period January 1, 2010 through December 31, 2014:

- The payroll growth rate assumption (used for determining the amortization of the unfunded actuarial accrued liability) was lowered from 3.75% to 3.00%.
- The assumed rate of investment was lowered from 7.75% to 7.50%.
- Salary scale rates were lowered.
- The pre-retirement mortality assumption was changed from the RP-2000 Combined Healthy Mortality Table, to the RP-2014 Employee Mortality Table. This table is projected generationally with a modified version of the MP-2014 improvement scale.
- The post-retirement mortality assumption for healthy annuitants was changed from the RP-2000 Combined Healthy Mortality Table, to the RP-2014 Healthy Annuitant Mortality Table, set forward six years for males and three years for females. This table is projected generationally with a modified version of the MP-2014 improvement scale.
- The mortality assumption for disabled retirees was changed from the RP-2000 Combined Healthy Mortality Table, with rates set forward ten years, to the RP-2014 Disabled Mortality Table. This table is projected generationally with a modified version of the MP-2014 improvement scale.
- Retirement rates for both General and Uniform participants were lowered and rates for General employees were extended to age 75.
- Disability rates were lowered to 45% of the previous rates for General employees and 16.67% of the previous rates for Uniform employees. Additionally, the non-occupational disability assumption was lowered from 90% to 85%.
- Turnover rates for General employees were increased over the first five years of service. For Uniform employees, separate rates were added for the first five years of service, and rates after the first five years of service were increased by 18%.

Note: This information is not readily available for 10 years.

**CITY OF SAVANNAH, GEORGIA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF EMPLOYER CONTRIBUTIONS
LAST TEN FISCAL YEARS**

		Actuarially Determined Contribution		Contributions in Relation to the Actuarially Determined Contribution		Contribution Deficiency (Excess)		Covered-employee Payroll	Contributions as a Percentage of Covered-employee Payroll
City of Savannah Employees' Retirement Plan									
	2015	\$ 10,292,739	\$	10,292,739	\$	-	\$	90,288,005	11.40%
	2016	9,454,605		9,454,605		-		98,340,447	9.61%
Chatham County Employees' Retirement Plan									
	2015	\$ 668,058	\$	668,058	\$	-	\$	2,831,675	23.59%
	2016	597,929		597,929		-		2,576,465	23.21%

Note: This information is not readily available for 10 years.

**CITY OF SAVANNAH, GEORGIA
REQUIRED SUPPLEMENTARY INFORMATION
CITY OF SAVANNAH EMPLOYEES' RETIREMENT PLAN
SCHEDULE OF VALUATION DETAILS
DECEMBER 31, 2016**

Valuation date	Actuarially determined contribution is calculated using a January valuation date as of the beginning of the fiscal year prior to the year in which contributions are reported
Actuarial cost method	Projected unit credit method for actuarially determined contributions; Entry age normal for total pension liability
Amortization method	Level percent of compensation using 3.00% increases
Remaining amortization period	Closed period, 27 years as of January 1, 2016
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.

Actuarial assumptions:

Investment rate of return	7.50%
Inflation rate	3.00%
Projected salary increases	Varies by age
Cost of living adjustments	5.00% at participant's adjustment date, 1.00% annually thereafter
Mortality:	
Pre-retirement	RP-2014 Employee Mortality Table, projected generationally using a modified version of the MP-2014 improvement scale.
Healthy	RP-2014 Healthy Annuitant Mortality Table, set forward six years for males and three years for females, projected generationally using a modified version of the MP-2014 improvement scale.
Disabled	RP-2014 Disabled Retiree Mortality Table, set back three years for males and females, projected generationally using a modified version of the MP-2014 improvement scale.

Other information:	Please see the January 1, 2016 actuarial valuation for a full listing of assumptions.
---------------------------	---

**CITY OF SAVANNAH, GEORGIA
REQUIRED SUPPLEMENTARY INFORMATION
CITY OF SAVANNAH EMPLOYEES' RETIREMENT PLAN
SCHEDULE OF INVESTMENT RETURNS
DECEMBER 31, 2016**

Year Ended December 31	Annual Money- weighted Rate of Return
2014	7.8 %
2015	0.6
2016	8.6

Note: This information is not readily available for 10 years.

**CITY OF SAVANNAH, GEORGIA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN PROPORTIONAL SHARE OF
NET PENSION LIABILITY
PLANS WITHOUT A SPECIAL FUNDING SITUATION
LAST TEN FISCAL YEARS**

		City's Proportion (Percentage) of the Collective Net Pension Liability	City's Proportion (Amount) of the Collective Net Pension Liability (A)	City's Covered Employee Payroll	City's Proportionate Share (Amount) of the Collective Net Pension Liability (Asset) as a Percentage of the City's Covered-employee Payroll	Pension Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
City of Savannah Employees' Retirement Plan						
	2015	90.45%	\$ 97,139,421	\$ 90,288,005	107.59%	75.32%
	2016	89.29%	97,968,965	98,340,447	99.62%	75.92%
Chatham County Employees' Retirement Plan						
	2015	4.70%	\$ 2,304,233	\$ 2,831,675	81.37%	80.91%
	2016	4.54%	3,157,874	2,576,465	122.57%	75.02%

Note: This information is not readily available for 10 years.

CITY OF SAVANNAH, GEORGIA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN PROPORTIONAL SHARE OF
NET PENSION LIABILITY
PLANS WITH A SPECIAL FUNDING SITUATION
LAST TEN FISCAL YEARS

		City's Proportion (Percentage) of the Collective Net Pension Liability	City's Proportion (Amount) of the Collective Net Pension Liability (A)	State of Georgia's Portion of the Total Proportionate Share (Amount) of the Net Pension Liability (Asset) Associated with the City (B)	Total (A) + (B)	City's Covered Employee Payroll	City's Proportionate Share (Amount) of the Collective Net Pension Liability (Asset) as a Percentage of the City's Covered-employee Payroll	Pension Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
Peace Officers' Annuity and Benefit Fund of Georgia								
	2015	0.00%	\$0	(\$844,334)	(\$844,334)	N/A	N/A	103.75%
	2016	0.00%	\$0	\$428,086	\$428,086	N/A	N/A	98.28%
Georgia Firefighters' Pension Fund								
	2015	0.00%	\$0	\$2,016,199	\$2,016,199	N/A	N/A	89.72%
	2016	0.00%	\$0	\$3,610,412	\$3,610,412	N/A	N/A	83.06%

Note: This information is not readily available for 10 years.

CITY OF SAVANNAH, GEORGIA
REQUIRED SUPPLEMENTARY INFORMATION
CITY OF SAVANNAH OTHER POST EMPLOYMENT BENEFITS PLAN
SCHEDULE OF FUNDING PROGRESS
DECEMBER 31, 2016

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%
12/31/2012	39,665,471	104,329,839	64,664,368	38.02%	100,925,268	64.07%
12/31/2013	46,594,003	102,425,282	55,831,279	45.49%	93,188,755	59.91%
12/31/2014	53,552,648	108,747,888	55,195,240	49.24%	92,213,838	59.86%
12/31/2015	60,535,162	94,833,000	34,297,838	63.83%	100,272,452	34.20%

**CITY OF SAVANNAH, GEORGIA
REQUIRED SUPPLEMENTARY INFORMATION
CITY OF SAVANNAH OTHER POST EMPLOYMENT BENEFITS PLAN
SCHEDULE OF EMPLOYER CONTRIBUTIONS
DECEMBER 31, 2016**

Year Ended December 31	Annual Required Contribution	Percentage Contributed
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%
2012	10,897,270	104.8%
2013	8,629,426	130.4%
2014	7,751,003	146.0%
2015	8,154,429	132.1%
2016	5,960,277	169.3%

**CITY OF SAVANNAH, GEORGIA
REQUIRED SUPPLEMENTARY INFORMATION
CITY OF SAVANNAH OTHER POST EMPLOYMENT BENEFITS PLAN
SCHEDULE OF VALUATION DETAILS
DECEMBER 31, 2016**

Valuation date	December 31, 2015
Actuarial cost method	Projected Unit Credit
Amortization method	Level percent of pay, closed, 30 years
Remaining amortization period	21 years as of January 1, 2015
Asset valuation method	Market value
Actuarial assumptions:	
Investment rate of return	7% for pre-funded plan, 3.25% for pay-as-you-go plans
Inflation rate	3.00%
Projected salary increases	Varies by age
Medical cost trend rate (pre-65)	8.50% graded to 4.50% over 8 years
Drug cost trend rate (pre-65)	11.0% graded to 4.50% over 13 years
Medical and drug trend rate (post-65)	5.75% graded to 4.50% over 5 years
Plan membership:	
Current retirees, beneficiaries, and dependents	1,322
Current active members	2,354
Terminated members entitled but not yet eligible	-
Total	<u><u>3,676</u></u>

CITY OF SAVANNAH, GEORGIA

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

NOTE A - BUDGET

The City adopted annual budgets for the 2016 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 2016 is presented below:

Fund	Original Appropriation	Encumbered Appropriations Carried Forward From Prior Years	Budgetary Amendments	Final Appropriations
Major Funds:				
General	\$ 189,684,247	\$ 1,419,408	\$ 1,975,192	\$ 193,078,847
Community Development	10,085,403	15,562	(1,945,514)	8,155,451
Nonmajor Funds:				
Grant	8,386,772	113,237	2,445,585	10,945,594
Hurricane Matthew Recovery			11,414,210	11,414,210
Economic Development	1,500,000			1,500,000
Hazardous Materials Team	545,142	12,870	5,004	563,016
Public Safety Communications	7,903,098	32,107	314,795	8,250,000
Hote/motel Tax	18,900,000		700,000	19,600,000
Automobile Rental Tax	1,640,000		160,000	1,800,000
Recorders Court Technology Fee	100,000		550,000	650,000
Confiscated Assets	200,000		200,000	400,000
General Obligation Bond Debt Service	3,000,000			3,000,000
Special Assessment Debt Service	100,000			100,000

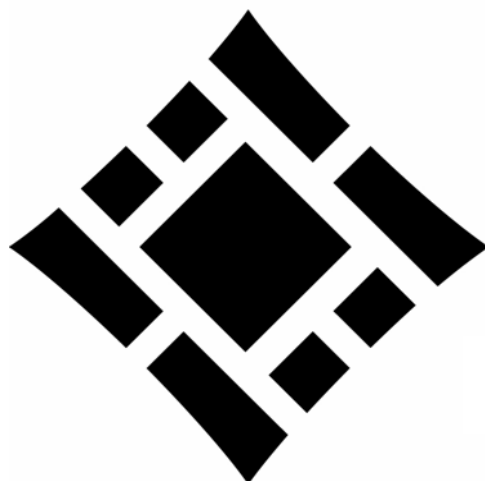
CITY OF SAVANNAH, GEORGIA

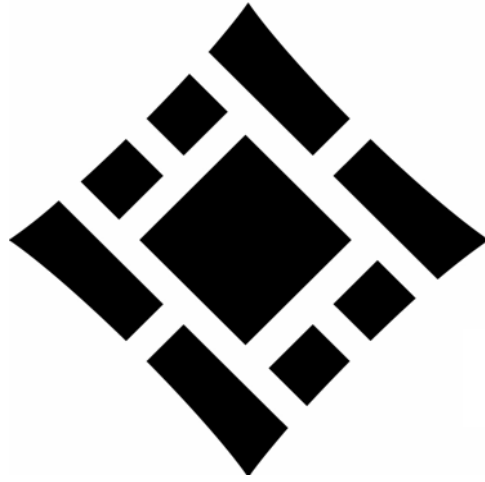
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

NOTE A – BUDGET (CONTINUED)

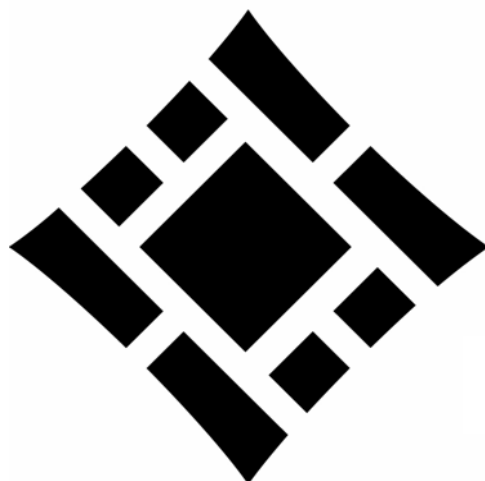
In accordance with State law, new appropriations for projects for the capital project funds were adopted by ordinance and totaled \$92,000,000 in 2016.

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.

Hurricane Matthew Recovery Fund – The Hurricane Matthew Recovery Fund accounts for all activity related to the City's recovery efforts arising from damages suffered during 2016's Hurricane Matthew.

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.

Recorders Court Technology Fee Fund – The Recorders Court Technology Fee Fund is used to account for the proceeds and uses of the Recorders Court Technology Fee. This fee is levied as an additional fee to fines within the Chatham County Recorders Court and its collection and allowable uses are legislated by state law. The amounts collected are available to the Court for expenditures related to improving and enhancing the technological capabilities within the Court.

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.

NONMAJOR CITY FUNDS (CONTINUED)

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.

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 the golf course management company.

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

CITY OF SAVANNAH, GEORGIA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2016

	SPECIAL REVENUE FUNDS										PERMANENT FUND
	GRANT	HURRICANE MATTHEW RECOVERY	ECONOMIC DEVELOPMENT	HAZARDOUS MATERIALS TEAM	PUBLIC SAFETY COMMUNICATIONS	HOTEL/MOTEL TAX	AUTOMOBILE RENTAL	COURT TECHNOLOGY FEE	CONFISCATED ASSETS	TOTAL	CEMETERY
ASSETS											
Cash and investments	\$ -	\$ 3,600,669	\$ -	\$ 6,462	\$ -	\$ -	\$ -	\$ -	\$ 42,906	\$ 3,650,037	\$ -
Receivables, net					403,645	1,305,554	120,798			1,829,997	118,640
Due from other governments	2,071,357				122,189					2,193,546	
Restricted assets:											
Cash and investments			365,909		644,008			253,026		1,262,943	6,308,336
Notes receivable, long-term			28,213							28,213	
Total assets	\$ 2,071,357	\$ 3,600,669	\$ 394,122	\$ 6,462	\$ 1,169,842	\$ 1,305,554	\$ 120,798	\$ 253,026	\$ 42,906	\$ 8,964,736	\$ 6,426,976
LIABILITIES											
Accounts payable	\$ 474,438	\$ 3,600,669	\$ -	\$ 6,462	\$ 20,207	\$ 650,135	\$ -	\$ -	\$ -	\$ 4,751,911	\$ -
Unexpended grant proceeds	286,505									286,505	
Due to other funds	1,310,414					655,419	120,798			2,086,631	
Total liabilities	2,071,357	3,600,669		6,462	20,207	1,305,554	120,798			7,125,047	
DEFERRED INFLOWS OF RESOURCES											
Unavailable program income			28,213							28,213	118,640
FUND BALANCES											
Nonspendable											6,308,336
Restricted			365,909		1,149,635			253,026	42,906	1,811,476	
Total fund balance			365,909		1,149,635			253,026	42,906	1,811,476	6,308,336
Total liabilities, deferred inflows of resources and fund balances	\$ 2,071,357	\$ 3,600,669	\$ 394,122	\$ 6,462	\$ 1,169,842	\$ 1,305,554	\$ 120,798	\$ 253,026	\$ 42,906	\$ 8,964,736	\$ 6,426,976

This statement is continued on the next page.

CITY OF SAVANNAH, GEORGIA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2016

	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	
<u>ASSETS</u>											
Cash and investments	\$ 904,767	\$ -	\$ 904,767	\$ -	\$ -	\$ -	\$ -	\$ 3,651,600	\$ -	\$ 3,651,600	\$ 8,206,404
Receivables, net											1,948,637
Due from other funds								29,841,791		29,841,791	29,841,791
Due from other governments											2,193,546
Restricted assets:											
Cash and investments		28,761	28,761	19,977	408,489	2,365,673	19,864,070	9,734,572	11,292,356	43,685,137	51,285,177
Special assessments receivable, net		118,652	118,652								118,652
Notes receivable, long-term											28,213
Total assets	<u>\$ 904,767</u>	<u>\$ 147,413</u>	<u>\$ 1,052,180</u>	<u>\$ 19,977</u>	<u>\$ 408,489</u>	<u>\$ 2,365,673</u>	<u>\$ 19,864,070</u>	<u>\$ 43,227,963</u>	<u>\$ 11,292,356</u>	<u>\$ 77,178,528</u>	<u>\$ 93,622,420</u>
<u>LIABILITIES</u>											
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ 143,463	\$ -	\$ 1,103,294	\$ 1,145,148	\$ -	\$ 2,391,905	\$ 7,143,816
Unexpended grant proceeds											286,505
Due to other funds											2,086,631
Total liabilities					143,463		1,103,294	1,145,148		2,391,905	9,516,952
<u>DEFERRED INFLOWS OF RESOURCES</u>											
Unavailable program income		118,652	118,652								265,505
<u>FUND BALANCES</u>											
Nonspendable											6,308,336
Restricted	904,767	28,761	933,528	19,977	265,026	2,365,673	18,760,776	9,734,572	11,292,356	42,438,380	45,183,384
Committed								32,348,243		32,348,243	32,348,243
Total fund balance	<u>904,767</u>	<u>28,761</u>	<u>933,528</u>	<u>19,977</u>	<u>265,026</u>	<u>2,365,673</u>	<u>18,760,776</u>	<u>42,082,815</u>	<u>11,292,356</u>	<u>74,786,623</u>	<u>83,839,963</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 904,767</u>	<u>\$ 147,413</u>	<u>\$ 1,052,180</u>	<u>\$ 19,977</u>	<u>\$ 408,489</u>	<u>\$ 2,365,673</u>	<u>\$ 19,864,070</u>	<u>\$ 43,227,963</u>	<u>\$ 11,292,356</u>	<u>\$ 77,178,528</u>	<u>\$ 93,622,420</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, 2016

	SPECIAL REVENUE FUNDS									PERMANENT FUND	
	GRANT FUND	HURRICANE MATTHEW RECOVERY	ECONOMIC DEVELOPMENT FUND	HAZARDOUS MATERIALS TEAM	PUBLIC SAFETY COMMUNICATIONS	HOTEL/MOTEL TAX	AUTOMOBILE RENTAL	COURT TECHNOLOGY FEE	CONFISCATED ASSETS	TOTAL	CEMETERY
REVENUES:											
Selective sales tax	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 19,508,872	\$ 1,755,235	\$ -	\$ -	\$ 21,264,107	\$ -
Intergovernmental revenue	7,960,217			68,219					114,432	8,142,868	
Charges for services			28,719	274,300	4,549,137			64,314		4,916,470	235,238
Investment income					3,914				293	4,207	
Miscellaneous revenue	176,391									176,391	
Total revenues	8,136,608		28,719	342,519	4,553,051	19,508,872	1,755,235	64,314	114,725	34,504,043	235,238
EXPENDITURES:											
Police					7,125,521				164,007	7,289,528	
Recorders court								474,112		474,112	
Fire				535,871						535,871	
Tourism enhancement						9,148,830				9,148,830	
Grant program and administration	8,366,553	11,076,679								19,443,232	
Total expenditures	8,366,553	11,076,679		535,871	7,125,521	9,148,830		474,112	164,007	36,891,573	
Excess (deficiency) of revenues over (under) expenditures	(229,945)	(11,076,679)	28,719	(193,352)	(2,572,470)	10,360,042	1,755,235	(409,798)	(49,282)	(2,387,530)	235,238
Transfers in	229,945	11,076,679		193,352	2,321,049					13,821,025	
Transfers out						(10,360,042)	(1,755,235)			(12,115,277)	
Total other financing sources (uses)	229,945	11,076,679		193,352	2,321,049	(10,360,042)	(1,755,235)			1,705,748	
Net change in fund balances			28,719		(251,421)			(409,798)	(49,282)	(681,782)	235,238
FUND BALANCES - JANUARY 1			337,190		1,401,056			662,824	92,188	2,493,258	6,073,098
FUND BALANCES - DECEMBER 31	\$ -	\$ -	\$ 365,909	\$ -	\$ 1,149,635	\$ -	\$ -	\$ 253,026	\$ 42,906	\$ 1,811,476	\$ 6,308,336

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, 2016

	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	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 359,640	\$ 359,640	\$	359,640
Selective sales tax												21,264,107
Intergovernmental revenue							47,341	528,769	633,052	1,209,162		9,352,030
Charges for services												5,151,708
Special assessments		622	622									622
Investment income	2,801	89	2,890	62	1,536	7,331	64,597	3,892	38,588	116,006		123,103
Miscellaneous revenue								860,302		860,302		1,036,693
Total revenues	2,801	711	3,512	62	1,536	7,331	111,938	1,392,963	1,031,280	2,545,110		37,287,903
EXPENDITURES:												
General administration												
Police												7,289,528
Recorders court												474,112
Fire												535,871
Tourism enhancement												9,148,830
Grant program and administration												19,443,232
Debt Service:												
Principal	1,950,000		1,950,000						1,515,000	1,515,000		3,465,000
Interest and fiscal charges	196,613		196,613						1,242,385	1,242,385		1,438,998
Debt issuance costs								127,000		127,000		127,000
Capital outlay								13,114,946	3,148,282	16,263,228		16,263,228
Capital outlay - SPLOST funded					265,369	13,191	2,436,234			2,714,794		2,714,794
Total expenditures	2,146,613		2,146,613		265,369	13,191	2,436,234	13,241,946	5,905,667	21,862,407		60,900,593
Excess (deficiency) of revenues over (under) expenditures	(2,143,812)	711	(2,143,101)	62	(263,833)	(5,860)	(2,324,296)	(11,848,983)	(4,874,387)	(19,317,297)		(23,612,690)
OTHER FINANCING SOURCES (USES):												
Transfers in	2,146,612		2,146,612					900,000	2,005,562	2,905,562		18,873,199
Transfers out												(12,115,277)
Debt issuance								10,000,000		10,000,000		10,000,000
Total other financing sources (uses)	2,146,612		2,146,612					10,900,000	2,005,562	12,905,562		16,757,922
Net change in fund balances	2,800	711	3,511	62	(263,833)	(5,860)	(2,324,296)	(948,983)	(2,868,825)	(6,411,735)		(6,854,768)
FUND BALANCES - JANUARY 1	901,967	28,050	930,017	19,915	528,859	2,371,533	21,085,072	43,031,798	14,161,181	81,198,358		90,694,731
FUND BALANCES - DECEMBER 31	\$ 904,767	\$ 28,761	\$ 933,528	\$ 19,977	\$ 265,026	\$ 2,365,673	\$ 18,760,776	\$ 42,082,815	\$ 11,292,356	\$ 74,786,623	\$	83,839,963

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, 2016

	GRANT FUND				HURRICANE MATTHEW RECOVERY			
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
REVENUES:								
Intergovernmental revenue	\$ 8,255,683	\$ 10,139,734	\$ 7,960,217	\$ (2,179,517)	\$ -	\$ -	\$ -	\$ -
Miscellaneous revenue			176,391	176,391				
Total revenues	8,255,683	10,139,734	8,136,608	(2,003,126)				
EXPENDITURES:								
Grant program and administration	8,386,772	10,945,594	8,366,553	2,579,041		11,414,210	11,076,679	337,531
Total expenditures	8,386,772	10,945,594	8,366,553	2,579,041		11,414,210	11,076,679	337,531
Excess (deficiency) of revenues over (under) expenditures	(131,089)	(805,860)	(229,945)	575,915		(11,414,210)	(11,076,679)	(337,531)
Transfers in	131,089	805,860	229,945	(575,915)		11,414,210	11,076,679	337,531
Total other financing sources (uses)	131,089	805,860	229,945	(575,915)		11,414,210	11,076,679	337,531
Net change in fund balance	\$ -	\$ -		\$ -	\$ -	\$ -		\$ -
FUND BALANCE - JANUARY 1								
FUND BALANCE - DECEMBER 31			\$ -				\$ -	

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, 2016

	ECONOMIC DEVELOPMENT FUND				HAZARDOUS MATERIALS TEAM			
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
REVENUES:								
Intergovernmental revenue	\$ -	\$ -	\$ -	\$ -	\$ 50,346	\$ 119,664	\$ 68,219	\$ (51,445)
Charges for services	1,500,000	1,500,000	28,719	(1,471,281)	250,000	250,000	274,300	24,300
Total revenues	1,500,000	1,500,000	28,719	(1,471,281)	300,346	369,664	342,519	(27,145)
EXPENDITURES:								
Fire					545,142	563,016	535,871	27,145
Community development program and administration	1,500,000	1,500,000		1,500,000				
Total expenditures	1,500,000	1,500,000		1,500,000	545,142	563,016	535,871	27,145
Excess (deficiency) of revenues over (under) expenditures			28,719	28,719	(244,796)	(193,352)	(193,352)	
Transfers in					244,796	193,352	193,352	
Total other financing sources (uses)					244,796	193,352	193,352	
Net change in fund balance	\$ -	\$ -	28,719	\$ 28,719	\$ -	\$ -		\$ -
FUND BALANCE - JANUARY 1			337,190					
FUND BALANCE - DECEMBER 31			365,909				\$ -	

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, 2016

	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	\$ -	\$ -	\$ -	\$ -	\$ 18,900,000	\$ 19,600,000	\$ 19,508,872	\$ (91,128)
Charges for services	5,940,000	6,333,305	4,549,137	(1,784,168)				
Investment income			3,914	3,914				
Total revenues	5,940,000	6,333,305	4,553,051	(1,780,254)	18,900,000	19,600,000	19,508,872	(91,128)
EXPENDITURES:								
Police	7,903,098	8,250,000	7,125,521	1,124,479				
Tourism enhancement					9,450,000	9,800,000	9,148,830	651,170
Total expenditures	7,903,098	8,250,000	7,125,521	1,124,479	9,450,000	9,800,000	9,148,830	651,170
Excess (deficiency) of revenues over (under) expenditures	(1,963,098)	(1,916,695)	(2,572,470)	(655,775)	9,450,000	9,800,000	10,360,042	560,042
OTHER FINANCING SOURCES (USES):								
Transfers in	1,963,098	1,916,695	2,321,049	404,354				
Transfers out					(9,450,000)	(9,800,000)	(10,360,042)	(560,042)
Total other financing sources (uses)	1,963,098	1,916,695	2,321,049	404,354	(9,450,000)	(9,800,000)	(10,360,042)	(560,042)
Net change in fund balance	\$ -	\$ -	(251,421)	\$ (251,421)	\$ -	\$ -		\$ -
FUND BALANCE - JANUARY 1			1,401,056					
FUND BALANCE - DECEMBER 31			<u>\$ 1,149,635</u>				<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, 2016

	AUTOMOBILE RENTAL			
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
REVENUES:				
Selective sales taxes	\$ 1,640,000	\$ 1,800,000	\$ 1,755,235	\$ (44,765)
Total revenues	1,640,000	1,800,000	1,755,235	(44,765)
OTHER FINANCING SOURCES (USES):				
Transfers out	(1,640,000)	(1,800,000)	(1,755,235)	44,765
Total other financing sources (uses)	(1,640,000)	(1,800,000)	(1,755,235)	44,765
Net change in fund balance	\$ -	\$ -		\$ -
FUND BALANCE - JANUARY 1				
FUND BALANCE - DECEMBER 31			\$ -	

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, 2016

	RECORDERS COURT TECHNOLOGY FEE				CONFISCATED ASSETS			
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
REVENUES:								
Intergovernmental revenue	\$ -	\$ -	\$ -	\$ -	\$ 200,000	\$ 400,000	\$ 114,432	\$ (285,568)
Charges for services	100,000	650,000	64,314	(585,686)			293	293
Investment income								
Total revenues	100,000	650,000	64,314	(585,686)	200,000	400,000	114,725	(285,275)
EXPENDITURES:								
Police					200,000	400,000	164,007	235,993
Recorders court	100,000	650,000	474,112	175,888				
Total expenditures	100,000	650,000	474,112	175,888	200,000	400,000	164,007	235,993
Excess (deficiency) of revenues over (under) expenditures			(409,798)	175,888	-	-	(49,575)	(49,575)
Net change in fund balance	\$ -	\$ -	(409,798)	\$ 175,888	\$ -	\$ -	(49,282)	\$ (49,575)
FUND BALANCE - JANUARY 1			662,824				92,188	
FUND BALANCE - DECEMBER 31			\$ 253,026				\$ 42,906	

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, 2016

	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	\$ 622	\$ (99,378)
Investment income			2,801	2,801			89	89
Total revenues			2,801	2,801	100,000	100,000	711	(99,289)
EXPENDITURES:								
Debt Service:								
Principal	2,000,000	2,000,000	1,950,000	50,000	50,000	50,000		50,000
Interest and fiscal charges	1,000,000	1,000,000	196,613	803,387	50,000	50,000		50,000
Total expenditures	3,000,000	3,000,000	2,146,613	853,387	100,000	100,000		100,000
Excess (deficiency) of revenues over (under) expenditures	(3,000,000)	(3,000,000)	(2,143,812)	856,188	-	-	711	711
OTHER FINANCING SOURCES (USES):								
Transfers in	3,000,000	3,000,000	2,146,612	(853,388)				
Total other financing sources (uses)	3,000,000	3,000,000	2,146,612	(853,388)				
Net change in fund balance	\$ -	\$ -	2,800	\$ 2,800	\$ -	\$ -	711	\$ 711
FUND BALANCE - JANUARY 1			901,967				28,050	
FUND BALANCE - DECEMBER 31			<u>\$ 904,767</u>				<u>\$ 28,761</u>	

This schedule is continued from the previous page.

CITY OF SAVANNAH, GEORGIA
COMBINING STATEMENT OF NET POSITION
NONMAJOR ENTERPRISE FUNDS
DECEMBER 31, 2016

	RESOURCE RECOVERY	CIVIC CENTER	GOLF COURSE	TOTAL
<u>ASSETS</u>				
ASSETS				
Current assets:				
Cash and investments	\$ -	\$ 1,959,763	\$ 398,110	\$ 2,357,873
Due from other funds		90,599		90,599
Inventories		35,745		35,745
Total current assets		2,086,107	398,110	2,484,217
Noncurrent assets:				
Restricted assets:				
Cash and investments		1,073,952		1,073,952
Accounts receivable		146,376		146,376
Capital assets:				
Land	1,592,559	606,537		2,199,096
Plant, buildings, stations, reservoirs, etc		19,132,058	1,097,785	20,229,843
Improvements, other than buildings		634,760	6,191,825	6,826,585
Machinery and equipment		2,006,621	54,443	2,061,064
Other capital assets		1,403,920	4,692	1,408,612
Less accumulated depreciation		(18,200,558)	(3,894,640)	(22,095,198)
Construction in progress		674,043	395,449	1,069,492
Total noncurrent assets	1,592,559	7,477,709	3,849,554	12,919,822
Total assets	1,592,559	9,563,816	4,247,664	15,404,039
<u>DEFERRED OUTFLOWS OF RESOURCES</u>				
Total deferred outflows related to pensions		171,897		171,897
Total deferred outflows of resources		171,897		171,897
Total assets and deferred outflows of resources	\$ 1,592,559	\$ 9,735,713	\$ 4,247,664	\$ 15,575,936
<u>LIABILITIES</u>				
LIABILITIES				
Current liabilities:				
Accounts payable	\$ -	\$ 111,386	\$ -	\$ 111,386
Current portion of compensated absences		54,800		54,800
Total current liabilities		166,186		166,186
Noncurrent liabilities:				
Payable from restricted assets:				
Accounts payable				
Customer deposits		1,220,328		1,220,328
Compensated absences		135,458		135,458
Net Pension Liability		1,074,905		1,074,905
Net OPEB obligation				
Total noncurrent liabilities		2,430,691		2,430,691
Total liabilities		2,596,877		2,596,877
<u>DEFERRED INFLOWS OF RESOURCES</u>				
Total deferred inflows related to pensions		109,134		109,134
<u>NET POSITION</u>				
Net investment in capital assets	1,592,559	6,257,381	3,849,554	11,699,494
Unrestricted		772,321	398,110	1,170,431
Total net position	1,592,559	7,029,702	4,247,664	12,869,925
Total liabilities, deferred inflows of resources and net position	\$ 1,592,559	\$ 9,735,713	\$ 4,247,664	\$ 15,575,936

CITY OF SAVANNAH, GEORGIA
COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
NONMAJOR ENTERPRISE FUNDS
YEAR ENDED DECEMBER 31, 2016

	<u>RESOURCE RECOVERY</u>	<u>CIVIC CENTER</u>	<u>GOLF COURSE</u>	<u>TOTAL</u>
OPERATING REVENUES:				
Rental fees	\$ -	\$ 1,019,779	\$ -	\$ 1,019,779
Recreation fees		510,109		510,109
Total operating revenues		1,529,888		1,529,888
OPERATING EXPENSES:				
Personal services		1,293,367		1,293,367
Contractual services		1,138,147	1,931	1,140,078
Commodities		217,417		217,417
Internal service		632,051		632,051
Depreciation		530,407	216,529	746,936
Total operating expenses		3,811,389	218,460	4,029,849
Operating Income (Loss)		(2,281,501)	(218,460)	(2,499,961)
NONOPERATING REVENUES (EXPENSES):				
Interest earned				
Interest expense				
Amortization				
Total nonoperating revenues (expenses)				
Income (loss) before contributions and transfers		(2,281,501)	(218,460)	(2,499,961)
CAPITAL CONTRIBUTIONS				
TRANSFERS IN		1,922,032	400,000	2,322,032
TRANSFERS OUT		(7,772)		(7,772)
Change in net position		(367,241)	181,540	(185,701)
Total net position - beginning	1,592,559	7,396,943	4,066,124	13,055,626
Total net position - ending	<u>\$ 1,592,559</u>	<u>\$ 7,029,702</u>	<u>\$ 4,247,664</u>	<u>\$ 12,869,925</u>

**CITY OF SAVANNAH, GEORGIA
COMBINING STATEMENT OF CASH FLOWS
NONMAJOR ENTERPRISE FUNDS
YEAR ENDED DECEMBER 31, 2016**

	CIVIC CENTER	GOLF COURSE	TOTALS
CASH FLOWS FROM OPERATING ACTIVITIES:			
Cash received from customers	\$ 1,609,410	\$ -	\$ 1,609,410
Cash paid to suppliers	(1,349,916)	(1,931)	(1,351,847)
Cash paid to other funds for services	(632,051)		(632,051)
Cash paid to employees	(1,293,367)		(1,293,367)
Net cash provided (used) by operating activities	<u>(1,665,924)</u>	<u>(1,931)</u>	<u>(1,667,855)</u>
CASH FLOWS FROM NON CAPITAL FINANCING ACTIVITIES:			
Repayment of due to (from) other funds	(12,317)		(12,317)
Transfers in	1,922,032	400,000	2,322,032
Transfers out	(7,772)	-	(7,772)
Net cash provided (used) by non capital financing activities	<u>1,901,943</u>	<u>400,000</u>	<u>2,301,943</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Acquisition and construction of capital assets	(153,226)	-	(153,226)
Net cash provided (used) by capital and related financing activities	<u>(153,226)</u>	<u>-</u>	<u>(153,226)</u>
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	82,793	398,069	480,862
CASH AND CASH EQUIVALENTS, JANUARY 1 (INCLUDING RESTRICTED ACCOUNTS OF \$944,430 IN 2015)	<u>2,950,922</u>	<u>41</u>	<u>2,950,963</u>
CASH AND CASH EQUIVALENTS, DECEMBER 31 (INCLUDING RESTRICTED ACCOUNTS OF \$1,073,952 IN 2016)	<u>\$ 3,033,715</u>	<u>\$ 398,110</u>	<u>\$ 3,431,825</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES:			
Operating income (loss)	\$ (2,281,501)	\$ (218,460)	\$ (2,499,961)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:			
Depreciation	530,407	216,529	746,936
Change in assets and liabilities:			
(Increase) decrease in receivables	(48,190)		(48,190)
(Increase) decrease in prepaid items and inventories	(3,056)		(3,056)
Increase (decrease) in accounts and other payables	136,416		136,416
Net cash provided (used) by operating activities	<u>\$ (1,665,924)</u>	<u>\$ (1,931)</u>	<u>\$ (1,667,855)</u>

**CITY OF SAVANNAH, GEORGIA
COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS
DECEMBER 31, 2016**

	<u>REVOLVING</u>	<u>RISK MANAGEMENT</u>	<u>TOTAL</u>
<u>ASSETS</u>			
ASSETS			
Current assets:			
Cash and investments	\$ 23,499,522	\$ 10,686,226	\$ 34,185,748
Receivables, net	27,552	1,086,399	1,113,951
Inventories	946,719		946,719
Total current assets	<u>24,473,793</u>	<u>11,772,625</u>	<u>36,246,418</u>
Capital assets:			
Plant, buildings, stations, reservoirs, etc	2,479,758		2,479,758
Improvements, other than buildings	610,615		610,615
Machinery and equipment	88,242,283		88,242,283
Less accumulated depreciation	(61,253,385)		(61,253,385)
Construction in progress	287,304		287,304
Total noncurrent assets	<u>30,366,575</u>		<u>30,366,575</u>
Total assets	<u>\$ 54,840,368</u>	<u>\$ 11,772,625</u>	<u>\$ 66,612,993</u>
<u>LIABILITIES AND NET POSITION</u>			
LIABILITIES			
Current liabilities:			
Accounts payable	\$ 645,370	\$ 932,347	\$ 1,577,717
Current portion of compensated absences	194,714		194,714
Current portion of claims and judgments		4,112,273	4,112,273
Total current liabilities	<u>840,084</u>	<u>5,044,620</u>	<u>5,884,704</u>
Noncurrent liabilities:			
Compensated absences	249,040		249,040
Claims and judgments		3,613,536	3,613,536
Total noncurrent liabilities	<u>249,040</u>	<u>3,613,536</u>	<u>3,862,576</u>
Total liabilities	<u>1,089,124</u>	<u>8,658,156</u>	<u>9,747,280</u>
NET POSITION			
Net investment in capital assets	30,366,575		30,366,575
Unrestricted	23,384,669	3,114,469	26,499,138
Total net position	<u>53,751,244</u>	<u>3,114,469</u>	<u>56,865,713</u>
Total liabilities and net position	<u>\$ 54,840,368</u>	<u>\$ 11,772,625</u>	<u>\$ 66,612,993</u>

CITY OF SAVANNAH, GEORGIA
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
INTERNAL SERVICE FUNDS
YEAR ENDED DECEMBER 31, 2016

	REVOLVING	RISK MANAGEMENT	TOTAL
OPERATING REVENUES:			
Charges for services	\$ 22,659,601	\$ -	\$ 22,659,601
Risk management fees		33,420,289	33,420,289
Total operating revenues	22,659,601	33,420,289	56,079,890
OPERATING EXPENSES:			
Depreciation	7,104,686		7,104,686
Central garage	5,574,231		5,574,231
Information services	7,630,727		7,630,727
Risk management		33,967,620	33,967,620
Total operating expenses	20,309,644	33,967,620	54,277,264
Operating Income (Loss)	2,349,957	(547,331)	1,802,626
NONOPERATING REVENUES (EXPENSES):			
Interest earned	58,492	31,851	90,343
Gain (loss) on disposal of assets	479,883		479,883
Total nonoperating revenues (expenses)	538,375	31,851	570,226
Income (loss) before contributions	2,888,332	(515,480)	2,372,852
CAPITAL CONTRIBUTIONS	224,035		224,035
TRANSFERS OUT	(61,141)		(61,141)
Change in net position	3,051,226	(515,480)	2,535,746
Total net position - beginning	50,700,018	3,629,949	54,329,967
Total net position - ending	<u>\$ 53,751,244</u>	<u>\$ 3,114,469</u>	<u>\$ 56,865,713</u>

**CITY OF SAVANNAH, GEORGIA
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
YEAR ENDED DECEMBER 31, 2016**

	REVOLVING	RISK MANAGEMENT	TOTAL
CASH FLOWS FROM OPERATING ACTIVITIES:			
Cash received from other funds for services	\$ 22,669,916	\$ -	\$ 22,669,916
Cash received for services and fees		33,428,982	33,428,982
Cash paid to suppliers	(13,182,041)		(13,182,041)
Cash paid for supplies and insurance		(32,947,056)	(32,947,056)
Net cash provided (used) by operating activities	<u>9,487,875</u>	<u>481,926</u>	<u>9,969,801</u>
CASH FLOWS FROM NON CAPITAL FINANCING ACTIVITIES			
Transfers Out	(61,141)		(61,141)
Net cash provided (used) by non capital financing activities	<u>(61,141)</u>		<u>(61,141)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Proceeds from sale of equipment	505,699		505,699
Acquisition and construction of capital assets	(6,406,189)		(6,406,189)
Net cash provided (used) by capital and related financing activities	<u>(5,900,490)</u>		<u>(5,900,490)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:			
Investment income	58,492	31,851	90,343
Net cash provided by investing activities	<u>58,492</u>	<u>31,851</u>	<u>90,343</u>
 INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	 3,584,736	 513,777	 4,098,513
CASH AND CASH EQUIVALENTS, JANUARY 1	<u>19,914,786</u>	<u>10,172,449</u>	<u>30,087,235</u>
CASH AND CASH EQUIVALENTS, DECEMBER 31	<u>\$ 23,499,522</u>	<u>\$ 10,686,226</u>	<u>\$ 34,185,748</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES:			
Operating income (loss)	\$ 2,349,957	\$ (547,331)	\$ 1,802,626
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:			
Depreciation	7,104,686		7,104,686
Change in assets and liabilities:			
(Increase) decrease in receivables	10,315	8,693	19,008
(Increase) decrease in inventories	(118,213)		(118,213)
Increase (decrease) in accounts payables	136,893	863	137,756
Increase (decrease) in compensated absences	4,237		4,237
Increase (decrease) in claims and judgments payable		1,019,701	1,019,701
Net cash provided (used) by operating activities	<u>\$ 9,487,875</u>	<u>\$ 481,926</u>	<u>\$ 9,969,801</u>
 NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES:			
Contributions of capital assets from other entities	\$ 33,328	\$ -	\$ 33,328
Contributions of capital assets from other funds	190,707		190,707

**CITY OF SAVANNAH, GEORGIA
COMBINING STATEMENT OF FIDUCIARY NET POSITION
TRUST FUNDS AND AGENCY FUNDS
DECEMBER 31, 2016**

	TRUST FUNDS				AGENCY FUNDS		
	PENSION TRUST	OLD PENSION TRUST	OPEB TRUST	TOTAL	RECORDERS COURT	FLEXIBLE BENEFITS	TOTAL
<u>ASSETS</u>							
Cash and cash equivalents	\$ 5,731,929	\$ 201,636	\$ 1,258,788	\$ 7,192,353	\$ 110,084	\$ 201,140	\$ 311,224
Accrued income	751,819			751,819			
Accounts receivable:							
From employers	16,178			16,178			
From participants	67,977			67,977			
Investments, at fair value:							
U.S. government obligations	59,122,863		6,830,298	65,953,161			
Foreign corporate bonds	4,225,559			4,225,559			
Domestic corporate bonds	28,290,836		13,731,169	42,022,005			
Domestic stocks	127,808,474			127,808,474			
Domestic stock fund	38,984,329		33,847,259	72,831,588			
Foreign stocks	5,629,301			5,629,301			
International stock fund	34,584,337		6,717,578	41,301,915			
Real estate fund	40,915,399		6,955,486	47,870,885			
Total investments	<u>339,561,098</u>		<u>68,081,790</u>	<u>407,642,888</u>			
Total assets	<u>346,129,001</u>	<u>201,636</u>	<u>69,340,578</u>	<u>415,671,215</u>	<u>\$ 110,084</u>	<u>\$ 201,140</u>	<u>\$ 311,224</u>
<u>LIABILITIES AND NET POSITION</u>							
Liabilities:							
Payable from restricted assets:							
Accounts payable	\$ 291,858	\$ -	\$ 33,135	\$ 324,993	\$ 110,084	\$ 10,417	\$ 120,501
Benefits payable						97,578	97,578
Benefit plan surplus						93,145	93,145
Total liabilities	<u>291,858</u>		<u>33,135</u>	<u>324,993</u>	<u>\$ 110,084</u>	<u>\$ 201,140</u>	<u>\$ 311,224</u>
Net Position:							
Held in trust for:							
Pension benefits	345,837,143	201,636		346,038,779			
OPEB benefits			69,307,443	69,307,443			
Total net position	<u>\$ 345,837,143</u>	<u>\$ 201,636</u>	<u>\$ 69,307,443</u>	<u>\$ 415,346,222</u>			

**CITY OF SAVANNAH, GEORGIA
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
TRUST FUNDS
YEAR ENDED DECEMBER 31, 2016**

	PENSION (AND OTHER EMPLOYEE BENEFITS)			
	PENSION TRUST	OLD PENSION TRUST	OPEB TRUST	TOTAL
ADDITIONS				
Contributions:				
Employers	\$ 10,588,773	\$ -	\$ 10,089,938	\$ 20,678,711
Plan members	7,522,500		2,506,784	10,029,284
Total contributions	18,111,273		12,596,722	30,707,995
Investment income:				
Interest	2,650,760	645	15,149	2,666,554
Dividends	2,975,673		1,414,280	4,389,953
Real estate net income	3,208,500		(266,044)	2,942,456
Net appreciation (depreciation) in fair value of investments	18,616,334		1,573,459	20,189,793
Total investment income	27,451,267	645	2,736,844	30,188,756
Less investment expense	1,319,689		224,310	1,543,999
Net investment income (loss)	26,131,578	645	2,512,534	28,644,757
Total additions	44,242,851	645	15,109,256	59,352,752
DEDUCTIONS				
Benefits	24,100,543	16,721	6,046,243	30,163,507
Refunds of contributions	2,029,993			2,029,993
Administrative expense	60,679		290,732	351,411
Total deductions	26,191,215	16,721	6,336,975	32,544,911
Change in net position	18,051,636	(16,076)	8,772,281	26,807,841
Beginning of year - January 1	327,785,507	217,712	60,535,162	388,538,381
End of year - December 31	\$ 345,837,143	\$ 201,636	\$ 69,307,443	\$ 415,346,222

CITY OF SAVANNAH, GEORGIA
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES - AGENCY FUNDS
YEAR ENDED DECEMBER 31, 2016

	<u>JANUARY 1, 2016</u>	<u>ADDITIONS</u>	<u>DEDUCTIONS</u>	<u>DECEMBER 31, 2016</u>
RECORDER'S COURT				
<u>ASSETS</u>				
Restricted assets:				
Cash and investments	<u>\$ 63,070</u>	<u>\$ 3,802,835</u>	<u>\$ 3,755,821</u>	<u>\$ 110,084</u>
Total assets	<u>\$ 63,070</u>	<u>\$ 3,802,835</u>	<u>\$ 3,755,821</u>	<u>\$ 110,084</u>
<u>LIABILITIES</u>				
Payable from restricted assets:				
Accounts payable	<u>\$ 63,070</u>	<u>\$ 3,802,835</u>	<u>\$ 3,755,821</u>	<u>\$ 110,084</u>
Total liabilities	<u>\$ 63,070</u>	<u>\$ 3,802,835</u>	<u>\$ 3,755,821</u>	<u>\$ 110,084</u>
FLEXIBLE BENEFITS PLAN				
<u>ASSETS</u>				
Restricted assets:				
Cash and investments	<u>\$ 179,393</u>	<u>\$ 644,960</u>	<u>\$ 623,213</u>	<u>\$ 201,140</u>
Total assets	<u>\$ 179,393</u>	<u>\$ 644,960</u>	<u>\$ 623,213</u>	<u>\$ 201,140</u>
<u>LIABILITIES</u>				
Payable from restricted assets:				
Accounts payable	<u>\$ 8,802</u>	<u>\$ 10,417</u>	<u>\$ 8,802</u>	<u>\$ 10,417</u>
Benefits payable	<u>75,014</u>	<u>644,960</u>	<u>622,396</u>	<u>97,578</u>
Benefit plan surplus	<u>95,577</u>	<u>18,019</u>	<u>20,451</u>	<u>93,145</u>
Total liabilities	<u>\$ 179,393</u>	<u>\$ 673,396</u>	<u>\$ 651,649</u>	<u>\$ 201,140</u>
TOTAL				
<u>ASSETS</u>				
Restricted assets:				
Cash and investments	<u>\$ 242,463</u>	<u>\$ 4,447,795</u>	<u>\$ 4,379,034</u>	<u>\$ 311,224</u>
Total assets	<u>\$ 242,463</u>	<u>\$ 4,447,795</u>	<u>\$ 4,379,034</u>	<u>\$ 311,224</u>
<u>LIABILITIES</u>				
Payable from restricted assets:				
Accounts payable	<u>\$ 71,872</u>	<u>\$ 3,813,252</u>	<u>\$ 3,764,623</u>	<u>\$ 120,501</u>
Benefits payable	<u>75,014</u>	<u>644,960</u>	<u>622,396</u>	<u>97,578</u>
Benefit plan surplus	<u>95,577</u>	<u>18,019</u>	<u>20,451</u>	<u>93,145</u>
Total liabilities	<u>\$ 242,463</u>	<u>\$ 4,476,231</u>	<u>\$ 4,407,470</u>	<u>\$ 311,224</u>

CITY OF SAVANNAH, GEORGIA
SCHEDULE OF PROJECTS FUNDED WITH SPECIAL SALES TAX PROCEEDS
FOR THE YEAR ENDED DECEMBER 31, 2016

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.	2,238,059		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 & Lehard 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, Clwald & 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		\$ 22,258,107	\$ 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.
(2) The Total Estimated Cost to be Funded From All Sources reported on this schedule is different than the amounts reported on the prior year's schedule.

This schedule is continued on the next page.

CITY OF SAVANNAH, GEORGIA
SCHEDULE OF PROJECTS FUNDED WITH SPECIAL SALES TAX PROCEEDS
FOR THE YEAR ENDED DECEMBER 31, 2016

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	
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	2,238,059		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		
SP0808	White Bluff/Coffee Bluff Road	500,000		500,000	69,150	265,369	334,519		165,481
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		\$ 21,560,948	\$ 5,691,151	\$ 6,989,767	\$ 6,558,917	\$ 265,369	\$ 6,824,286	\$ 165,481	

- NOTE: (1) This schedule list 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.

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, 2016

Project Number	Total Estimated Cost to be Funded from All Sources	Original Sales Tax Funding per Referendum Resolution	Current Estimated Cost to be Funded by Sales Tax	Sales Tax Funded Expenditures			
				Prior Years	Current Year	Total	Remaining Balance
SPLOST 98-2003							
Savannah Drainage Projects		\$ 77,500,000					
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	948,947	948,947	948,947		948,947	
DR0114	Kayton Railroad Bridge Replacement	513,231	513,231	513,231		513,231	
DR0115	Montgomery Crossroads Bridge	75,829	55,004	55,004		55,004	
DR0116	Montgomery Crossroads Equipment Purchase	1,413,719	1,409,619	1,409,619		1,409,619	
DR0117	Springfield Canal Detention	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	2,810,852	1,659,473	1,659,473		1,659,473	
DR0129	Local Match GEMA Grants	7,677,531	2,651,266	2,651,266		2,651,266	
DR0130	Kayton Spill Clean Up	1,093,173	39,504	39,504		39,504	
DR0201	DeRenne Pump Station	15,848,251	970,000	970,000		970,000	
DR0204	Casey South Drainage	24,607,402	21,507,611	21,507,611		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	245,993	245,993	245,993		245,993	
DR0215	Bilbo-North Casey Drainage	1,530,000	205,000	205,000		205,000	
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	Cramman 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	143,300	143,300	143,300		143,300	
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	1,203,715	42,000	42,000		42,000	
DR0803	Jackson Woods Drainage-Phase 2	2,084,696	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	
DR0911	Casey South Drainage-Phase II	14,204,531	363,707	8,470	208	8,678	355,029
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	1,507,437	1,507,437	1,507,437		1,507,437	
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	54,076,595	1,691,000	1,691,000		1,691,000	
PD0801	West 57th Street Boulevard	2,238,059	555,117	555,117		555,117	
PD0901	Meding Street Curve	206,059	206,059	206,059		206,059	
RE0412	Boan Tract Open Space	22,812	22,000	22,000		22,000	
RE0604	Band Shell	619,364	577,950	566,524	11,426	577,950	
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	
SQ0603	Historical Wall Preservation	1,097,217	200,000	200,000		200,000	
SQ0701	Liberty Square Reconstruction	80,000	80,000				80,000
TE0502	MLK Median Installation	330,616	48,000	48,000		48,000	
OP0515	Fire Capital Outlay	229,535	250,000	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	
PD0400	Savannah Gardens Phase I	13,120,754	872	872		872	
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	407,143		407,143	82,470
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		\$ 271,940,992	\$ 98,169,265	\$ 100,586,403	\$ 99,357,713	\$ 13,191	\$ 99,370,904 \$ 1,217,499

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.

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, 2016

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:								
DR0115	Savannah Roads, Sidewalks and Drainage	\$ 75,829	\$ 64,770,000	\$ 19,329	\$ 19,329	\$ -	\$ 19,329	\$ -
DR0122	Montgomery Xrds Bridge			1,500,575	1,500,575		1,500,575	
DR0127	Windsor Canal	2,810,852		1,143,379	1,143,379		1,143,379	
DR0204	Casey South Drainage	24,607,402		3,091,390	3,091,390		3,091,390	
DR0215	Bilbo-North Casey Drainage	1,530,000		425,000	425,000		425,000	
DR0305	Bilbo Drainage Improvements	15,766,216		15,508,841	15,508,841		15,508,841	
DR0503	Wilshire North Branch	9,480,032		7,733,341	7,733,341		7,733,341	
DR0505	Brick Line Replacement	406,870		192,941	32,125	56,682	88,807	104,134
DR0802	Placencia Phase I	1,203,715		1,160,868	1,160,868		1,160,868	
DR0803	Jackson Woods Drainage-Phase 2	2,084,696		1,977,224	1,977,224		1,977,224	
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	1,049,666		993,624	224,382		224,382	769,242
DR0905	Springfield Drainage Improvements	1,000,000		1,000,000	230,462		230,462	769,538
DR0906	Sylvan Terrace Sub-basin	17,553		17,553	17,553		17,553	
DR0911	Casey South Drainage-Phase II	14,204,531		13,837,113	1,531,799		1,531,799	12,305,314
PD0302	Cann Park Sidewalks	179,002		179,002				179,002
PD0303	Gordonston Sidewalk Improvements	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	1,744,215		1,744,215	1,744,215		1,744,215	
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	1,904,931		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	1% Sidewalk Construction-Phase 2	769,584		674,584	674,584		674,584	
SP0904	Street Reconstruction	1,929,584		1,714,074	1,714,074		1,714,074	
SP0910	1% Sidewalk Construction	1,068,137		259,828	259,828		259,828	
TE0101	East Anderson Curve Reconstruction	706,227		267,000	267,000		267,000	
TE0205	Gwinnett Street Improvements	917,551		917,551				917,551
TE0305	LaRoche-Delesses Widening	1,977,243		1,944,501	32,742		32,742	1,911,759
TE0310	President Street-General McIntosh Improvements	32,742,320		1,924,864		1,924,864	1,924,864	
TE0512	Jimmy DeLoach Parkway Signal	126,590		29,069	29,069		29,069	
TE0513	Tatemville Sound Barrier	1,214,904		1,214,904	1,214,904		1,214,904	
TE0708	LaRoche-Delesses Design	999,375		640,595	302,465	(45,865)	256,600	383,995
TE0709	Gwinnett St. Widening Design	1,186,435		1,070,450	59,020	196,430	755,450	315,000
TE0813	Traffic Signal-Chatham Parkway	155,498		135,931	135,931		135,931	
TE0906	Jimmy DeLoach/Crossroad Interchange	835,297		218,000	57,162	160,838	218,000	
SQ0411	MLK Median Landscaping	833,130		11,452	11,452		11,452	
SQ0804	MLK Streetscape	3,939,453		3,280,231	3,280,231		3,280,231	
Parks, Recreation and Squares 22,231,471								
PB0821	Cultural Arts Center	21,000,000		3,000,000	3,000,000		3,000,000	
PB0828	Westside Land Assemblage	3,704,446		2,759,500	2,759,500		2,759,500	
PB0831	Battlefield Park Roundhouse Roof	186,256		21,335	21,335		21,335	
PD0210	Woodville/Dundee Walking Trail	64,370		15,000				15,000
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	
PT0805	Ellis Square Restoration	3,284,045		3,254,668	3,254,668		3,254,668	
RE0220	Bacon Park Athletic Field Rehab	787,802		576,896	576,896		576,896	
Other Capital Outlay 9,339,424								
OP0152	WW Law Collection Archival	507,000		507,000	31,316	95,647	126,963	380,037
OP0641	Hope II Infrastructure	3,441,211		1,930,814	1,930,814		1,930,814	
OP0634	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	2,554,017		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	54,076,595		7,114,296	7,114,296		7,114,296	
PB0634	Moses Jackson Center Roof	943,543		14,644	14,644		14,644	
PB0730	Bacon Park Tennis Courts Reconstr.	731,868		376,104	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	868,702		380,000	380,000		380,000	
PD0101	MURP II	1,198,820		463,842	457,750		457,750	6,092
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	Feller Terrace Passive Park	12,262		12,262	12,262		12,262	
PD0111	East Savannah Lighting	84,939		84,939	84,939		84,939	
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	3,529,679		367,831	367,831		367,831	
PD0310	Youth Advancement Center	839,231		416,000	410,340	2,500	412,840	3,160
PD0400	Savannah Gardens Phase I	13,120,754		242,766	242,766		242,766	
PD0402	Ogeechee Public ROW Improvements	100,000		100,000				100,000
PD0801	West 57th Street Blvd.	2,238,059		484,599	484,599		484,599	
PD0805	WS-Acquisition Moses Jackson Property	114,224		114,224	114,224		114,224	
PD0806	Augusta Avenue Revitalization	1,146,369		1,004,989	767,688	2,036	769,724	235,265
PD0808	WS-Tree Lawn & Buffering	10,012		10,012	10,012		10,012	
PD0902	Montgomery-Medding-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	125,984		125,984	125,984		125,984	
PD0908	37th & Bulloch Greenspace	48,592		48,591	48,591		48,591	
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 Curb	97,490		97,490	97,490		97,490	
RE0224	Cann Park Improvements	297,602		43,102	43,102		43,102	
Public Safety Equipment		1,241,500	1,300,000	1,241,500	1,241,500		1,241,500	
TOTALS SPLOST 2003-2008 FUND:		\$ 276,681,004	\$ 97,640,895	\$ 106,091,826	\$ 84,637,635	\$ 2,436,234	\$ 87,073,869	\$ 19,017,957

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 PROJECTS FUNDED WITH SPECIAL SALES TAX PROCEEDS
FOR THE YEAR ENDED DECEMBER 31, 2016

PROJECT NUMBER		Total	Original	Current	Sales Tax Funded Expenditures			Remaining Balance
		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	
SPLOST 2009-2014 FUND:								
	City of Savannah Projects		\$ 160,000,000					
CC0206	Civic Center Arena	\$ 124,462,178		\$ 19,462,178	\$ 303,120	\$ 186,383.00	\$ 489,503	\$ 18,972,675
DR0215	Bilbo-North Casey Drainage	1,530,000		900,000	860,913		860,913	39,087
DR0600	SPLOST 5 Drainage	12,500,000		12,500,000				12,500,000
DR0602	Baldwin Park Drainage	3,900,000		3,900,000	3,529,479	210,883	3,740,362	159,638
OP0136	Public Safety Video Surveillance	1,250,005		1,250,005	1,215,597	30,858	1,246,455	3,550
OP0208	Children's Museum - Battlefield Park	6,535,504		6,500,000	6,500,000		6,500,000	
OP0651	E911 System Upgrade	379,262		379,262	356,572		356,572	22,690
PB0138	Savannah Public Services Complex	909,089		495,803	495,803		495,803	
PB0149	SCMPD Central Precinct	7,712,114		5,712,114	1,240,188	451,200	1,691,388	4,020,726
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	2,997,438	2,562	3,000,000	
PB0423	New Fire Stations	3,217,102		3,217,102	3,217,102		3,217,102	
PB0426	Waters Ave Property Purchase	1,949,014		1,949,014	1,949,014		1,949,014	
PB0428	Public Safety Headquarters	1,058,872		1,058,872	1,058,872		1,058,872	
PB0526	Command Control Center	993,248		16,738	16,738		16,738	
PB0637	Fire Training Facility	1,907,257		1,282,899	177,224	1,105,675	1,282,899	
PB0821	Cultural Arts Center	21,000,000		17,400,000	1,592,023	1,683,858	3,275,881	14,124,119
PB0828	Westside Land Assemblage	3,704,446		923,304	826,662	3,800	830,462	92,842
PB0836	Savannah Public Safety Metroplex	10,177,974		9,630,000	9,384,799	140,246	9,525,045	104,955
PD0301	Ogeechee Road Streetscape	356,500		350,000				350,000
PD0308	Fellwood Homes Site Infrastructure	3,658,417		3,658,417	3,658,417		3,658,417	
PD0309	Water Avenue Streetscape	3,529,679		2,248,648	1,033,891	1,214,757	2,248,648	
PD0400	Savannah Gardens Phase I	13,120,754		11,055,577	10,785,475	67,356	10,852,831	202,746
PD0401	Wheaton Streetscape Design	1,101,352		1,101,352				1,101,352
PD0601	MLK Corridor-Savannah Pharmacy	2,502,400		2,000,000	322,790	93,545	416,335	1,583,665
RE0309	Coffee Bluff Fishing Pier	5,669,168		4,490,000	4,490,000		4,490,000	
RE0805	Daffin Park Master Plan	4,939,797		1,000,000	831,683	-	831,683	168,317
TE0607	Street Lighting Upgrade	1,000,000		1,000,000	61,781	37,876	99,657	900,343
TE0610	37th St Corridor Signal	340,000		340,000				340,000
TE0611	Eisenhower Drive Signal Interconnection	360,000		360,000	10,262	9,949	20,211	339,789
TE0612	Downtown Traffic Signal	346,986		300,000	300,000		300,000	
TOTALS SPLOST 2009-2014 FUND		\$ 244,278,415	\$ 160,000,000	\$ 118,632,565	\$ 58,367,123	\$ 5,238,948	\$ 63,606,071	\$ 55,026,494

- 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.

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, 2016

		Total	Original	Current	Sales Tax Funded Expenditures			
		Estimated	Sales Tax	Estimated				
		Cost to be	Funding per	Cost to be				
		Funded from	Intergovernmental	Funded by	PRIOR	CURRENT	TOTAL	Remaining
PROJECT		All Sources	Agreement	Sales Tax	YEARS	YEAR		Balance
NUMBER								
SPLOST 2014-2020 FUND:								
	City of Savannah Projects		\$	190,000,000				
AL0100	SPLOST 6-District 1	\$ 703,026		\$ 703,026	\$ -	\$ -	\$ -	\$ 703,026
AL0200	SPLOST 6-District 2	50,000		50,000				50,000
AL0300	SPLOST 6-District 3	1,182,973		1,182,973				1,182,973
AL0400	SPLOST 6-District 4	1,000,000		1,000,000				1,000,000
AL0500	SPLOST 6-District 5	561,712		561,712				561,712
AL0600	SPLOST 6-District 6	877,414		877,414				877,414
CC0206	New Cc Arena	124,462,178		105,000,000				105,000,000
DR0131	Drainage Box Rehabilitations	9,310,000		9,310,000				9,310,000
DR0132	Placentia Basin Drainage Impro	7,000,000		7,000,000				7,000,000
DR0308	Bilbo Box Culvert Impro	14,603,717		4,600,000	562,835	1,033,713	1,596,548	3,003,452
OP0144	Savannah Children's Museum	1,500,000		1,500,000				1,500,000
OP0145	Pedestrian Wayfinding Signage	550,000		500,000				500,000
OP0146	Wireless/Fiber Infrastructure	883,500		883,500		52,351	52,351	831,149
OP0255	Data Ctr move out of Civic Ctr	1,093,710		116,500				116,500
OP0414	Traffic Calming Devices	855,013		500,000	30,089	27,817	57,906	442,094
OP0932	Radio Network Infrastructure	4,500,000		4,500,000	1,159,236	74,566	1,233,802	3,266,198
PB0148	Grant Center	2,000,000		2,000,000	680	26,271	26,951	1,973,049
PB0150	Hutchinson Is Public Safe Faci	4,110,255		4,110,255	93,610	142,350	235,960	3,874,295
PB0153	LaVida Property Acquisition	437,586		437,586	6,800	430,786	437,586	
PB0533	Fire Station Sweetwater	3,121,745		2,889,745	28,444	45,609	74,053	2,815,692
PB0821	Cultural Arts Center	21,000,000		600,000				600,000
PB0842	Tomkins Ctr Renov & Expansion	3,074,073		1,500,000	72,887	1,427,113	1,500,000	
PB0929	Family Resource Center Penn Av	7,250,000		7,250,000	1,520	13,079	14,599	7,235,401
PD0117	Hitch Village Redevelopment	6,754,000		6,754,000	4,413	1,025,334	1,029,747	5,724,253
PD0208	Ogeecheeton Sign	10,115		10,115		10,115	10,115	
PD0209	Fernwood Sign	7,027		7,027		7,027	7,027	
PD0211	Carver Village Neighbor Sign	5,644		5,644		5,644	5,644	
PD0212	Twickenham Sign	10,000		10,000				10,000
PD0213	Summerside Sign	10,000		10,000				10,000
PD0214	Feiler Terrace Signs	20,000		20,000				20,000
PD0215	Feiler Terrace Park Improvments	150,000		150,000				150,000
PD0216	Liberty City Com Ctr Flooring	37,500		37,500				37,500
PD0309	Waters Ave Corridor Improvements	3,529,679		750,000		450,022	450,022	299,978
PD0601	MLK Corridor-Savannah Pharmacy	2,502,400		500,000				500,000
PD0806	Augusta Ave Revitalization	1,146,369		80,862				80,862
RE0124	Southside Park Development	1,500,000		1,500,000	52,909	(41,739)	11,170	1,488,830
RE0125	Athletic Field Turf	1,600,000		1,600,000		1,437,725	1,437,725	162,275
RE0128	Bee Road Park	100,000		100,000	11,132		11,132	88,868
RE0129	Edgemere/Sackville Recreation	100,000		100,000		1,500	1,500	98,500
RE0130	Kensington Park Playground	100,000		100,000	2,650	64,346	66,996	33,004
RE0131	Hudson Hill Ballpark Lighting	13,253		13,253	6,900	6,353	13,253	
RE0132	Nina Court/Paradise Park	50,000		50,000				50,000
RE0133	Sylvan Terrace Park	150,000		150,000	1,360	40,424	41,784	108,216
RE0134	Ogeecheeton Park Improvements	87,100		87,100	2,100		2,100	85,000
RE0222	Holly Heights Green Space	100,000		100,000				100,000
RE0223	Summerside Playground	50,000		50,000				50,000
RE0224	Cann Park Improvements	254,500		254,500		92,594	92,594	161,906
RE0225	Mayfair Playground Improvements	100,000		100,000		100,000	100,000	
RE0226	Ambush Park Improvements	45,000		45,000				45,000
RE0227	Myers Park	4,000		4,000				4,000
RE0228	Liberty City Comm Ctr	37,500		37,500				37,500
RE0309	Coffee Bluff Fishing Pier	5,669,168		85,000	85,000		85,000	
SP0219	New Sidewalk Installs	70,644		70,644		45,047	45,047	25,597
SP0720	Wheelchair Access Ramps	9,144		9,144		9,144	9,144	
SQ0101	Riverwalk Extension at Marriot	1,536,000		1,536,000	100,386	63,394	163,780	1,372,220
SQ0102	Victory Drive Corridor Impr	1,000,000		1,000,000		1,513	1,513	998,487
SQ0103	Factors Walk Wall Restoration	600,000		600,000	265	132,039	132,304	467,696
TE0216	Habersham & Kensington Speed	225,229		200,000		158	158	199,842
TE0309	Derenne Ave Traffic Anl	17,587,951		11,800,000				11,800,000
TE0310	President St Imprvmnts	32,742,320		5,000,000		1,249,287	1,249,287	3,750,713
TOTALS SPLOST 2009-2014 FUND		\$ 288,041,445	\$ 190,000,000	\$ 190,000,000	\$ 2,223,216	\$ 7,973,582	\$ 10,196,798	\$ 179,803,202

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.

This schedule is continued from the previous page.

**CITY OF SAVANNAH, GEORGIA
SCHEDULE OF HOTEL/MOTEL TAX
FOR THE YEAR ENDED DECEMBER 31, 2016**

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	\$ 19,508,872	
Expenditures made to:		
Convention and Visitors Bureau	\$ 6,502,307	33.33%
Georgia International & Maritime Trade Center	\$ 2,646,523	13.57%
Savannah Civic Center	\$ 605,606	3.10%

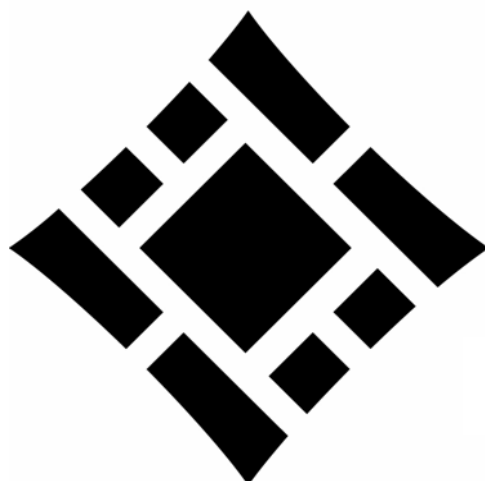
CITY OF SAVANNAH, GEORGIA
SCHEDULE OF REVENUES AND EXPENDITURES/EXPENSES - RENTAL MOTOR VEHICLE TAX
FOR THE YEAR ENDED DECEMBER 31, 2016

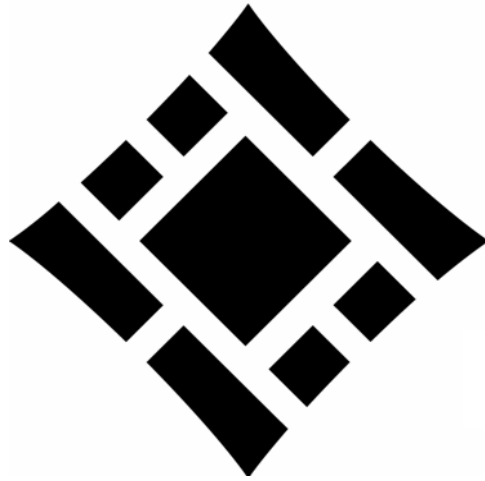
During 2016, the City collected rental motor vehicle excise tax as authorized in O.C.G.A. 48-13-93.

	<u>Amount</u>	<u>Amount as a Percentage of Revenue</u>
Rental motor vehicle tax	\$ 1,755,235	
Transfers made to:		
General Fund	\$ 438,809	25.00%
Civic Center Fund	\$ 1,316,426	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	132-136
<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	137-140
<i>These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax.</i>	
Debt Capacity	141-145
<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	146-147
<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	148-155
<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)

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Governmental activities										
Net investment in capital assets	\$ 439,045	\$ 483,504	\$ 518,489	\$ 534,164	\$ 557,007	\$ 564,537	\$ 564,426	\$ 577,032	\$ 582,292	\$ 596,139
Restricted	78,722	55,819	51,637	37,174	86,329	105,611	124,687	147,790	170,564	185,145
Unrestricted	83,379	92,040	73,444	83,795	44,063	47,384	50,174	51,512	(11,427)	(11,818)
Total governmental activities net position	<u>\$ 601,146</u>	<u>\$ 631,363</u>	<u>\$ 643,570</u>	<u>\$ 655,133</u>	<u>\$ 687,399</u>	<u>\$ 717,532</u>	<u>\$ 739,287</u>	<u>\$ 776,334</u>	<u>\$ 741,429</u>	<u>\$ 769,466</u>
Business-type activities										
Net investment in capital assets	\$ 219,644	\$ 246,580	\$ 260,204	\$ 255,749	\$ 267,671	\$ 276,219	\$ 282,641	\$ 294,940	\$ 316,149	\$ 318,418
Restricted	349	384	2,328	2,336	2,395	2,344	2,345	2,367	2,370	3,870
Unrestricted	106,703	91,201	82,735	91,229	99,157	106,927	118,497	131,454	110,391	120,280
Total business-type activities net position	<u>\$ 326,696</u>	<u>\$ 338,165</u>	<u>\$ 345,267</u>	<u>\$ 349,314</u>	<u>\$ 369,223</u>	<u>\$ 385,490</u>	<u>\$ 403,483</u>	<u>\$ 428,761</u>	<u>\$ 428,910</u>	<u>\$ 442,568</u>
Primary government										
Net investment in capital assets	\$ 658,689	\$ 730,084	\$ 778,693	\$ 789,913	\$ 824,678	\$ 840,756	\$ 847,067	\$ 871,972	\$ 898,441	\$ 914,557
Restricted	79,071	56,203	53,965	39,510	88,724	107,955	127,032	150,157	172,934	189,015
Unrestricted	190,082	183,241	156,179	175,024	143,220	154,311	168,671	182,966	98,964	108,462
Total primary government net position	<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>	<u>\$1,142,770</u>	<u>\$1,205,095</u>	<u>\$1,170,339</u>	<u>\$ 1,212,034</u>

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

Expenses	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Governmental activities:										
General administration	\$ 2,701	\$ 3,214	\$ 3,573	\$ 4,898	\$ 29,825	\$ 4,412	\$ 4,497	\$ 4,624	\$ 14,722	\$ 5,237
Management and financial services	5,917	6,529	6,957	5,977	2,156	4,042	4,368	4,196	4,065	3,517
Facilities maintenance	35,181	43,897	33,777	32,327	33,226	36,409	39,905	41,996	42,305	44,175
Police	63,125	69,067	67,048	65,473	55,339	67,822	65,396	65,091	67,028	75,375
Recorder's court	2,113	2,228	2,229	2,225	1,856	2,284	2,159	2,234	2,082	2,154
Fire	22,472	24,999	25,236	25,479	21,009	26,319	25,579	26,316	30,331	30,442
Leisure services	15,895	17,266	21,530	22,508	17,459	21,688	21,692	22,197	22,202	24,130
Tourism enhancement	8,448	8,889	8,364	8,923	8,365	9,109	8,665	10,487	11,314	11,884
Social and cultural	1,866	2,004	1,711	1,794	1,643	1,718	1,954	1,457	1,704	1,589
Public development	14,096	12,369	12,544	12,229	8,317	9,165	6,281	6,256	6,200	7,238
Grant program and administration	5,492	6,718	5,531	8,533	5,925	5,646	5,426	4,201	5,764	19,423
Community development program and administration	15,450	12,278	12,933	10,064	11,566	10,644	9,464	8,906	8,572	8,959
Interest on long-term debt	1,090	1,020	1,128	1,185	1,083	998	959	763	1,036	1,332
Interest on capital leases	466	355	69	54	39	23	6			
Total governmental activities expenses	194,312	210,833	202,630	201,669	197,808	200,279	196,351	198,724	217,325	235,455
Business-type activities:										
Water and sewer	48,893	51,395	52,322	52,818	48,673	53,239	53,493	54,257	56,949	56,962
Sanitation	29,420	26,334	25,960	23,095	20,842	23,257	23,584	22,837	22,895	24,814
Parking facilities	5,455	7,555	10,125	10,569	9,487	10,264	10,209	10,702	11,218	11,752
Civic center	3,073	3,147	2,943	3,215	2,906	3,100	3,723	3,820	3,577	3,812
Golf course	95	64	62	58	42	39	33	68	165	218
Resource recovery	8,261	2,510								
Total business-type activities expenses	95,197	91,005	91,412	89,755	81,950	89,899	91,042	91,684	94,804	97,558
Total primary government expenses	\$ 289,509	\$ 301,838	\$ 294,042	\$ 291,424	\$ 279,758	\$ 290,178	\$ 287,393	\$ 290,408	\$ 312,129	\$ 333,013
Program Revenues										
Governmental activities:										
Charges for services:										
Management and financial services	\$ 2,564	\$ 2,620	\$ 2,765	\$ 2,871	\$ 2,894	\$ 2,950	\$ 2,791	\$ 2,760	\$ 2,821	\$ 2,325
Facilities maintenance	2,956	3,793	3,389	4,826	666	563	853	655	1,034	1,327
Police	22,387	23,881	23,672	23,891	23,833	24,819	25,007	25,185	26,212	23,006
Recorder's court	3,156	2,569	2,690	2,845	2,783	2,805	2,690	3,201	1,901	1,940
Fire	207	438	313	305	243	364	386	677	409	425
Leisure services	816	785	755	824	807	859	874	783	1,170	1,004
Tourism enhancement	30	1,065	1,046	1,149	1,167	1,170	1,243	1,281	1,367	1,450
Public development	3,417	2,744	1,629	2,032	1,859	2,663	2,896	3,110	3,735	3,741
Grant program and administration	301		5							
Community development program and administration	11,437	3,948	5,599	3,645	2,922	3,894	1,776	3,491	2,836	1,511
Operating grants and contributions	10,679	12,642	12,784	15,244	15,879	11,867	9,439	8,223	8,935	13,875
Capital grants and contributions	66,108	34,285	16,980	12,844	40,144	35,836	37,677	36,053	41,270	40,303
Total governmental activities program revenues	124,058	88,770	71,627	70,476	93,197	87,790	85,632	85,419	91,690	90,907
Business-type activities:										
Charges for services:										
Water and sewer	55,034	56,038	57,062	58,397	59,683	61,648	64,146	67,754	66,508	68,474
Sanitation	26,873	22,182	20,564	19,844	21,574	24,982	25,424	26,901	26,674	28,896
Parking facilities	7,481	8,219	10,073	11,032	11,179	12,125	11,964	12,331	12,965	13,180
Civic center	1,212	1,417	1,303	1,404	1,654	1,483	1,651	1,509	1,946	1,530
Golf course	169	85	85	62						
Resource recovery	8,261	2,510								
Operating grants and contributions	45	41	49	54	70	71	63	54	73	70
Capital grants and contributions		14,489	5,476	1,064	950	530	942	4,685	3,474	4,114
Total business-type activities program revenues	99,075	104,981	94,612	91,857	95,110	100,839	104,190	113,234	111,640	116,264
Total primary government program revenues	\$ 223,133	\$ 193,751	\$ 166,239	\$ 162,333	\$ 188,307	\$ 188,629	\$ 189,822	\$ 198,653	\$ 203,330	\$ 207,171
Net (expense)/revenue										
Governmental activities	\$ (70,254)	\$ (122,063)	\$ (131,003)	\$ (131,993)	\$ (104,611)	\$ (112,489)	\$ (110,719)	\$ (113,305)	\$ (125,635)	\$ (144,548)
Business-type activities	3,878	13,976	3,200	2,102	13,160	10,940	13,148	21,550	16,836	18,706
Total primary government net expense	\$ (66,376)	\$ (108,087)	\$ (127,803)	\$ (129,091)	\$ (91,451)	\$ (101,549)	\$ (97,571)	\$ (91,755)	\$ (108,799)	\$ (125,842)

Continued on next page.

Continued from previous page.

-134-

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

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
General Revenues and Other Changes in Net Position										
Governmental activities:										
Taxes										
Property taxes	\$ 53,742	\$ 57,794	\$ 61,664	\$ 62,386	\$ 55,607	\$ 55,627	\$ 59,874	\$ 62,590	\$ 64,604	\$ 67,569
Intangible, transfer and franchise taxes	17,128	19,055	17,163	17,713	18,852	18,735	19,014	19,369	20,069	20,671
General sales taxes	43,196	43,680	36,287	38,860	39,962	42,623	36,115	37,198	37,841	37,787
Selective sales taxes	16,440	16,418	15,209	16,493	17,445	19,171	19,975	22,752	25,055	26,461
Business taxes	7,974	8,109	7,977	7,853	7,018	7,441	7,669	8,047	8,601	9,253
Penalties and interest on delinquent taxes	474	428	632	860	1,422	1,064	1,216	920	785	796
Grants and contributions not restricted to specific programs	1,988	534	2,995	1,093	1,076	1,131	1,393	1,075	1,675	1,352
Investment earnings, unrestricted	5,645	3,044	993	396	195	180	47	69	73	249
Gain on sale of capital assets		5,042	1,494	484	670	810	320	659	1,376	1,847
Miscellaneous	747	765	716	395	592	389	504	598	1,148	692
Contributions to cemetery perpetual care	234	207	202	154	180	212	240	288		
Extraordinary items							(9,530)			
Transfers	(2,607)	(2,796)	(2,122)	(3,930)	(6,143)	(4,761)	(4,363)	(3,213)	(1,417)	5,908
Total governmental activities	<u>144,961</u>	<u>152,280</u>	<u>143,210</u>	<u>142,757</u>	<u>136,876</u>	<u>142,622</u>	<u>132,474</u>	<u>150,352</u>	<u>159,810</u>	<u>172,585</u>
Business-type activities:										
Grants and contributions not restricted to specific programs	6,089									
Investment earnings, unrestricted	6,170	3,329	1,145	433	223	150	51	102	148	360
Gain on sale of capital assets			89	6	19	3	(1)		(2)	
Miscellaneous	195	395	545	416	365	412	433	413	416	500
Special items		(9,026)		(2,841)						
Transfers	2,607	2,796	2,122	3,930	6,143	4,761	4,363	3,213	1,417	(5,908)
Total business-type activities	<u>15,061</u>	<u>(2,506)</u>	<u>3,901</u>	<u>1,944</u>	<u>6,750</u>	<u>5,326</u>	<u>4,846</u>	<u>3,728</u>	<u>1,979</u>	<u>(5,048)</u>
Total primary government	<u>\$ 160,022</u>	<u>\$ 149,774</u>	<u>\$ 147,111</u>	<u>\$ 144,701</u>	<u>\$ 143,626</u>	<u>\$ 147,948</u>	<u>\$ 137,320</u>	<u>\$ 154,080</u>	<u>\$ 161,789</u>	<u>\$ 167,537</u>
Change in Net Position										
Governmental activities	\$ 22,898	\$ 30,216	\$ 12,017	\$ 38,146	\$ 24,387	\$ 31,903	\$ 21,755	\$ 37,047	\$ 34,175	\$ 28,037
Business-type activities	29,037	11,470	6,003	15,104	17,690	18,619	17,994	25,278	18,815	13,658
Total primary government	<u>\$ 51,935</u>	<u>\$ 41,686</u>	<u>\$ 18,020</u>	<u>\$ 53,250</u>	<u>\$ 42,077</u>	<u>\$ 50,522</u>	<u>\$ 39,749</u>	<u>\$ 62,325</u>	<u>\$ 52,990</u>	<u>\$ 41,695</u>

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

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011*</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
General Fund										
Reserved	\$ 1,331	\$ 1,248	\$ 1,546	\$ 1,551	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved	20,380	20,724	21,382	21,837						
Committed					2,063	2,217	2,119	2,275	2,904	2,613
Unassigned					31,116	31,285	31,766	32,510	32,566	34,096
Total general fund	<u>\$ 21,711</u>	<u>\$ 21,972</u>	<u>\$ 22,928</u>	<u>\$ 23,388</u>	<u>\$ 33,179</u>	<u>\$ 33,502</u>	<u>\$ 33,885</u>	<u>\$ 34,785</u>	<u>\$ 35,470</u>	<u>\$ 36,709</u>
All other governmental funds										
Reserved	\$ 66,340	\$ 59,558	\$ 73,312	\$ 66,016	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved, reported in:										
Special revenue funds	8,482	14,936	21,618	27,783						
Debt service funds	857	883	893	896						
Capital projects funds	41,178	38,419	21,756	18,773						
Nonspendable, reported in										
Special revenue funds					5,122	5,344	5,571	5,829	6,073	6,308
Restricted, reported in										
Special revenue funds					3,575	3,578	3,874	4,303	3,423	2,745
Capital projects funds					55,199	72,633	90,960	112,837	136,102	161,398
Committed, reported in										
Capital projects funds					29,938	30,519	35,533	36,981	43,032	32,348
Total all other governmental funds	<u>\$ 116,857</u>	<u>\$ 113,796</u>	<u>\$ 117,579</u>	<u>\$ 113,468</u>	<u>\$ 93,834</u>	<u>\$ 112,074</u>	<u>\$ 135,938</u>	<u>\$ 159,950</u>	<u>\$ 188,630</u>	<u>\$ 202,799</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)

Revenues	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Taxes	\$ 140,939	\$ 143,934	\$ 139,814	\$ 142,136	\$ 143,588	\$ 146,313	\$ 144,964	\$ 151,103	\$ 158,682	\$ 162,167
Licenses and permits	4,609	3,918	2,900	1,693	3,185	3,914	4,239	4,598	5,245	5,283
Intergovernmental	39,312	34,061	19,088	23,036	51,218	47,812	47,172	43,333	49,105	49,803
Charges for services	32,201	30,326	30,623	28,109	29,585	30,396	30,890	31,938	30,849	26,556
Fines	3,453	2,890	2,977	3,090	3,136	2,984	2,752	2,753	2,496	2,666
Investment earnings	6,659	3,930	1,292	473	218	214	288	668	684	1,352
Special assessments	6	8	5	4	2	1	1			
Miscellaneous	6,004	7,293	8,064	12,121	6,938	6,210	5,703	5,991	7,821	8,078
Total revenues	<u>233,183</u>	<u>226,360</u>	<u>204,763</u>	<u>210,662</u>	<u>237,870</u>	<u>237,844</u>	<u>236,009</u>	<u>240,384</u>	<u>254,882</u>	<u>255,905</u>
Expenditures										
General administration	2,820	2,998	3,018	3,017	29,052	4,230	4,398	4,162	14,399	4,760
Management and financial services	8,386	9,405	9,168	8,779	7,712	7,526	7,695	7,847	8,011	7,963
Facilities maintenance	22,125	30,940	21,274	19,065	22,026	23,657	27,580	29,127	29,083	30,289
Police	58,474	65,097	63,923	62,155	63,880	66,909	66,633	66,883	69,395	74,037
Recorder's court	2,031	2,117	2,143	2,126	2,149	2,272	2,231	2,311	2,188	2,151
Fire	21,152	23,163	23,754	23,919	23,924	25,506	25,890	26,701	30,801	29,388
Leisure services	13,668	14,725	19,130	20,034	19,163	20,085	20,576	20,907	21,462	21,816
Tourism enhancement		8,784	8,334	8,903	8,421	9,109	8,670	10,494	11,333	11,886
Social and cultural	1,866	2,004	1,711	1,794	1,643	1,718	1,954	1,457	1,704	1,590
Public development	8,434	12,763	13,046	12,974	10,209	10,113	7,564	7,474	7,683	8,260
Other governmental services	16,112									
Grant program and administration	5,356	6,616	5,700	8,706	6,140	5,388	5,835	4,244	5,827	19,392
Community development program and administration	15,040	10,849	11,438	8,576	10,522	9,331	8,113	7,678	7,229	7,525
Capital outlay	35,590	40,450	34,238	27,807	34,719	27,036	17,664	20,209	34,087	33,477
Debt service										
Principal	1,487	1,540	18,610	2,377	2,462	2,625	2,680	13,180	2,740	3,565
Interest	1,119	1,050	1,083	1,040	1,120	1,025	991	933	849	1,449
Bond issuance costs								174	402	127
Total expenditures	<u>213,660</u>	<u>232,501</u>	<u>219,575</u>	<u>210,787</u>	<u>242,547</u>	<u>216,530</u>	<u>208,474</u>	<u>223,781</u>	<u>247,193</u>	<u>257,675</u>
Excess of revenues over (under) expenditures	<u>19,523</u>	<u>(6,141)</u>	<u>(14,812)</u>	<u>(125)</u>	<u>(4,677)</u>	<u>21,314</u>	<u>27,535</u>	<u>16,603</u>	<u>7,689</u>	<u>(1,770)</u>
Other financing sources (uses)										
Transfers in	32,992	21,259	22,818	25,947	17,972	22,841	18,871	23,757	32,642	30,701
Transfers out	(33,581)	(23,837)	(24,083)	(29,473)	(23,137)	(25,592)	(22,159)	(26,157)	(31,368)	(24,889)
Debt issuance proceeds			37,000	485	595			9,970	19,950	10,000
Premium on bond debt			505					738	452	
Proceeds from the sale of capital assets		5,920	706							1,367
Total other financing sources (uses)	<u>(589)</u>	<u>3,342</u>	<u>19,951</u>	<u>(3,526)</u>	<u>(5,165)</u>	<u>(2,751)</u>	<u>(3,288)</u>	<u>8,308</u>	<u>21,676</u>	<u>17,179</u>
Net change in fund balances	<u>\$ 18,934</u>	<u>\$ (2,799)</u>	<u>\$ 5,139</u>	<u>\$ (3,651)</u>	<u>\$ (9,842)</u>	<u>\$ 18,563</u>	<u>\$ 24,247</u>	<u>\$ 24,911</u>	<u>\$ 29,365</u>	<u>\$ 15,409</u>
Debt service as a percentage of noncapital expenditures	1.5%	1.3%	10.6%	1.9%	1.7%	1.9%	1.4%	6.9%	1.7%	2.2%

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	
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
2013	3,677,768	9,194,420	829,042	2,072,605	96,366	240,915	4,603,176	11,507,940	12.48
2014	3,828,096	9,570,239	827,087	2,067,718	96,290	240,725	4,751,473	11,878,683	12.48
2015	4,191,749	10,479,373	802,164	2,005,410	104,102	260,255	5,098,015	12,745,038	12.48
2016	4,239,601	10,599,003	771,703	1,929,258	110,151	275,378	5,121,455	12,803,638	12.48

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
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
2013	12.480	0.200	15.881	11.908	1.000	0.150	41.619
2014	12.480	0.200	15.881	11.543	1.000	0.100	41.204
2015	12.480	0.200	16.631	11.543	1.000	0.050	41.904
2016	12.480	0.200	16.631	12.543	1.000	0.000	42.854

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	2016			2007		
		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	\$ 69,457,966	1	1.36%	\$ 31,673,872	4	0.69%
International Paper Company	Paper Manufacturer	42,656,400	2	0.83%	30,997,600	5	0.67%
Home Depot	Distribution Center	40,577,382	3	0.79%	36,979,746	2	0.80%
Gulfstream Aerospace Corporation	Airplane manufacturer	34,722,492	4	0.68%	46,960,544	1	1.02%
Oglethorpe Mall, LLC	Regional Shopping Mall	31,691,398	5	0.62%	31,691,400	3	0.69%
Columbia Properties	Marriott Hotel	30,000,000	6	0.59%	22,553,400	8	0.49%
CWT Savannah Hotel LLC	Westin Hotel	27,600,000	7	0.54%	22,976,000	7	0.50%
HH Savannah LLC	Hyatt Hotel	26,400,000	8	0.52%	19,304,600	9	0.42%
Savannah Hotel Associates	Hilton Hotel	20,918,000	9	0.41%			
Dollar Tree Stores	Distribution Centers	16,835,444	10	0.33%			
Bell South	Telephone utility				27,511,180	6	0.60%
Walmart Stores	Distribution Center				18,137,734	10	0.39%
Totals		<u>\$ 340,859,082</u>		<u>6.66%</u>	<u>\$ 288,786,076</u>		<u>6.27%</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		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percent of Levy
2007	\$ 57,029,874	\$ 51,966,832	91.1%	\$ 4,894,508	\$ 56,861,340	99.7%
2008	61,196,938	53,992,912	88.2%	6,890,007	60,882,919	99.5%
2009	63,355,201	53,862,308	85.0%	9,208,527	63,070,835	99.6%
2010	62,969,871	54,681,460	86.8%	8,000,816	62,682,276	99.5%
2011	58,361,303	51,491,991	88.2%	6,578,870	58,070,861	99.5%
2012	57,603,609	52,436,392	91.0%	4,846,169	57,282,561	99.4%
2013	57,482,277	52,608,040	91.5%	4,552,200	57,160,240	99.4%
2014	58,474,645	53,648,991	91.7%	4,458,443	58,107,434	99.4%
2015	64,033,750	60,100,835	93.9%	3,383,724	63,484,559	99.1%
2016	62,093,927	57,940,557	93.3%		57,940,557	93.3%

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	Sanitation Contractual Obligations	Parking Contractual Obligations	Civic Center Contractual Obligations			
2007	\$ -	\$ 19,920,000	\$ 1,455,000	\$ 14,907	\$ 4,213,270	\$ 36,542,755	\$ 33,182,620	\$ 31,017,509	\$ 36,397,921	\$ 3,342,784	\$ 167,933,022	3.3%	\$ 1,263
2008		18,490,000	1,350,000	9,932	1,819,834	31,268,886	31,947,421	29,033,848	35,568,761	2,980,408	154,091,322	3.0%	1,159
2009		37,104,866	1,235,000	4,957	1,485,985	42,643,793	35,682,124	27,024,799	34,712,852	2,606,354	183,498,274	3.7%	1,380
2010		35,325,296	1,120,000	2,478	1,137,714	36,778,326	33,464,007	24,665,986	33,829,956	2,215,384	169,421,969	3.3%	1,243
2011		33,595,737	980,000		774,397	30,695,816	31,170,949	22,311,478	32,914,868	1,807,285	155,057,761	2.8%	1,138
2012		31,106,180	840,000		395,385	25,960,845	28,800,610	19,906,187	31,956,023	1,393,082	141,100,223	2.6%	1,035
2013		28,561,620	700,000			22,959,882	26,349,813	17,785,041	31,187,873	974,861	128,303,111	2.3%	941
2014		26,100,429	600,000			20,435,248	23,816,330	15,075,550	30,000,024	500,843	115,056,046	2.1%	844
2015		43,778,917	500,000			17,196,559	21,188,415	12,306,356	30,096,427		122,705,515	2.2%	900
2016	2,000,000	48,212,484	400,000			33,648,038		9,275,620	61,774,476		155,310,618	2.7%	1,140

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

Fiscal Year	General Obligation Bonds (000)	Assessed Value (000)	Percentage of Actual Taxable Value of Property	Population	Per Capita
2007	\$ -	\$4,610,615	0.000000%	132,985	\$0.00
2008		4,986,597	0.000000%	132,985	0.00
2009		5,010,250	0.000000%	132,985	0.00
2010		4,768,480	0.000000%	136,286	0.00
2011		4,539,928	0.000000%	136,286	0.00
2012		4,535,627	0.000000%	136,286	0.00
2013		4,603,176	0.000000%	136,286	0.00
2014		4,751,473	0.000000%	136,286	0.00
2015		5,098,015	0.000000%	136,286	0.00
2016	2,000	5,121,455	0.000039%	136,286	0.01

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, 2016

	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable</u>	<u>Estimated Share of Overlapping Debt*</u>
City of Savannah			
General Obligation Bonded Debt	\$ 2,000,000	100.0%	\$ 2,000,000
Notes Payable	400,000	100.0%	400,000
Contractual Obligations:			
Downtown Savannah Authority, Series 2009	12,412,380	100.0%	12,412,380
Downtown Savannah Authority, Series 2014	8,213,500	100.0%	8,213,500
Downtown Savannah Authority, Series 2015	19,586,604	100.0%	19,190,000
Downtown Savannah Authority, Tax Exempt Series 2016	<u>8,000,000</u>	100.0%	<u>8,000,000</u>
Total Direct Debt	<u>50,612,484</u>		<u>50,215,880</u>
Chatham County			
Capital Leases	3,706,552	43.9%	1,627,176
Contractual Obligations:			
Downtown Savannah Authority (Chatham County Projects), Series 2005A	2,746,711	43.9%	1,205,806
Downtown Savannah Authority (Union Mission), Series 2009	1,875,000	43.9%	823,125
Downtown Savannah Authority (Union Mission), Series 2011	2,680,000	43.9%	1,176,520
Downtown Savannah Authority (Chatham County Projects), Series 2014	9,045,000	43.9%	3,970,755
Mosquito Control Facility	3,468,759	43.9%	1,522,785
Savannah/Chatham County School Board			
General Obligation Bonded Debt	32,605,000	43.9%	14,313,595
Capital Leases	11,620,341	43.9%	5,101,330
Contractual Obligations:			
Downtown Savannah Authority (Energy Management)	3,618,220	43.9%	1,588,399
Overlapping Debt	<u>71,365,583</u>		<u>31,329,491</u>
Total Direct and Indirect General Obligation Supported Bonded Debt	<u><u>\$121,978,067</u></u>		<u><u>\$ 81,545,371</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 2016

Assessed value 2016 Tax Roll	<u>\$ 5,121,455,307</u>
General Bonded Debt Limit, 10% of Assessed Value	\$ 512,145,531
Debt applicable to limit:	
Less: outstanding general obligation bonds	<u>2,000,000</u>
Total net debt applicable to limit	<u>2,000,000</u>
Legal debt margin	<u>\$ 510,145,531</u>

	Fiscal Year									
	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Debt Limit	\$ 461,061,466	\$ 498,659,695	\$ 501,024,955	\$ 476,848,044	\$ 453,992,798	\$ 453,562,744	\$ 460,317,459	\$ 475,147,282	\$ 509,801,454	\$ 512,145,531
Total net debt applicable to limit	-	-	-	-	-	-	-	-	-	2,000,000
Legal debt margin	<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>	<u>\$ 460,317,459</u>	<u>\$ 475,147,282</u>	<u>\$ 509,801,454</u>	<u>\$ 510,145,531</u>
Total net debt applicable to the limit as a percentage of debt limit	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.39%

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	
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	-	-	-
2013	65,452	40,898	24,554	2,960	835	6.47	713	-	-	-
2014	67,952	40,622	27,330	3,035	671	6.15	196	-	-	-
2015	66,229	42,965	23,264	5,571	923	3.58	357	-	-	-
2016	68,826	43,287	25,539	5,325	894	4.11	711	-	-	-

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 (per 2010 census)	Personal Income (000)	Per Capita Personal Income	Chatham County Taxable Retail Sales (000,000)	Unemployment Rate (Savannah MSA)	School Enrollment
2007	132,985	\$ 5,033,482	\$ 37,267	\$ 6,409	4.3%	40,520
2008	132,985	5,120,587	37,802	6,128	7.0%	40,244
2009	132,985	4,949,170	36,851	5,846	8.9%	41,152
2010	136,285	5,200,227	37,886	5,780	10.0%	40,973
2011	136,285	5,527,856	40,043	6,058	9.6%	41,588
2012	136,285	5,411,196	39,430	6,328	8.6%	42,064
2013	136,285	5,466,391	39,898	6,367	7.2%	42,349
2014	136,285	5,548,299	40,711	6,526	6.1%	43,438
2015	136,285	5,739,643	42,115	6,639	4.9%	44,196
2016	136,285	5,797,039 *	42,536 *	6,629	5.0%	44,288

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 Bureau of Labor Statistics. School enrollment provided by the Savannah/Chatham School Board and includes public schools.

* Estimated. Data for 2016 not available at time of publishing.

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

Employer	2016			2007		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Gulfstream Aerospace	9,878	1	7.48%	5,400	1	2.97%
Memorial Health University Medical Center	5,000	2	3.79%	4,989	2	2.75%
Savannah-Chatham Board of Education	4,808	3	3.64%	4,750	3	2.62%
Ft. Stewart/Hunter Army Airfield	4,637	4	3.51%	3,942	4	2.17%
St. Joseph's/Candler Health System	3,304	5	2.50%	3,323	5	1.83%
City of Savannah	2,795	6	2.12%	2,500	7	1.38%
Savannah College of Art and Design	1,590	7	1.20%	1,500	8	0.83%
Chatham County	1,587	8	1.20%	1,400	10	0.77%
Georgia Ports Authority	988	9	0.75%			
International Paper	661	10	0.50%			
Wal-Mart				2,951	6	1.62%
Momentum Resources II, Inc.				1,437	9	0.79%
Total	35,248		26.7%	32,192		17.7%

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>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
General government										
General administration	43.00	43.00	43.00	35.00	51.00	39.00	46.00	48.00	50.00	56.00
Management and financial services	108.85	110.85	110.85	105.60	71.23	87.60	81.60	67.60	69.60	69.60
Information technology	37.00	37.00	37.00	34.00	37.25	36.00	36.00	36.00	35.00	36.00
Real property services	6.00	6.00	6.00	5.00	5.00	6.00	6.00	6.00	6.00	6.00
Recorder's court	27.50	27.50	28.50	27.50	27.00	28.00	28.00	28.00	29.00	29.00
Public works										
Park and Tree	66.00	66.00	66.00	66.00	58.00	56.00	56.00	56.00	59.00	59.00
Cemeteries	27.63	31.63	31.63	26.63	23.63	23.63	23.63	23.63	23.63	23.63
Streets and Drainage	160.00	160.00	161.00	143.00	141.00	142.00	194.00	201.00	199.00	202.00
Vehicle maintenance	44.00	44.00	44.00	41.00	41.00	41.00	41.00	41.00	41.00	41.00
Public safety										
Police	745.28	756.28	756.28	748.64	791.00	738.00	737.00	730.00	729.00	745.00
Communications center	84.00	91.00	91.00	90.00	106.00	106.00	105.00	105.00	104.00	104.00
Fire and emergency services	328.00	328.00	328.00	324.00	362.00	329.00	329.00	329.00	343.00	360.00
Leisure services	214.50	215.51	215.01	203.61	180.44	180.70	179.70	179.70	178.80	185.61
Public development	137.00	142.00	142.50	139.00	142.00	119.25	73.25	76.25	73.25	71.25
Sanitation	198.50	222.50	223.50	221.50	228.00	226.50	227.00	218.00	218.00	220.00
Civic center	21.00	25.00	25.00	24.00	23.50	22.00	22.00	22.00	22.00	22.00
Water and sewer	301.00	301.00	302.00	299.00	326.00	304.00	304.00	302.00	303.00	304.00
Parking services	77.15	77.65	78.65	78.75	77.15	70.20	69.20	74.20	74.20	74.45
Total	2,626.41	2,684.92	2,689.92	2,612.23	2,691.20	2,554.88	2,558.38	2,543.38	2,557.48	2,608.54

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>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Police										
Violent crimes	1,319	1,292	1,128	845	889	878	851	926	1,167	1,174
Property crimes	9,852	11,250	10,654	9,202	9,579	8,325	8,458	8,507	9,236	8,862
Fire										
Fire calls	1,270	1,105	935	996	1,050	1,041	1,074	1,937	831	1,273
Dwelling fires	391	429	384	432	361	387	389	372	331	208
Rescues	149	165	207	202	227	120	163	163	142	217
Refuse Disposal										
Total system City tons	201,637	157,237	163,221	109,341	124,987	118,484	111,126	104,011	126,651	128,268
Other public works										
Traffic sign repairs	7,573	5,200	8,910	7,778	6,992	7,266	7,578	6,729	7,226	6,579
Pothole repairs	2,530	1,400	720	732	701	616	579	578	853	1,739
Storm drain inlets cleaned	4,734	6,512	5,287	4,416	4,914	4,323	3,358	5,711	4,563	5,747
Leisure services										
Youth baseball participants	1,160	1,350	1,165	1,171	1,185	1,190	1,070	1,200	1,354	803
Youth football participants	1,576	1,623	2,040	1,976	1,594	1,596	1,386	1,234	481	757
Neighborhood center participants	7,433	7,775	5,865	7,021	6,113	5,451	4,700	3,820	3,864	3,830
Water										
Average daily ground water production (MGD)	25.59	25.03	23.39	23.36	22.86	21.88	21.59	21.71	20.42	22.44
Average daily surface water production (MGD)	29.92	28.43	27.51	32.53	30.00	29.11	28.70	29.89	30.71	34.18
Sewer										
Average flow (MGD)	25.26	24.27	26.31	25.99	23.08	24.59	24.79	26.49	27.53	27.38
Public Development										
Valuation of new commercial building permits issued (millions)	61	\$103	\$41	\$66	\$105	\$122	\$142	\$112	\$223	\$317
Valuation of new residential building permits issued (millions)	88	\$71	\$69	\$44	\$31	\$46	\$55	\$74	\$71	\$65

Sources: Crime data from Bureau of Justice Statistics

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

<u>Function/Program</u>	<u>Fiscal Year</u>									
	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Police										
Stations	6	5	5	5	5	5	5	5	5	5
Fire										
Stations	15	15	15	15	15	15	15	15	15	15
Refuse Collection										
Available landfill capacity (cubic yards)	2,471,818	2,210,699	1,933,345	1,815,878	1,692,082	1,569,835	1,451,270	1,345,480	1,237,861	1,102,439
Other public works										
Streets (miles)	638	676	682	682	687	687	687	690	690	690
Signalized intersections	241	243	244	248	248	250	251	258	260	264
Cemeteries	5	5	5	5	5	5	5	5	5	5
Leisure services										
Parks (acreage)	661	661	661	663	663	663	663	663	667	736
Playgrounds	55	55	55	57	57	60	60	68	68	68
Water										
Wells	43	47	47	49	49	49	49	49	49	49
Sewer										
Treatment capacity (MGD)	35.45	36.95	36.95	36.95	36.95	36.95	36.95	36.95	36.95	36.95
Parking facilities										
Parking garages	4	5	5	5	5	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.

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)		
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
2013	21.59	31.49	28.70	41.29	92,509	89,939
2014	21.71	31.21	29.89	39.65	93,713	91,141
2015	20.42	28.79	30.71	42.36	94,545	91,955
2016	22.44	30.75	34.18	51.11	95,228	93,302

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, 2016**

Sewage Treatment Facility	Capacity (MGD)	Average Flow (MGD)	Maximum Dry Weather Daily Flow (MGD)	Maximum Wet Weather Daily Flow (MGD)	Year of Last Upgrade	Treatment Process
President Street Plant	27.00	20.64	23.91	50.00	1997	Primary treatment, activated sludge, clarifier, chlorinator, gravity thickener, belt press, clarifiers, chlorination, sludge incineration: 2MGD reclaim water by filtration.
Wilshire Plant	4.50	2.43	3.12	4.17	1999	Activated sludge, clarifier, gravity thickener, chlorinator, belt press, sludge disposed at landfill.
Georgetown Plant	2.45	1.77	2.36	3.29	2005	Activated sludge, clarifiers, effluent filtration, ultra-violet disinfection, belt press, sludge disposed at landfill.
Crossroads Plant	3.00	2.54	3.25	2.69	2008	Screening, grit removal, flow equalization, activated sludge clarifiers, filtration, ultra-violet disinfection, post aeration, belt press, sludge disposed at landfill.
Total	36.95	27.38	32.63	60.15		

**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.		
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	
2013	11.06	0.86	1.04	16.59	1.29	1.56	8.80	2.75	3.10	13.20	4.08	4.65	797.09	
2014	11.06	0.90	1.08	16.59	1.35	1.62	8.80	2.88	3.26	13.20	4.32	4.89	752.26	
2015	11.06	0.94	1.12	16.59	1.41	1.68	8.80	3.04	3.42	13.20	4.56	5.13	735.15	
2016	11.06	0.98	1.16	16.59	1.47	1.74	8.80	3.20	3.58	13.20	4.80	5.37	650.57	

**CITY OF SAVANNAH, GEORGIA
WATER AND SEWER CONNECTION FEES
EFFECTIVE FOR THE YEAR ENDED DECEMBER 31, 2016**

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, 2016**

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

Customer	Product/Business	2016 Customer Revenue	Percent of 2016 Water and Sewer Fund Gross Revenue
Solenis LLC	Chemical manufacturer	\$ 865,945	1.26%
Memorial Medical Center	General hospital	641,992	0.93%
Kerry Inc.	Food ingredient manufacturer	619,277	0.90%
Coastal Correctional Institute	State prison	393,982	0.57%
Chatham County Detention Center	County jail	339,942	0.49%
International Paper	Paper company	234,077	0.34%
Roger Wood Packaging Company	Food packager	231,341	0.34%
Johnson Matthey Process Technologies	Chemical manufacturer	217,760	0.32%
Candler/St. Josephs Hospital	General hospital	198,269	0.29%
Savannah Hotel Association, LLC	Hilton hotel	183,827	0.27%
Westin Savannah Harbor Resort	Westin hotel	148,132	0.22%
		<u><u>\$ 4,074,544</u></u>	<u><u>5.92%</u></u>

Major industrial customers of the water system:

Customer	Product/Business	2016 Customer Revenue	Percent of 2016 Water and Sewer Fund Gross Revenue	2016 Consumption (MG)
Weyerhaeuser	Bleached pulp	\$ 3,371,537	4.90%	5,182
International Paper	Unbleached kraft products	2,246,286	3.26%	3,453
Savannah Foods	Sugar refinery	438,307	0.64%	674
		<u><u>\$ 6,056,130</u></u>	<u><u>8.80%</u></u>	<u><u>9,309</u></u>