

COMPREHENSIVE ANNUAL FINANCIAL REPORT

Year Ended December 31, 2017

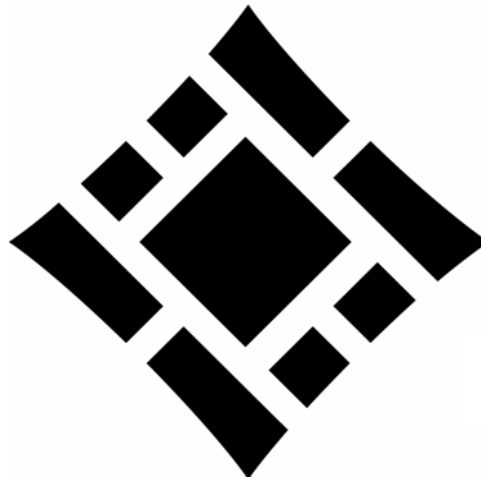
City of Savannah, Georgia



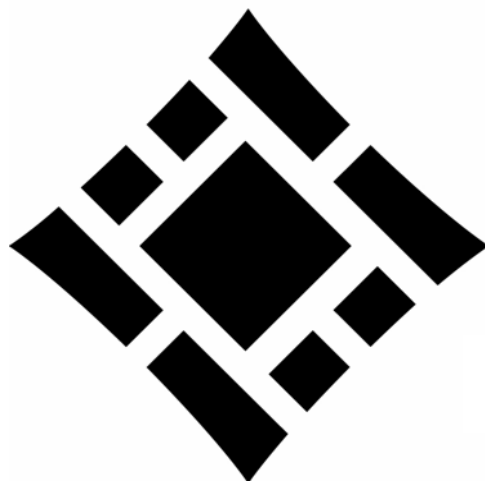
SAVANNAH
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**COMPREHENSIVE ANNUAL FINANCIAL REPORT
CITY OF SAVANNAH, GEORGIA
YEAR ENDED DECEMBER 31, 2017**



**PREPARED BY:
FINANCE DEPARTMENT
June 15, 2018**



**CITY OF SAVANNAH, GEORGIA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
YEAR ENDED DECEMBER 31, 2017**

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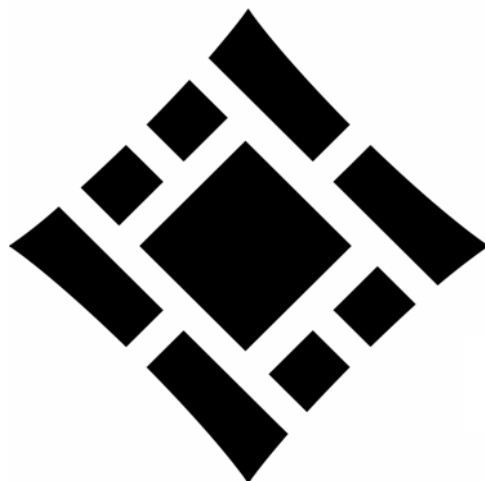
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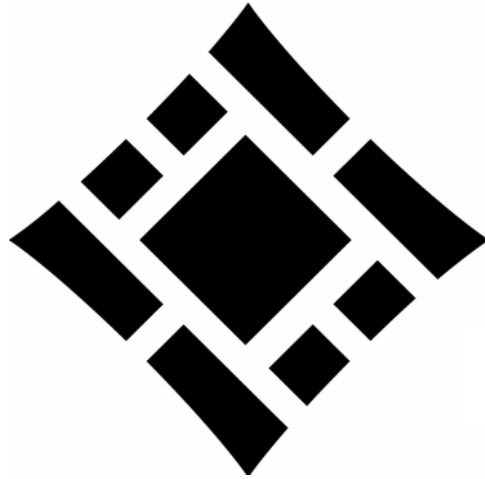
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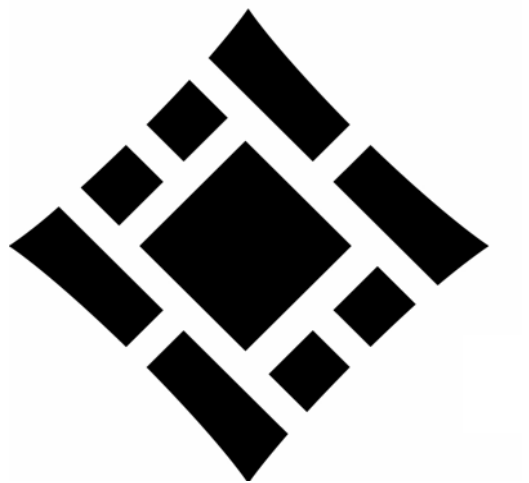
INTRODUCTORY SECTION

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 15, 2018

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, 2017. 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, 2017. 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. For 2017, unemployment in the Savannah metropolitan area was 4.4% compared to 4.7% nationally and 4.7% 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 8.5% per year over the past five years. Savannah continues to be a destination of choice among travelers and has received many accolades from travel industry publications. Savannah was ranked #2 on the Southern Living magazine March 2017 list of the South's Best Cities. In addition, Savannah was ranked among the Most Romantic North American Destinations by USA Today in January 2018. As it did in 2016, 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.

Another consistent bright spot within the local economy is logistics, which is led by the Georgia Ports Authority (GPA). The GPA operates the Port of Savannah, which is the single largest and fastest growing container terminal in the nation. This growth continued in 2017 as the Georgia Ports Authority handled more than 3.85 million twenty-foot equivalent container units through Savannah. Container volume growth for the GPA was up 6.7% over the previous year and breakbulk cargo handled through Savannah exceeded 1.25 million tons, for a yearly increase of 4.1%. For its FY 2017, the Port of Savannah handled more than 30.6 million tons of total cargo an increase of 2.76 million tons or 10%. 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 with completion expected in mid-2018. This reservoir will provide a safe, raw water supply to the City's surface water treatment plant.

Long-term Financial Planning

As of December 31, 2017, unassigned fund balance in the general fund (18.5% of total general fund expenditures and transfers out) compares favorably to the policy guidelines set by the City for budgetary and planning purposes (i.e., between 15% and 20% of total general fund expenditures and transfers out). No draw on general fund reserves is planned in the 2018 budget and current expenditures and transfers out are balanced with current revenues and transfers in. 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 2017, the sales tax stabilization reserves totaled \$5,501,000. No draw on the sales tax stabilization reserves was necessary in 2017 or planned in the 2018 budget.

The adopted 2018 budget conservatively assumed 3.9% growth in the total taxable value of property in the City and tentatively set a 2018 property tax of 11.48 mills compared to the final millage rate for 2017 of 12.48 mills. Since 1996, the property tax rate has been reduced 5.98 mills or 34.2%. The 2018 budget also includes an additional 20% increase to the City's freeport exemption on personal property bringing the total exemption to 60%. This increase in the freeport exemption provides additional tax relief for manufacturers and should make the City more attractive for new manufacturing investment.

New for 2018 is the creation of a user based fire fee that will fund approximately 70% of the 2018 budget for the City's fire department. This fee will be assessed to all parcels within the City's service area at a base rate of \$256 per equivalent residential unit and is expected to generate about \$20 million in revenues for the City. This dedicated revenue stream is intended to secure future funding for the City's fire protection activities.

Several bond issues are scheduled for 2018 as the City moves forward with plans to fund major infrastructure improvements. The anticipated bond issues and their purpose are as follows:

- 2018 General Obligation Bond in the amount of \$2,000,000 to support downtown streetscape improvements
- 2018 Downtown Savannah Authority Bond in the amount of \$1,000,000 to purchase and equip an emergency vehicle for the fire department
- 2018 Downtown Savannah Authority Bond in the amount of \$24,000,000 to construct and equip a new parking garage on the east end 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 2018 through 2022 identifies projects and funding that total \$183.5 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 \$32.0 million or 17.4% of the funding for the five year plan. The Water and Sewer Fund accounts for \$107.9 million or 58.8% of the funding for the five year plan. Year one of the five year plan, which was adopted by the mayor and council in December 2017, totals \$64.6 million in project funding. Several signature projects included in the plan are the construction of a new parking garage for the east end of River Street, construction of streetscape and corridor improvements for downtown and Waters Avenue, purchase of two additional buses for downtown circulator routes and various capital improvements to the Edgemere-Sackville neighborhood as part of the Savannah Shines program.

Major Initiatives

During 2017, the City of Savannah completed the development of a strategic plan, SAVANNAH FORWARD, which establishes new priorities, defines what success will look like over the next seven years, and creates concrete strategies on how to get there. In concert with this strategic plan, the City initiated an organizational restructuring designed to hasten and ease the attainment of short and long-term goals necessary to achieve the outcomes desired within the SAVANNAH FORWARD plan.

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, and overall aesthetics and will result in an increased potential for commercial development along these high volume areas.

In addition to pedestrian improvements, downtown parking continues to be a major initiative of the City. During 2017, the City adopted the Parking Matters study, which lays out long and short-term strategies for improving parking. To help ease parking congestion in the downtown area, the City has contracted to build two new parking garages on opposite ends of River Street. The west end garage is currently under construction and will provide a total of 488 parking spaces to support several new hotel developments in the area that are also currently under construction. On the east end, the City has contracted to build a garage consisting of 700 spaces that will support the development of the Savannah River Landing project. This garage will provide parking for an anticipated development consisting of 30,000 square feet of retail, 200 hotel rooms, 2 restaurants and a new riverfront park. Private investment in both of these projects will exceed \$800 million and greatly enhance the downtown entertainment opportunities for residents and visitors.

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. The arena is just one part of the overall concept for the proposed Canal District. In addition to the new arena, the district is envisioned as an extension of the City's downtown entertainment district that will include shopping, dining, hotels, walking trails, outdoor recreational fields and access to the historic Ogeechee Canal.

In addition to the efforts to support new development within the City, neighborhood revitalization efforts are a major initiative heading into the future. Significant programs and expenditures are planned in order to improve the aesthetics and infrastructure of Savannah's existing neighborhoods. To that end, major improvements are planned to Joe Tribble Park and will include a pond aeration system, paved parking and security enhancements. The Savannah Shines program is well underway in the Edgemere/Sackville neighborhood and is working to construct new sidewalks, crosswalks,

decorative lighting, landscaping and a bike path. These efforts will significantly improve pedestrian safety along high-volume areas of Waters Avenue. The City will continue its focus on the Waters Avenue corridor with the implementation of the next phase of the streetscape enhancement project, which will extend from Anderson Street to Wheaton Street.

City Council and the public have correctly demanded an increased focus on public safety improvements for Savannah. This focus has led to the creation of the Savannah Police Department, which will be a stand-alone department, no longer part of the merged, Savannah-Chatham Metropolitan Police Department. The transition to a stand-alone department will be supported by the development of new police service locations in the areas of Downtown, Eastside, and Savannah Highlands/Northwest. Planned staffing enhancements will allow for double digit increases in the number of police officers within the patrol/traffic functions of the department and also the development of a Cold Case Investigative Unit to focus on unsolved, major crimes.

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, 2016. 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.

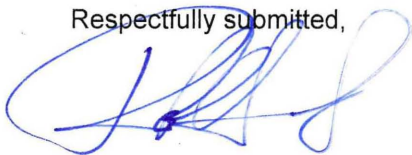
In addition, the City also received the GFOA's Distinguished Budget Presentation Award for the 2017 Service Program and Budget document. To qualify for the Distinguished Budget Presentation Award, the City's budget document must be proficient in several categories including policy documentation, financial 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
2017**

ELECTED OFFICIALS

MAYOR

Eddie W. DeLoach

ALDERMEN

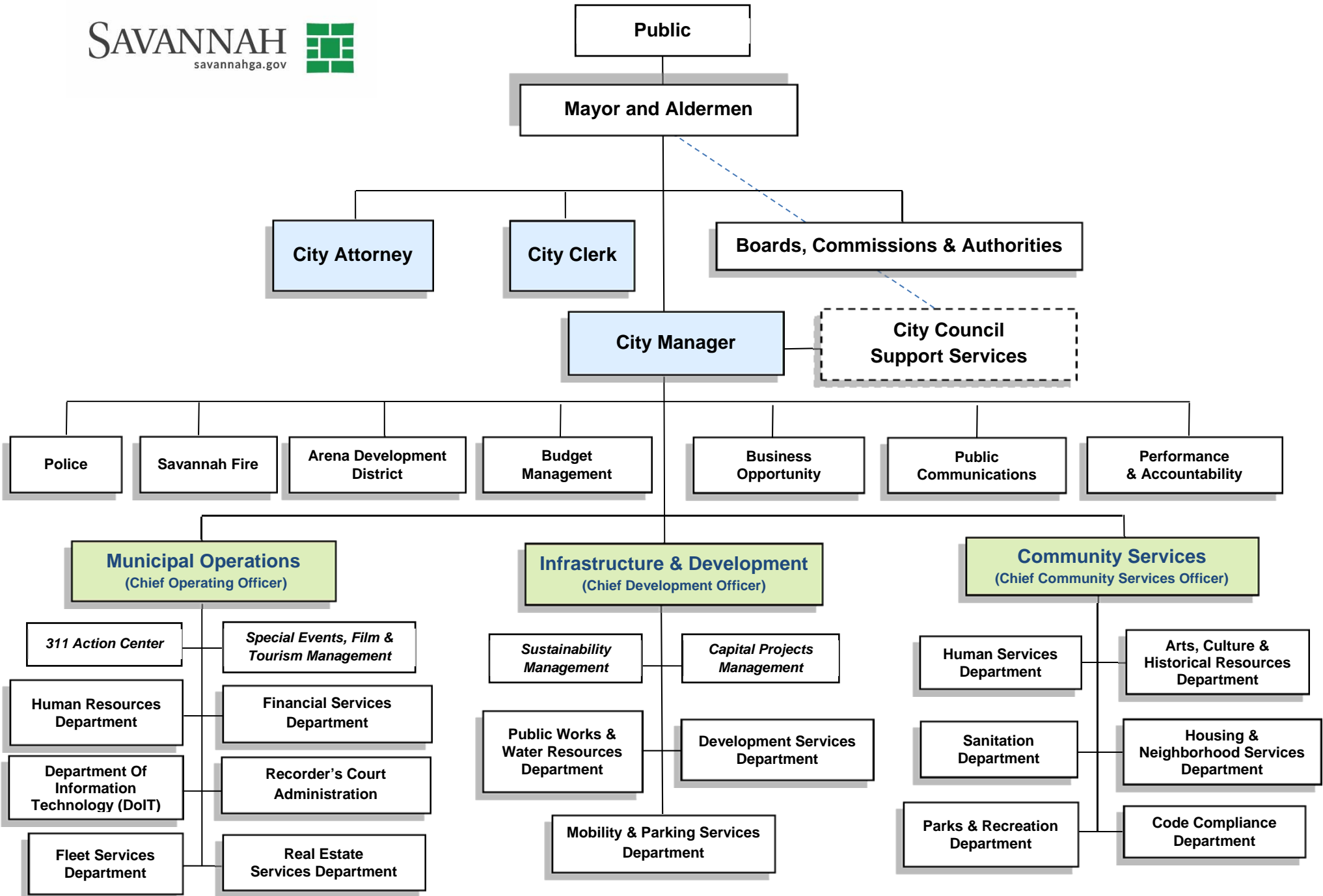
Carol Bell
Van R. Johnson II
John Hall
Dr. Estella Edwards Shabazz

Brian Foster
Bill Durrence
Julian Miller
Tony Thomas

OTHER OFFICIALS

Roberto Hernandez.....	City Manager
Marty Johnston	Chief Operating Officer
David F. Maxwell, CPA	Chief Financial Officer
Melissa Carter	Chief Budget Officer

CITY OF SAVANNAH ORGANIZATIONAL STRUCTURE





Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

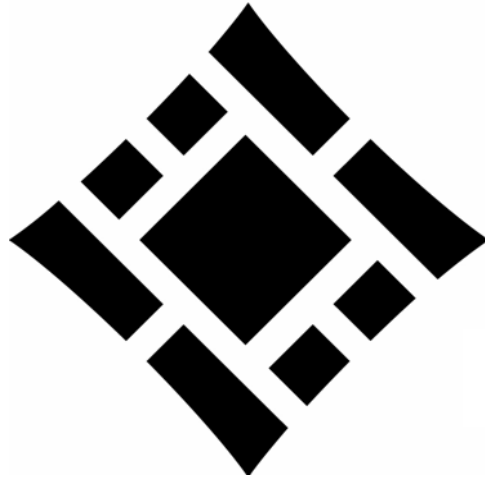
**City of Savannah
Georgia**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

December 31, 2016

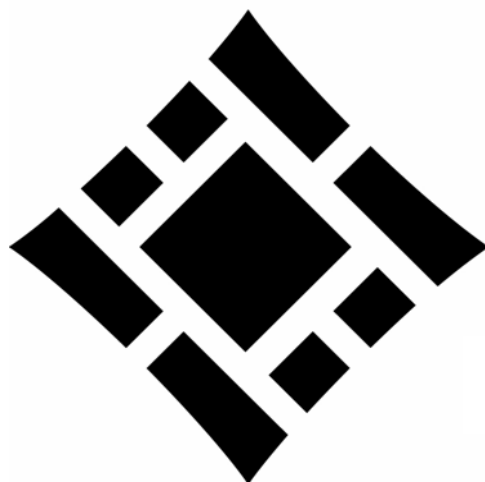
Christopher P. Morill

Executive Director/CEO



FINANCIAL SECTION

INDEPENDENT AUDITORS' REPORT
MANAGEMENT'S DISCUSSION AND ANALYSIS
BASIC FINANCIAL STATEMENTS
NOTES TO THE FINANCIAL STATEMENTS
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, 2017 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, 2017, 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 95 through 110 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 15, 2018, 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 15, 2018

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, 2017. 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 2017 by \$1,287,933,539 (net position). Of this amount, \$125,278,390 is unrestricted net position.
- The government's total net position increased by \$75,899,493 during 2017. Approximately 61.2% of this increase is attributable to governmental activities - operating and capital grants/contributions. The remaining 38.8% is attributable to business-type activities, primarily the water and sewer utility.
- As of the close of 2017, the City's governmental funds reported combined ending fund balances of \$260,605,114, an increase of \$21,096,599 for the year ended December 31, 2017. The increase is mostly attributable to the collection of intergovernmental revenues within the SPLOST 2014-2020 Fund and the receipt of debt issuance proceeds within the Capital Improvement Fund.
- The unassigned fund balance for the general fund at the end of 2017 was \$35,508,358 or 18.5% of total general fund expenditures and transfers-out for that year. For the year ended December 31, 2017, the total fund balance in the general fund increased \$2,707,103.
- The City's total long term liabilities experienced a net decrease of \$22,709,487 during the 2017 fiscal year. Of this amount, \$14,948,688 was recognized as a decrease in the governmental activities and \$7,760,799 was recognized as a decrease in the business-type activities. Changes in long term liability amounts resulted from new long-term capital financing bonds issued by the City during 2017 to fund capital projects within the governmental activities for street improvements. In addition, the business-type activities recognized new long-term liabilities resulting from the issue of low interest loans in 2017 to finance construction of water and sewer utility improvements.
- In 2017, significant reductions were seen in the overall net pension liability of \$21,535,157 and the net OPEB liability of \$1,140,039. These reductions reflect the City making contributions to these plans as required during 2017 and also strong returns on invested assets.

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, capital improvement 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 - 94 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 95 - 110 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 111 - 140 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 \$1,287,933,539 at the close of the most recent fiscal year.

The following table provides a comparative summary of the City's net position for 2017 and 2016:

City of Savannah -- Net Position (\$000)*						
	Governmental Activities		Business-type Activities		Total	
	2017	2016	2017	2016	2017	2016
Current and other assets	\$361,677	\$332,198	\$216,111	\$199,945	\$577,788	\$532,143
Capital assets	637,937	620,991	413,444	396,407	1,051,381	1,017,398
Total assets	<u>999,614</u>	<u>953,189</u>	<u>629,555</u>	<u>596,352</u>	<u>1,629,169</u>	<u>1,549,541</u>
Deferred outflows of resources	3,137	13,384	1,315	4,061	4,452	17,445
Total assets and deferred outflows of resources	<u>\$1,002,751</u>	<u>\$966,573</u>	<u>\$630,870</u>	<u>\$600,413</u>	<u>\$1,633,621</u>	<u>\$1,566,986</u>
Other liabilities	23,870	24,022	13,909	7,096	37,779	31,118
Long-term liabilities outstanding	145,008	159,958	140,617	148,379	285,625	308,337
Total liabilities	<u>168,878</u>	<u>183,980</u>	<u>154,526</u>	<u>155,475</u>	<u>323,404</u>	<u>339,455</u>
Deferred inflows of resources	17,989	13,127	4,295	2,369	22,284	15,496
Net position:						
Net investment in capital assets	615,738	596,139	329,224	318,419	944,962	914,558
Restricted	214,481	185,145	3,212	3,870	217,693	189,015
Unrestricted	<u>(14,335)</u>	<u>(11,818)</u>	<u>139,613</u>	<u>120,280</u>	<u>125,278</u>	<u>108,462</u>
Total net position	<u>815,884</u>	<u>769,466</u>	<u>472,049</u>	<u>442,569</u>	<u>1,287,933</u>	<u>1,212,035</u>
Total liabilities, deferred inflows of resources and net position	<u>\$1,002,751</u>	<u>\$966,573</u>	<u>\$630,870</u>	<u>\$600,413</u>	<u>\$1,633,621</u>	<u>\$1,566,986</u>

The largest portion of the City's net position (73.4% or \$944,961,857) 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 (16.9% or \$217,693,292) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position (9.7% or \$125,278,390) 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 2017 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 \$14,334,851 at year end.

During the current fiscal year, the government's net position increased by \$75,899,493. About 61.2% of this increase is attributable to governmental activities mainly due to capital grants/contributions received in 2017. The remaining increase (38.8%) 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, 2017 and 2016:

City of Savannah - Changes in Net Position (\$000)						
	Governmental Activities		Business-Type Activities		Total	
	2017	2016	2017	2016	2017	2016
Revenues:						
Program revenues:						
Charges for services	\$ 37,528	\$ 36,729	\$ 116,271	\$ 112,080	\$ 153,799	\$ 148,809
Operating grants and contributions	31,907	13,875	64	70	31,971	13,945
Capital grants and contributions	42,034	40,303	3,106	4,114	45,140	44,417
General revenues:						
Property taxes	70,367	67,569			70,367	67,569
General sales taxes	40,547	37,788			40,547	37,788
Other taxes	58,005	56,385			58,005	56,385
Grants and contributions not restricted as to use	1,736	1,352			1,736	1,352
Other	3,915	3,584	1,741	860	5,656	4,444
Total revenues	<u>286,039</u>	<u>257,585</u>	<u>121,182</u>	<u>117,124</u>	<u>407,221</u>	<u>374,709</u>
Expenses (net of indirect costs):						
General administration and management	8,168	8,754			8,168	8,754
Facilities maintenance	42,861	44,175			42,861	44,175
Public safety	106,337	107,971			106,337	107,971
Leisure services, social and cultural	38,393	37,603			38,393	37,603
Public development	5,538	7,238			5,538	7,238
Community development and workforce training	27,369	28,383			27,369	28,383
Interest on long-term debt and capital leases	1,415	1,332			1,415	1,332
Water and sewer			58,462	56,963	58,462	56,963
Sanitation and solid waste disposal			26,029	24,813	26,029	24,813
Parking services			12,992	11,752	12,992	11,752
Civic center and golf course			3,758	4,030	3,758	4,030
Total expenses	<u>230,081</u>	<u>235,456</u>	<u>101,241</u>	<u>97,558</u>	<u>331,322</u>	<u>333,014</u>
Increase in net position before contributions and transfers	55,958	22,129	19,941	19,566	75,899	41,695
Transfers	(9,540)	5,908	9,540	(5,908)		
Change in net position	46,418	28,037	29,481	13,658	75,899	41,695
Net position - January 1	769,466	741,429	442,568	428,910	1,212,034	1,170,339
Net position - December 31	<u>\$ 815,884</u>	<u>\$ 769,466</u>	<u>\$ 472,049</u>	<u>\$ 442,568</u>	<u>\$ 1,287,933</u>	<u>\$ 1,212,034</u>

Governmental activities. Governmental activities increased the City's net position by \$46,418,677. Key elements of this increase are as follows:

- Capital grants and contributions were recognized in 2017 in the amount of \$42,033,912. Most of this revenue, \$36,570,383, was special purpose local option sales taxes received from Chatham County. An additional amount totaling \$1,782,765 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 \$2,798,471 (4.1%) during the year as compared to 2016. This increase was mainly due to current year real property taxes, which increased by \$2,863,978 (6.0%) as compared with 2016 collections. This increase can be attributed to the 5.3% growth in the real property tax digest from 2016 to 2017 and also higher first year collection rates in 2017 compared to previous years. Vehicle title fees collected in 2017 were 2.8% higher than 2016, with total collections of \$4,698,168 in 2017 compared to 2016 collections of \$4,571,555.
- General sales tax revenue collections totaled \$40,546,599 in 2017 and grew by 7.3% compared to 2016. This increase is reflective of increased taxable sales within the county. The City's percentage share of county-wide general sales tax revenues remained unchanged in 2017 with the City receiving 57.0% of sales tax collected within the county.
- Selective sales tax revenues increased in 2017 by \$1,587,741 (6.0%) compared to 2016. This increase is mostly attributable to increased tourist traffic for the City in 2017 compared to 2016, which increased hotel/motel revenues by \$1,266,762 (6.5%). Another tourism related tax, auto rental tax, was \$63,153 (3.6%) higher in 2017 compared to 2016.

For 2017, overall governmental activity expenses decreased by \$5,374,095 (2.3%) as compared to 2016. In 2017, the public safety activity, which includes police, recorders court and fire protection, experienced a net decrease in expenses of \$1,633,456 (1.5%). Within the public safety activity, expenses for police decreased by \$1,342,869 (1.8%), recorders court decreased by \$62,468 (2.9%) and fire decreased by \$228,119 (less than 0.7%) for 2017 as compared to 2016. Specific expense decreases in the police department were related to the county taking over responsibility for the functions of marine patrol and animal control. These two departments became part of the county organization in June of 2016, which reduced 2017 expenses by \$1,047,118 compared to 2016. The fire activity increased expenses for operations in 2017 compared to 2016 by \$570,915 (2.6%) and fire administration expenses were lower in 2017 compared to 2016 by \$233,231 (3.2%).

The leisure services, tourism enhancement and social and cultural activity expenses were higher in 2017 by \$789,251 (2.1%) compared to the previous year. Tourism enhancement expenses were higher by \$806,008 (6.8%) in 2017. 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 \$203,382 (0.8%) in 2017 compared to 2016. Expense levels for social and cultural activities in 2017 were lower by \$220,139 (13.8%) in 2017 than in 2016.

The facilities maintenance activity, which includes the City's public works functions, recorded decreased expenses of \$1,314,060 (3.0%) in 2017 as a result of lower levels of spending in the stormwater management department of \$270,845 (4.6%) and reduced costs of street sweeping and litter control of \$867,044 (11.6%).

Expenses related to grant program and administration decreased in 2017 by \$1,886,069 (9.7%) compared to 2016. 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 \$99,041 (1.7%) in 2017 than in 2016. Grant expenditures related to federal public safety grants in 2017 were higher by \$1,388,859 (59.7%) compared to 2016 as the City recognized increased expenses for police grant programs. Grant related expenses for Hurricane Matthew recovery efforts were reduced in 2017 by \$2,774,194 (25.0%) compared to 2016. These expenses were necessary to manage storm debris and repair facilities in the wake of Hurricane Matthew, which hit the City in October of 2016.

Business-type activities. Business-type activities increased the City's net position by \$29,480,816. Key elements of this increase are as follows:

- Charges for services for business-type activities overall increased by \$4,190,523 or 3.7%. The water and sewer activity increased charges for services by \$2,690,356 or 3.9% in 2017 as compared to 2016. 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 \$441,504 or 1.5%. 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 2017 by the amount of \$744,405 or 5.6% compared to 2016. 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 \$3,106,457 were recognized in 2017. Within the water and sewer activity, this amount represents the value of infrastructure contributed by developers to the city during the year. In 2017, the total amount of capital grants and contributions recognized in the business-type activities was lower than the amount recognized in 2016 by \$1,007,835 (24.5%).

Overall, expenses for business-type activities increased in 2017 by \$3,684,398, or 3.8%. The water and sewer activity increased expenses by \$1,500,570 (2.6%) in 2017, compared to 2016. The sanitation activity increased expenses by \$1,216,043 (4.9%) in 2017, compared to 2016. The parking activity increased expenses by \$1,239,425 (10.5%) in 2017, compared to 2016. Within the water and sewer activity for 2017, expense increases were related to contractual services in the amount of \$1,399,039 (10.1%) and depreciation expense of \$457,913 (3.4%). Within the sanitation activity for 2017, expense increases were related to contractual services in the amount of \$830,935 (16.2%), commodities in the amount of \$323,105 (25.9%), internal services in the amount of \$140,023 (4.2%), landfill closure and post closure care in the amount of \$77,827 (6.3%) and depreciation in the amount of \$159,907 (10.9%). Within the parking facilities activity for 2017, expense increases were related to personal services in the amount of \$190,510 (4.5%) and contractual services in the amount of \$1,494,056 (55.2%). Overall expenses in the civic center activity were lower in 2017 compared to 2016 by \$265,326 (7.0%) due to decreases in internal services (\$157,402 or 24.9%) and contractual services (\$151,067 or 13.3%).

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 2017 fiscal year, the City's governmental funds reported combined ending fund balances of \$260,605,114, an increase of \$21,096,599 for the year ended December 31, 2017. Approximately 11.8% of the fund balance (\$30,868,489) is classified as unassigned. These funds are available for spending in future years without restrictions. The largest portion of fund balance, \$183,485,642 or 70.4% 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, \$152,857,665 is for SPLOST projects, \$11,195,662 is for tax allocation district projects, \$16,961,722 is for other capital projects, \$1,144,617 is for public safety purposes, \$941,713 is for debt service and \$384,263 is for economic development purposes. The City's committed fund balance at year end was \$39,635,659. Committed fund balances represent amounts that have been constrained by the mayor and council for specific purposes. As of December 31, 2017, committed fund balance consisted of \$35,727,878 for other capital projects,

\$1,980,069 for property redevelopment and \$1,927,712 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 \$6,615,324.

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 \$35,508,358. 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 18.5% of total general fund expenditures plus transfers-out.

The fund balance of the City's general fund increased in 2017 by \$2,707,103. Key factors in this increase are as follows:

- Property tax revenues increased by \$2,552,998 (3.8%) compared to the prior year. This increase in property tax revenues resulted mainly from increases in the City's taxable digest, which grew by 5.53% and an increased collection rate for the current year levy compared to 2016.
- Revenues from selective sales taxes increased by \$257,826 (5.0%) compared to the prior year. The additional revenue was derived mainly from increased collections of excise tax on energy used for manufacturing (\$197,751 or 27.2%) and mixed drink consumption tax (\$62,229 or 4.6%).
- Business tax revenues were higher in 2017 by \$659,731 (7.1%) compared to 2016. This increase can be mainly attributed to an increase in insurance premium taxes of \$593,463 (7.0%).

Overall total expenditures (and transfers out) of the general fund were \$192,133,887 in 2017, which was an increase of \$3,479,821 (1.8%) compared to 2016. A significant increase in general fund expenditures and transfers was related to transfers to the capital improvement fund. In 2017, the general fund transferred \$10,140,850 to the capital improvement fund compared to the \$900,000 transferred in 2016. General fund transfers to the hurricane matthew recovery fund in 2016 were \$2,262,469 and reduced to \$38 for 2017 as the fund's need for grant matching funds was lesser in 2017 than 2016. Other significant increases in expenditures were related to general administration \$580,948 (12.2%), police \$165,884 (0.2%), fire \$337,684 (1.2%), leisure services \$827,715 (3.8%) and tourism enhancement \$238,806 (8.7%). Significant decreases in general fund expenditures were related to management and financial services \$539,214 (6.8%), facilities maintenance \$1,119,305 (3.7%), recorders court \$120,505 (5.4%), social and cultural \$220,139 (13.8%), public development \$1,604,139 (19.3%) and community development program and administration \$4,013 (6.2%).

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 2017, this fund expended \$6,351,675 on the City's community development program and its administration. Of this total, in 2017 the community development fund expended \$108,290 for debt service payments related to Section 108 loans owed by the City.

The City maintains the capital improvement fund, which is used to account for revenues and expenditures related to major construction projects that benefit the governmental functions of the city. In 2017, the capital improvement fund received proceeds of debt issuance in the amount of \$8,585,000. Other revenues within this fund included \$1,513,853 from intergovernmental sources, investment income of \$89,652 and revenue from miscellaneous sources in the amount of \$749,825. The capital improvement fund expended \$10,348,895 for the construction of capital projects during 2017. As of the end of 2017, the capital improvement fund had a fund balance of \$52,689,600, all of which is required for approved capital projects.

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 2017, the SPLOST 2014-2020 fund received \$36,459,495 in special purpose local option sales taxes and expended \$9,876,820 for the construction of capital projects. As of the end of 2017, the SPLOST 2014-2020 fund had a fund balance of \$90,730,435, 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 \$131,019,844, which is an increase from the prior year of \$11,306,790.

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 \$3,494,744, a decrease in the deficit compared to 2016 of \$8,354,571. This decrease in the deficit resulted mainly from transfers in from the hurricane matthew fund to reimburse the sanitation fund for debris removal. Unrestricted parking services net position decreased by \$931,879 for 2017 and ended the year with a balance of \$10,313,777. Unrestricted net position for the non-major enterprise funds at the end of 2017 was \$1,774,364 which is \$603,933 higher than the prior year end. This increase can be attributed to the civic center fund, which increased unrestricted net position in 2017 by \$658,498 compared to 2016.

General Fund Budgetary Highlights

The difference between the original budget appropriations, including transfers out, and the final amended budget appropriation for expenditures and transfers out reflects an increase of \$5,310,166 which is 2.8%. Significant budget changes included an increase in the appropriation for transfers out to other funds in the amount of \$8,342,593. Most of this increase, approximately \$8 million, is attributable to increased contributions to the capital improvement fund made available by favorable variances within the City's 2017 revenue budgets. Within the expenditure budgets, the final budget was lower than the original budget by \$3,032,427 or 1.7%. This overall decrease in the expenditure budget was reflective of specific decreases within personnel costs across most of the operating units of the City as a hiring freeze was in effect for much of the 2017 budget year. As positions remained vacant these savings were reflected in the amended budget through a reduction in appropriations. Significant budget amendments reflect increases in appropriations for police in the amount of \$1,368,783 and general administration in the amount of \$179,909. Significant budget amendments reflect decreases in appropriations for facilities maintenance of \$2,527,565 and public development of \$625,366.

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, 2017, amounted to \$1,051,381,615 (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 \$33,983,404 (a \$16,946,079 net increase for governmental activities and a \$17,037,325 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 \$25,189,459 were completed or acquired during the year. The total value of governmental capital assets of all types still under construction at year end was \$135,394,256. A variety of street and drainage construction projects with a total value of \$10,674,336 were completed or acquired during the year. Machinery and other rolling stock valued at \$8,344,722 was placed into service during the year. Buildings and other improvements valued at \$3,847,392 were completed during the year.
- Various business-type plant capital asset projects, including land purchases, with a total value of \$11,493,562 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 \$84,339,689.

The following table summarizes the City's governmental activity and business-type activity capital assets by major category as of the end of 2017 and 2016:

City of Savannah - Capital Assets (\$000)						
	Governmental Activities		Business-type Activities		Total	
	2017	2016	2017	2016	2017	2016
Land	\$ 77,571	\$ 75,248	\$ 7,897	\$ 7,897	\$ 85,468	\$ 83,145
Plants and Buildings	66,039	64,533	639,186	628,158	705,225	692,691
Improvements other than buildings	90,288	87,947	37,400	37,475	127,688	125,422
Machinery, equipment and fixtures	130,677	126,096	37,973	37,737	168,650	163,833
Streets and drainage	520,340	509,665			520,340	509,665
Construction in progress	135,394	117,124	84,340	60,101	219,734	177,225
Less accumulated depreciation	(382,371)	(359,621)	(393,352)	(374,961)	(775,723)	(734,582)
Total	<u>\$637,938</u>	<u>\$620,992</u>	<u>\$413,444</u>	<u>\$396,407</u>	<u>\$1,051,382</u>	<u>\$1,017,399</u>

Additional information on the City's capital assets can be found in Notes to the Financial Statements Note 5 - Capital Assets on pages 63 - 66 of this report.

Long-term debt. At the end of year 2017, the City had total bonded debt (excluding special assessment debt) outstanding of \$40,211,709 (net of unamortized premiums and discounts). In addition to bonded debt, the City also had outstanding notes of \$3,658,710, and contractual obligations that secured bonds issued by certain public authorities (which are not part of the City entity) totaling \$111,500,259. All three types of debt obligations totaled \$155,370,678. Of this amount, \$55,317,031 comprises debt backed by the full faith and credit of the City and \$100,053,647 represents debt secured by specified revenue sources.

The following table summarizes outstanding debt of the City as of the end of 2017 and 2016:

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

	Governmental Activities		Business-type Activities		Total	
	2017	2016	2017	2016	2017	2016
General obligation bonds	\$ 4,000	\$ 2,000	\$ -	\$ -	\$ 4,000	\$ 2,000
Revenue bonds	-	-	29,994	33,648	29,994	33,648
Contractual obligations	51,017	48,213	66,700	71,050	117,717	119,263
Notes	300	400	3,359	-	3,659	400
Total	<u>\$ 55,317</u>	<u>\$ 50,613</u>	<u>\$ 100,053</u>	<u>\$ 104,698</u>	<u>\$ 155,370</u>	<u>\$ 155,311</u>

* Excluding special assessment debt.

As of the end of 2017, the City's total debt had increased by \$60,060 (less than 1.0%) when compared to the amount outstanding at the end of 2016. During 2017, the City issued \$2,000,000 in new general obligation bonds and \$6,585,000 in new debt on the Downtown Savannah Authority, Tax Exempt Series 2017 bond issue with the proceeds of both issues being used for street improvements in the core of downtown. In addition, the City began to utilize a low interest loan

from the Georgia Environmental Finance Authority to construct improvements to the City's main wastewater reclamation plant. As of the end of 2017, the City had drawn \$3,358,710 against the total loan commitment of \$28,470,000. In addition, certain debt amounts outstanding were reduced by the City meeting regularly scheduled debt service payments during 2017. 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 \$540,450,752. As of December 31, 2017 the City had outstanding general obligation bonded debt totaling \$4,000,000.

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 67 - 76 of this report.

Economic Factors and Next Year's Budgets and Rates

- The unemployment rate for the Savannah MSA as of the end of 2017 was 4.4% compared to 5.0% as of the end of 2016. The unemployment rate for the Savannah MSA as of December 2017 was lower than that of the state of Georgia as a whole (4.7%). The national average as of December 2017 was 4.7%.
- The City's property tax digest value increased by 5.53% in 2017 compared to a 0.46% increase in 2016.
- Hotel motel tax collections were the highest on record at the City and were 6.5% higher in 2017 compared to 2016.

All of these factors were considered in preparing the City of Savannah's budget for the 2018 fiscal year. The 2018 adopted budget is balanced and includes a tentative property tax millage rate of 11.48 mills, which is lower than the adopted millage for 2017 of 12.48. In addition, during its 2018 budget development process, the City passed a fire fee, which will be collected in 2018 for the first time. This fee is anticipated to generate approximately \$20 million in new revenue to exclusively fund the City's fire department. No draw on the City's general fund reserves was necessary in order to balance the 2018 budget.

Rates for water and sewer service for 2018 are increased from 2017. The base charges will remain the same; however, consumption charges will increase for the median inside City customer by \$1.12 per month, or 2.6%. 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 2018. The monthly cost of residential curbside pickup is increased \$1.01 per month for 2018, increasing to \$34.51 and the commercial disposal fee is increased from \$4.45/cy to \$4.58/cy, or 3.0%.

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, 2017

	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
<u>ASSETS</u>			
Cash and investments	\$ 103,481,489	\$ 163,458,943	\$ 266,940,432
Receivables (net)	39,652,116	24,978,896	64,631,012
Internal balances	(49,326)	49,326	
Inventories	875,913	87,085	962,998
Restricted assets:			
Cash and investments	189,448,312	27,383,004	216,831,316
Accounts receivable	117,586	153,389	270,975
Notes receivable, due within one year	2,340,697		2,340,697
Notes receivable, long term	25,220,697		25,220,697
Property held for resale	589,007		589,007
Capital assets:			
Land and construction in progress	212,965,372	92,236,432	305,201,804
Other capital assets, net of depreciation	424,972,275	321,207,536	746,179,811
Total assets	999,614,138	629,554,611	1,629,168,749
<u>DEFERRED OUTFLOWS OF RESOURCES</u>			
Pension related deferred outflows	3,137,454	758,349	3,895,803
Deferred amounts from refunding of debt		556,578	556,578
Total deferred outflows of resources	3,137,454	1,314,927	4,452,381
Total assets and deferred outflows of resources	\$ 1,002,751,592	\$ 630,869,538	\$ 1,633,621,130
<u>LIABILITIES</u>			
Accounts payable and accrued liabilities	\$ 16,475,048	\$ 9,111,128	\$ 25,586,176
Interest payable	701,675	923,364	1,625,039
Payable from restricted assets:			
Deposits	4,097,517	3,504,571	7,602,088
Interest payable	2,613	58,357	60,970
Unexpended grant proceeds	2,591,820		2,591,820
Current portion of debt payable		310,417	310,417
Long-term liabilities:			
Due within one year	14,467,590	7,716,316	22,183,906
Due in more than one year	66,335,110	115,612,083	181,947,193
Net Pension Liability	62,535,856	17,055,826	79,591,682
Net OPEB Obligation	1,670,498	233,208	1,903,706
Total liabilities	168,877,727	154,525,270	323,402,997
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Deferred revenue from program income	2,185,980		2,185,980
Deferred amounts from refunding of debt	16,272		16,272
Pension related deferred inflows	15,787,283	4,295,059	20,082,342
Total deferred inflows of resources	17,989,535	4,295,059	22,284,594
<u>NET POSITION</u>			
Net investment in capital assets	615,737,889	329,223,968	944,961,857
Restricted for:			
Sales Tax Capital projects	152,857,665		152,857,665
Other Capital Projects	28,157,384		28,157,384
Community Development projects	24,541,259		24,541,259
HUD Section 108 projects	401,862		401,862
Nonexpendable perpetual care	6,741,583		6,741,583
Debt service	357,624	3,212,000	3,569,624
Public safety communications	751,682		751,682
Court technology fee	285,164		285,164
Other grants	387,069		387,069
Unrestricted	(14,334,851)	139,613,241	125,278,390
Total net position	815,884,330	472,049,209	1,287,933,539
Total liabilities, deferred inflows of resources and net position	\$ 1,002,751,592	\$ 630,869,538	\$ 1,633,621,130

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

**CITY OF SAVANNAH, GEORGIA
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2017**

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	\$ 5,440,516	\$ -	\$ -	\$ -	\$ -	\$ (5,440,516)		\$ (5,440,516)
Management and financial services	8,420,431	(5,692,831)	2,775,726			48,126		48,126
Facilities maintenance	42,860,900		1,358,100	16,923,367	41,610,281	17,030,848		17,030,848
Police	74,032,313		22,010,997	1,598,190		(50,423,126)		(50,423,126)
Recorder's court	2,091,596		2,387,418			295,822		295,822
Fire	30,194,324	19,345	503,658	705,984		(29,004,027)		(29,004,027)
Leisure services	24,333,579		1,266,737	277,102		(22,789,740)		(22,789,740)
Tourism enhancement	12,689,832		1,795,248			(10,894,584)		(10,894,584)
Social and cultural	1,369,512					(1,369,512)		(1,369,512)
Public development	5,538,250		3,382,873			(2,155,377)		(2,155,377)
Grant program and administration	17,445,190	91,034		8,698,378	423,631	(8,414,215)		(8,414,215)
Community development program and administration	9,373,352	458,976	2,047,164	3,704,451		(4,080,713)		(4,080,713)
Interest on long-term debt	1,414,810					(1,414,810)		(1,414,810)
Total governmental activities	<u>235,204,605</u>	<u>(5,123,476)</u>	<u>37,527,921</u>	<u>31,907,472</u>	<u>42,033,912</u>	<u>(118,611,824)</u>		<u>(118,611,824)</u>
Business-type activities:								
Water and sewer	55,730,424	2,731,779	71,164,649	64,068	3,106,457		\$ 15,872,971	15,872,971
Sanitation	25,157,879	871,338	29,337,670				3,308,453	3,308,453
Parking facilities	12,345,716	646,334	13,924,159				932,109	932,109
Civic Center	3,299,239	246,824	1,844,146				(1,701,917)	(1,701,917)
Golf Course	212,146						(212,146)	(212,146)
Resource Recovery								
Total business-type activities	<u>96,745,404</u>	<u>4,496,275</u>	<u>116,270,624</u>	<u>64,068</u>	<u>3,106,457</u>		<u>18,199,470</u>	<u>18,199,470</u>
Total	<u>\$ 331,950,009</u>	<u>\$ (627,201)</u>	<u>\$ 153,798,545</u>	<u>\$ 31,971,540</u>	<u>\$ 45,140,369</u>	<u>(118,611,824)</u>	<u>18,199,470</u>	<u>(100,412,354)</u>
General Revenues:								
Taxes:								
Property taxes						70,367,498		70,367,498
Intangible, transfer and franchise taxes						20,042,683		20,042,683
General sales taxes						40,546,599		40,546,599
Selective sales taxes						28,049,214		28,049,214
Business taxes						9,912,979		9,912,979
Penalties and interest on delinquent taxes						446,631		446,631
Grants and contributions not restricted to specific programs						1,736,333		1,736,333
Investment earnings, unrestricted						793,839	1,198,009	1,991,848
Gain on sale of capital assets						579,086		579,086
Miscellaneous revenue						2,095,478	543,498	2,638,976
Transfers						(9,539,839)	9,539,839	
Total general revenues, contributions, and transfers						<u>165,030,501</u>	<u>11,281,346</u>	<u>176,311,847</u>
Change in net position						<u>46,418,677</u>	<u>29,480,816</u>	<u>75,899,493</u>
Net position, beginning						<u>769,465,653</u>	<u>442,568,393</u>	<u>1,212,034,046</u>
Net position, ending						<u>\$ 815,884,330</u>	<u>\$ 472,049,209</u>	<u>\$ 1,287,933,539</u>

**CITY OF SAVANNAH, GEORGIA
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2017**

	<u>GENERAL</u>	<u>COMMUNITY DEVELOPMENT</u>	<u>CAPITAL IMPROVEMENT</u>	<u>SPLOST 2014-2020</u>	<u>NONMAJOR GOVERNMENTAL FUNDS</u>	<u>TOTAL GOVERNMENTAL FUNDS</u>
<u>ASSETS</u>						
Cash and investments	\$ 61,315,571	\$ 390,771	\$ 1,846,752	\$ -	\$ 1,129,410	\$ 64,682,504
Receivables, net	14,986,461				1,838,462	16,824,923
Due from other funds	6,893,662		34,054,759			40,948,421
Due from other governments	7,722,407	2,021,530		3,099,895	8,884,928	21,728,760
Restricted assets:						
Cash and investments		155,032	16,961,722	88,264,110	84,067,448	189,448,312
Special assessment receivable, net					117,586	117,586
Notes receivable, long-term		27,543,794			17,599	27,561,393
Property held for resale	589,007					589,007
Total assets	<u>\$ 91,507,108</u>	<u>\$ 30,111,127</u>	<u>\$ 52,863,233</u>	<u>\$ 91,364,005</u>	<u>\$ 96,055,433</u>	<u>\$ 361,900,906</u>
<u>LIABILITIES</u>						
Accounts payable	\$ 4,583,989	\$ 311,003	\$ 173,633	\$ 633,570	\$ 4,294,025	\$ 9,996,220
Accrued liabilities	2,565,412					2,565,412
Due to other funds	34,054,759				6,942,988	40,997,747
Payable from restricted assets:						
Unexpended grant proceeds		2,101,756			490,064	2,591,820
Escrow deposits	3,942,485	155,032				4,097,517
Total liabilities	<u>45,146,645</u>	<u>2,567,791</u>	<u>173,633</u>	<u>633,570</u>	<u>11,727,077</u>	<u>60,248,716</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>						
Unavailable property taxes	6,487,450					6,487,450
Unavailable program income	456,874	27,543,336			261,444	28,261,654
Unavailable grant proceeds					6,297,972	6,297,972
Total deferred inflows of resources	<u>6,944,324</u>	<u>27,543,336</u>			<u>6,559,416</u>	<u>41,047,076</u>
<u>FUND BALANCES</u>						
Nonspendable					6,615,324	6,615,324
Restricted			16,961,722	90,730,435	75,793,485	183,485,642
Committed	3,907,781		35,727,878			39,635,659
Unassigned	35,508,358				(4,639,869)	30,868,489
Total fund balance	<u>39,416,139</u>		<u>52,689,600</u>	<u>90,730,435</u>	<u>77,768,940</u>	<u>260,605,114</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 91,507,108</u>	<u>\$ 30,111,127</u>	<u>\$ 52,863,233</u>	<u>\$ 91,364,005</u>	<u>\$ 96,055,433</u>	<u>\$ 361,900,906</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, 2017**

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)	\$ 260,605,114
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	607,036,946
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.	(12,649,829)
Other long-term assets are not available to pay for current-period expenditures and are not recognized as revenues at the fund level	38,861,097
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.	60,876,298
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds	<u>(138,845,296)</u>
Net position of governmental activities (page 14)	<u><u>\$ 815,884,330</u></u>

CITY OF SAVANNAH, GEORGIA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2017

	GENERAL	COMMUNITY DEVELOPMENT	CAPITAL IMPROVEMENT	SPLOST 2014-2020	NONMAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
REVENUES:						
Property taxes	\$ 69,391,647	\$ -	\$ -	\$ -	\$ 62,972	\$ 69,454,619
Intangible, transfer and franchise taxes	20,042,683					20,042,683
General sales tax	40,546,599					40,546,599
Selective sales taxes	5,455,192				22,594,022	28,049,214
Business taxes	9,912,979					9,912,979
Penalties and interest on delinquent taxes	446,631					446,631
Licenses and permits	2,102,877					2,102,877
Inspection fees	2,852,610					2,852,610
Intergovernmental revenue	2,109,785	3,704,451	1,513,853	36,459,495	20,446,329	64,233,913
Charges for services	18,778,925	514,252			7,137,433	26,430,610
Indirect cost allocations	5,692,831					5,692,831
Special assessments					1,247	1,247
Fines and forfeitures	3,039,856					3,039,856
Investment income	446,944	445,986	89,652	570,823	636,792	2,190,197
Miscellaneous revenue	2,596,424	127,015	749,825		773,195	4,246,459
Total revenues	<u>183,415,983</u>	<u>4,791,704</u>	<u>2,353,330</u>	<u>37,030,318</u>	<u>51,651,990</u>	<u>279,243,325</u>
EXPENDITURES:						
Current:						
General administration	5,340,849					5,340,849
Management and financial services	7,429,299					7,429,299
Facilities maintenance	29,248,049					29,248,049
Police	67,324,939				6,827,108	74,152,047
Recorder's court	2,128,589				43,304	2,171,893
Fire	29,217,011				592,136	29,809,147
Leisure services	22,732,314					22,732,314
Tourism enhancement	2,975,832				9,719,578	12,695,410
Social and cultural	1,369,512					1,369,512
Public development	6,708,830					6,708,830
Grant program and administration					18,035,305	18,035,305
Community development program and administration	60,920	6,243,385				6,304,305
Debt Service:						
Principal		100,000			3,680,000	3,780,000
Interest and fiscal charges		8,290			1,483,179	1,491,469
Bond issuance costs			123,500			123,500
Capital outlay			10,348,895		33,731	10,382,626
Capital outlay - SPLOST funded				9,876,820	15,323,960	25,200,780
Total expenditures	<u>174,536,144</u>	<u>6,351,675</u>	<u>10,472,395</u>	<u>9,876,820</u>	<u>55,738,301</u>	<u>256,975,335</u>
Excess (deficiency) of revenues over (under) expenditures	<u>8,879,839</u>	<u>(1,559,971)</u>	<u>(8,119,065)</u>	<u>27,153,498</u>	<u>(4,086,311)</u>	<u>22,267,990</u>
OTHER FINANCING SOURCES (USES):						
Transfers in	11,357,752	1,559,971	10,140,850		5,240,179	28,298,752
Transfers out	(17,597,743)				(20,524,655)	(38,122,398)
Debt issuance			8,585,000			8,585,000
Sale of capital assets	67,255					67,255
Total other financing sources (uses)	<u>(6,172,736)</u>	<u>1,559,971</u>	<u>18,725,850</u>		<u>(15,284,476)</u>	<u>(1,171,391)</u>
Net change in fund balances	2,707,103		10,606,785	27,153,498	(19,370,787)	21,096,599
Fund balances, beginning of year	36,709,036		42,082,815	63,576,937	97,139,727	239,508,515
Fund balances, end of year	<u>\$ 39,416,139</u>	<u>\$ -</u>	<u>\$ 52,689,600</u>	<u>\$ 90,730,435</u>	<u>\$ 77,768,940</u>	<u>\$ 260,605,114</u>

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

**CITY OF SAVANNAH, GEORGIA
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2017**

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)	\$ 21,096,599
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.	14,632,913
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to increase net position.	1,779,042
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	8,150,686
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.	(4,702,509)
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	1,451,361
Internal service funds are used by management to charge costs of fleet management, information services, and risk management to individual funds.	3,100,777
The net revenue of certain activities of internal service funds is reported with governmental activities.	909,808
Change in net position of governmental activities (page 15)	<u>\$ 46,418,677</u>

CITY OF SAVANNAH, GEORGIA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
DECEMBER 31, 2017

		ENTERPRISE FUNDS					
		WATER AND SEWER	SANITATION	PARKING SERVICES	NONMAJOR ENTERPRISE FUNDS	TOTALS	INTERNAL SERVICE FUNDS
<u>ASSETS</u>							
ASSETS							
Current assets:							
Cash and investments		\$ 130,485,070	\$ 17,234,204	\$ 12,736,794	\$ 3,002,875	\$ 163,458,943	\$ 38,798,985
Receivables, net		17,312,333	7,663,515	3,048		24,978,896	1,098,432
Due from other funds					49,326	49,326	
Inventories		36,307			50,778	87,085	875,913
Total current assets		147,833,710	24,897,719	12,739,842	3,102,979	188,574,250	40,773,330
Noncurrent assets:							
Restricted assets:							
Cash and investments		6,365,628	911,220	19,370,444	735,712	27,383,004	
Accounts receivable					153,389	153,389	
Capital assets:							
Land		1,976,460	1,910,772	1,810,415	2,199,096	7,896,743	
Plant, buildings, stations, reservoirs, etc		533,184,371	1,455,453	84,032,153	20,513,658	639,185,635	2,479,758
Improvements, other than buildings			30,234,195	414,670	6,751,585	37,400,450	610,615
Machinery and equipment		8,090,121	22,033,683	4,380,073	2,061,064	36,564,941	91,166,970
Other capital assets					1,408,612	1,408,612	
Less accumulated depreciation		(293,977,954)	(44,489,702)	(32,076,914)	(22,807,532)	(393,352,102)	(64,132,313)
Construction in progress		63,431,333	1,325,797	18,446,801	1,135,758	84,339,689	775,671
Total noncurrent assets		319,069,959	13,381,418	96,377,642	12,151,342	440,980,361	30,900,701
Total assets		466,903,669	38,279,137	109,117,484	15,254,321	629,554,611	71,674,031
<u>DEFERRED OUTFLOWS OF RESOURCES</u>							
Pension related deferred outflows		420,731	215,632	56,871	65,115	758,349	
Deferred amounts from refunding of debt		333,845	20,210	202,523		556,578	
Total deferred outflows of resources		754,576	235,842	259,394	65,115	1,314,927	
Total assets and deferred outflows of resources		\$ 467,658,245	\$ 38,514,979	\$ 109,376,878	\$ 15,319,436	\$ 630,869,538	\$ 71,674,031
<u>LIABILITIES</u>							
Current liabilities:							
Accounts payable		\$ 8,322,081	\$ 171,413	\$ 484,531	\$ 133,103	\$ 9,111,128	\$ 3,913,415
Interest payable			63,479	859,885		923,364	
Current portion of contractual obligations				1,215,000		1,215,000	
Current portion of notes and bonds payable		2,274,583	3,005,000			5,279,583	
Current portion of compensated absences		648,387	385,368	133,519	54,459	1,221,733	194,817
Current portion of claims and judgments payable							3,264,749
Total current liabilities		11,245,051	3,625,260	2,692,935	187,562	17,750,808	7,372,981
Noncurrent liabilities:							
Payable from restricted assets:							
Customer deposits		2,615,467			889,104	3,504,571	
Interest payable		58,357				58,357	
Current portion of revenue bonds payable		310,417				310,417	
Contractual obligations				59,268,228		59,268,228	
Notes payable		3,358,710				3,358,710	
Revenue bonds payable, net of discount		27,409,518	3,212,191			30,621,709	
Compensated absences		912,319	759,202	143,698	124,310	1,939,529	296,662
Accrued landfill closure costs			20,423,907			20,423,907	
Claims and judgments							3,128,090
Net Pension Liability		8,915,012	5,414,376	1,830,763	895,675	17,055,826	
Net OPEB Obligation				233,208		233,208	
Total noncurrent liabilities		43,579,800	29,809,676	61,475,897	1,909,089	136,774,462	3,424,752
Total liabilities		54,824,851	33,434,936	64,168,832	2,096,651	154,525,270	10,797,733
<u>DEFERRED INFLOWS OF RESOURCES</u>							
Pension related deferred inflows		2,219,857	1,400,060	488,962	186,180	4,295,059	
<u>NET POSITION</u>							
Net investment in capital assets		276,381,693	7,174,727	34,405,307	11,262,241	329,223,968	30,900,701
Restricted for:							
Debt service		3,212,000				3,212,000	
Unrestricted		131,019,844	(3,494,744)	10,313,777	1,774,364	139,613,241	29,975,597
Total net position		410,613,537	3,679,983	44,719,084	13,036,605	472,049,209	60,876,298
Total liabilities, deferred inflows of resources and net position		\$ 467,658,245	\$ 38,514,979	\$ 109,376,878	\$ 15,319,436	\$ 630,869,538	\$ 71,674,031

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, 2017

	ENTERPRISE FUNDS					INTERNAL SERVICE FUNDS
	WATER AND SEWER	SANITATION	PARKING SERVICES	NONMAJOR ENTERPRISE FUNDS	TOTALS	
OPERATING REVENUES:						
Metered sales	\$ 59,406,235	\$ -	\$ -	\$ -	\$ 59,406,235	\$ -
Charges for services	11,576,640	29,337,670			40,914,310	21,715,555
Rental fees	245,842		13,924,159	1,315,000	15,485,001	
Recreation fees				529,146	529,146	
Risk management fees						33,320,065
Miscellaneous	22,948	377,635	142,915		543,498	
Total operating revenues	71,251,665	29,715,305	14,067,074	1,844,146	116,878,190	55,035,620
OPERATING EXPENSES:						
Personal services	18,144,062	12,002,794	4,432,462	1,314,516	35,893,834	
Contractual services	15,259,237	5,945,862	4,198,311	987,080	26,390,490	
Commodities	4,970,038	1,572,311	290,848	194,629	7,027,826	
Internal service	5,309,894	3,478,447	1,065,787	474,649	10,328,777	
Landfill closure and post closure care		1,318,737			1,318,737	
Depreciation	14,051,447	1,626,731	2,222,354	787,335	18,687,867	6,637,141
Central garage						6,073,765
Information services						7,615,725
Risk management						31,608,212
Total operating expenses	57,734,678	25,944,882	12,209,762	3,758,209	99,647,531	51,934,843
Operating Income (Loss)	13,516,987	3,770,423	1,857,312	(1,914,063)	17,230,659	3,100,777
NONOPERATING REVENUES (EXPENSES):						
Interest earned	915,538	135,771	144,082	2,618	1,198,009	251,683
Interest expense	(750,897)	(185,317)	(859,793)		(1,796,007)	
Gain (loss) on disposal of assets						511,831
Amortization	23,372	100,982	77,505		201,859	
Total nonoperating revenues (expenses)	188,013	51,436	(638,206)	2,618	(396,139)	763,514
Income (loss) before contributions and transfers	13,705,000	3,821,859	1,219,106	(1,911,445)	16,834,520	3,864,291
CAPITAL CONTRIBUTIONS	2,759,552		30,203	62,689	2,852,444	116,500
TRANSFERS IN	736,281	6,367,591	679,801	2,032,030	9,815,703	31,001
TRANSFERS OUT	(4,258)		(999)	(16,594)	(21,851)	(1,207)
Change in net position	17,196,575	10,189,450	1,928,111	166,680	29,480,816	4,010,585
Total net position - beginning	393,416,962	(6,509,467)	42,790,973	12,869,925	442,568,393	56,865,713
Total net position - ending	\$ 410,613,537	\$ 3,679,983	\$ 44,719,084	\$ 13,036,605	\$ 472,049,209	\$ 60,876,298

**CITY OF SAVANNAH, GEORGIA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
YEAR ENDED DECEMBER 31, 2017**

	ENTERPRISE FUNDS					INTERNAL SERVICE FUNDS
	WATER AND SEWER	SANITATION	PARKING SERVICES	NONMAJOR ENTERPRISE FUNDS	TOTALS	
CASH FLOWS FROM OPERATING ACTIVITIES:						
Cash received from customers	\$ 74,972,788	\$ 22,599,363	\$ 13,515,218	\$ 1,505,909	\$ 112,593,278	\$ -
Cash received from other funds for services	763,977	7,768,010	550,016		9,082,003	22,669,916
Customer deposits received	859,634				859,634	
Customer deposits returned	(819,142)				(819,142)	
Cash received for services and fees						33,428,982
Cash paid to suppliers	(13,396,558)	(7,476,287)	(4,637,989)	(1,181,917)	(26,692,751)	(13,182,041)
Cash paid to other funds for services	(5,309,894)	(3,478,447)	(1,065,787)	(474,649)	(10,328,777)	
Cash paid to employees	(18,092,345)	(11,964,868)	(4,432,462)	(1,314,516)	(35,804,191)	
Cash paid for supplies and insurance						(32,947,056)
Net cash provided (used) by operating activities	38,978,460	7,447,771	3,928,996	(1,465,173)	48,890,054	9,969,801
CASH FLOWS FROM NON CAPITAL FINANCING ACTIVITIES:						
Repayment of due to (from) other funds				41,273	41,273	
Transfers in	736,281	6,367,591	679,801	2,032,030	9,815,703	
Transfer out	(4,258)		(999)	(16,594)	(21,851)	(61,141)
Net cash provided (used) by non capital financing activities	732,023	6,367,591	678,802	2,056,709	9,835,125	(61,141)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:						
Note proceeds	3,358,710		-		3,358,710	
Principal paid on long-term debt	(3,600,000)	(2,940,000)	(1,185,000)		(7,725,000)	
Interest paid	(757,111)	(209,817)	(494,193)		(1,461,121)	
Proceeds from sale of equipment					-	505,699
Capital contribution			30,203	62,689	92,892	
Acquisition and construction of capital assets	(21,206,795)	(522,104)	(10,740,708)	(350,082)	(32,819,689)	(6,406,189)
Net cash provided (used) by capital and related financing activities	(22,205,196)	(3,671,921)	(12,389,698)	(287,393)	(38,554,208)	(5,900,490)
CASH FLOWS FROM INVESTING ACTIVITIES:						
Investment income	915,538	135,771	144,082	2,618	1,198,009	90,343
Net cash provided by investing activities	915,538	135,771	144,082	2,618	1,198,009	90,343
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	18,420,825	10,279,212	(7,637,818)	306,761	21,368,980	4,098,513
CASH AND CASH EQUIVALENTS, JANUARY 1 (INCLUDING RESTRICTED ACCOUNTS OF \$36,475,916 IN 2016)	118,429,874	7,866,212	39,745,056	3,431,825	169,472,967	30,087,235
CASH AND CASH EQUIVALENTS, DECEMBER 31 (INCLUDING RESTRICTED ACCOUNTS OF \$27,383,004 IN 2017)	\$ 136,850,699	\$ 18,145,424	\$ 32,107,238	\$ 3,738,586	\$ 190,841,947	\$ 34,185,748
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES:						
Operating income (loss)	\$ 13,516,987	\$ 3,770,423	\$ 1,857,312	\$ (1,914,063)	\$ 17,230,659	\$ 1,802,626
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:						
Depreciation	14,051,447	1,626,731	2,222,354	787,335	18,687,867	7,104,686
Change in assets and liabilities:						
(Increase) decrease in receivables	4,525,592	652,068	(1,840)	(7,013)	5,168,807	19,008
(Increase) decrease in prepaid items and inventories	8,735			(15,033)	(6,298)	(118,213)
Increase (decrease) in accounts and other payables	6,792,125	1,360,623	55,408	(316,399)	7,891,757	1,161,694
Increase (decrease) in net pension liability and OPEB obligation	83,574	37,926	(204,238)		(82,738)	
Net cash provided (used) by operating activities	\$ 38,978,460	\$ 7,447,771	\$ 3,928,996	\$ (1,465,173)	\$ 48,890,054	\$ 9,969,801
NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES:						
Contributions of capital assets from developers/other entities	\$ 2,759,552	\$ -	\$ -	\$ -	\$ 2,759,552	\$ -

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, 2017

	PENSION (AND OTHER EMPLOYEE BENEFITS) TRUST FUNDS	AGENCY FUNDS
<u>ASSETS</u>		
Cash and cash equivalents	\$ 5,321,941	\$ 309,995
Accrued income	539,907	
Accounts receivable:		
From employer	12,698	
From participants	70,269	
Investments, at fair value:		
U.S. government obligations	86,819,103	
Foreign corporate bonds	4,123,356	
Corporate bonds	38,652,070	
Domestic stocks	161,813,944	
Domestic stock fund	79,364,809	
International stock fund	47,883,504	
Real estate fund	45,128,351	
Total investments	<u>463,785,137</u>	
Total assets	<u>469,729,952</u>	<u>\$ 309,995</u>
<u>LIABILITIES AND NET POSITION</u>		
Liabilities:		
Payable from restricted assets:		
Accounts payable	\$ 308,400	\$ 110,689
Employee benefits payable		105,096
Benefit plan surplus		94,210
Total liabilities	<u>308,400</u>	<u>\$ 309,995</u>
Net position:		
Restricted for:		
Pension benefits	387,085,931	
OPEB benefits	82,335,621	
Total net position	<u>\$ 469,421,552</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, 2017**

	PENSION (AND OTHER EMPLOYEE BENEFITS) TRUST FUNDS
ADDITIONS	
Contributions	
Employer	\$ 15,947,985
Plan members	10,330,135
Total contributions	<u>26,278,120</u>
Investment income	
Interest	2,733,492
Dividends	3,292,508
Real estate net income	2,479,390
Net appreciation (depreciation) in fair value of investments	<u>54,719,456</u>
Total investment income	63,224,846
Less investment expense	<u>1,499,815</u>
Net investment income (loss)	<u>61,725,031</u>
Total additions	<u>88,003,151</u>
DEDUCTIONS	
Benefits	31,484,871
Refunds of contributions	2,100,831
Administrative expense	<u>342,119</u>
Total deductions	<u>33,927,821</u>
Change in net position	54,075,330
Net position:	
Beginning of year - January 1	<u>415,346,222</u>
End of year - December 31	<u><u>\$ 469,421,552</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, 2017

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, 2017. 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.

(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, Capital Improvement Fund 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) 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 and bond proceeds.

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. Donated capital assets, donated works of art and similar items, and capital assets received in a service concession arrangement are reported at acquisition value rather than fair value.

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 \$607,036,946 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 \$6,487,450 related to taxes, \$6,297,972 related to grant reimbursement receivables, \$117,586 related to special assessment receivables, \$210,435 related to cemetery receivables, and \$25,747,654 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	\$ 51,033,303
General obligation bonds payable	4,000,000
Compensated absences payable	18,601,351
Net OPEB obligation	1,670,498
Net pension liability	62,535,856
Section 108 notes payable	300,000
Accrued interest payable	704,288
	<u>\$138,845,296</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 \$34,505,039.
- (2) Depreciation expense during the year recorded on the government-wide statements but not on the fund financial statements was \$19,872,126.
- (3) The net effect of various miscellaneous transactions involving capital assets during the year was \$1,779,042; this amount represents the value of assets donated to the City of \$1,782,765 netted with a loss on asset disposals during the year of \$3,723.
- (4) Certain revenues recognized in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. Of this total, \$912,879 was for property taxes, \$7,174,211 was for federal grants and \$63,596 for other items.

CITY OF SAVANNAH, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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

- (5) 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	\$ 3,680,000
HUD Section 108 Note	100,000
Amortization of premiums	102,491
Debt issuance:	
Debt issuance proceeds	<u>(8,585,000)</u>
	<u>(\$ 4,702,509)</u>

- (6) Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. The details of this \$1,451,361 are as follows:

Net OPEB expense	\$ (1,067,960)
Net pension expense	(163,606)
Compensated absences	(245,627)
Accrued interest	<u>25,832</u>
	<u>(\$ 1,451,361)</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, 2017, all of the City's deposits were either covered by federal depository insurance or collateralized by pledged collateral.

Fair Value Measurement. GASB Statement No. 72, *Fair Value Measurement and Application*, enhances comparability of governmental financial statements by requiring fair value measurement for certain assets and liabilities using a consistent definition and accepted valuation techniques. The standard establishes a hierarchy of inputs used to measure fair value that prioritizes the inputs into three categories – Level 1, Level 2 and Level 3 inputs – considering the relative reliability of the inputs. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to measurements involving significant unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are as follows:

- Level 1 inputs are quoted (unadjusted) prices in active markets for identical financial assets or liabilities that are accessible at the measurement date;
- Level 2 inputs are inputs other than quoted prices included within level 1 that are observable for the financial asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the financial asset or liability.

The level in the fair value hierarchy within which a fair value measurement falls is based on the lowest level input that is significant to the fair value measurement in its entirety.

The primary government invests in the Georgia Fund I, which is a 2a-7 like external investment pool. The investment in Georgia Fund I is estimated using net asset value (NAV) reported by the investment manager as a practical expedient to fair value. Such investments have not been categorized within the fair value hierarchy.

Both the City of Savannah Employees' Retirement Plan and the OPEB Trust Fund have investments held through comingled vehicles for which fair value is estimated using the NAV reported by the investment manager as a practical expedient to fair value. Such investments have not been categorized within the fair value hierarchy. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the statement of fiduciary net position.

The following table presents the financial assets carried at fair value by both the Primary Government and the fiduciary funds by level within the valuation hierarchy as of December 31, 2017:

CITY OF SAVANNAH, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

NOTE 3 - DEPOSITS AND INVESTMENTS (CONTINUED)

Type of Investment	Measured at Net Asset Value	Level 1	Level 2	Level 3
<i>Primary Government:</i>				
Georgia Fund I	\$371,095,188	\$ -	\$ -	\$ -
<i>Pension Trust Fund:</i>				
US Government/Agency Securities			78,920,380	
Corporate Bonds			20,211,088	
Private Placement Bonds			6,623,617	
Domestic Stock Funds	200,962,980			
International Stock Funds	40,029,772			
Real Estate Investment Trust	37,283,165			
<i>OPEB Trust Fund:</i>				
US Government/Agency Securities Funds	7,898,723			
Domestic Corporate Bond Funds	15,940,721			
Domestic Stock Funds	40,215,773			
International Stock Funds	7,853,732			
Real Estate Investment Trust	7,845,186			
Total Investments	<u>\$729,125,240</u>	<u>\$ -</u>	<u>\$ 105,755,085</u>	<u>\$ -</u>

Debt securities classified in Level 2 are valued using either a bid evaluation or a matrix pricing technique. Bid evaluations may include market quotations, yields, maturities, call features and ratings. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices. These securities have non-proprietary information that was readily available to market participants, from multiple independent sources, which are known to be actively involved in the market.

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, 2017, the investments of the Primary Government and the City of Savannah Employees' Retirement Plan were as follows:

CITY OF SAVANNAH, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS

NOTE 3 - DEPOSITS AND INVESTMENTS (CONTINUED)

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	\$371,095,188	\$371,095,188	\$ -	\$ -	\$ -
Pension Trust Fund:						
US Government/Agency Securities	Aaa	78,920,380		24,230,194	11,877,716	42,812,470
Corporate Bonds						
Various	A	5,383,487	4,351,559			1,031,928
Various	Aa	1,226,521	369,506	233,836		623,179
Various	Aaa	4,348,526	404,976		166,587	3,776,963
Various	Ba	111,952	111,952			
Various	Baa	9,140,602	5,777,872		514,572	2,848,158
Private Placement Bonds	NR	6,623,617	2,466,548	346,139	436,483	3,374,447
Domestic Stock Funds	NR	200,962,980				
International Stock Funds	NR	40,029,772				
Real Estate Investment Trust	NR	37,283,165				
OPEB Trust Fund:						
US Government/Agency Securities Funds	NR	7,898,723				
Domestic Corporate Bond Funds	NR	15,940,721				
Domestic Stock Funds	NR	40,215,773				
International Stock Funds	NR	7,853,732				
Real Estate Investment Trust	NR	7,845,186				
Total Investments		\$834,880,325	\$384,577,601	\$24,810,169	\$12,995,358	\$54,467,145

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.

CITY OF SAVANNAH, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

NOTE 3 - DEPOSITS AND INVESTMENTS (CONTINUED)

The Georgia Fund 1 is considered to be a 2a7-like-pool that operates in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940. Georgia Fund 1 was created under O.C.G.A. 36-83-8 and is managed by the State of Georgia's Office of 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, 2017, the City had investments of \$371,095,188 in Georgia Fund 1, which reported a weighted average maturity on its entire portfolio of 9 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, 2017, the City of Savannah Employees' Retirement Plan had 0.79% 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, 2017 the City's OPEB Trust Fund had 3.3% 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.

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 \$40,029,772 and \$4,123,356 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 \$7,853,732 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.

CITY OF SAVANNAH, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS

NOTE 3 - DEPOSITS AND INVESTMENTS (CONTINUED)

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	\$ 266,940,432
Restricted cash	216,831,316
Trust and agency funds	<u>469,417,073</u>
Total	<u>\$ 953,188,821</u>

Notes to financial statements:

Cash on Hand	\$ 19,872
Deposits	118,288,624
Investments	<u>834,880,325</u>
Total	<u>\$ 953,188,821</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). Certain City employees also participate in the Peace Officers' Annuity and Benefit Fund of Georgia (POAB) and the Georgia Firefighters' Pension Plan (GFFP). Separate plan disclosures are provided herein for each plan. Aggregate amounts for all plans for the City's proportionate share of the net pension liability and other items is:

	Total Pension Liability	Plan Fiduciary Net Position	Proportionate Share of Net Pension Liability	Deferred Outflows	Deferred Inflows	Pension Expense
City of Savannah Employees' Retirement Plan	\$ 425,207,501	\$ 347,621,295	\$ 77,586,206	\$ 3,449,695	\$ 19,538,033	\$ 9,387,479
Chatham County Employees' Retirement Plan	11,096,916	9,091,440	2,005,476	446,108	544,309	378,960
Peace Officers' Annuity and Benefit Fund of Georgia (POAB)						594,460
Georgia Firefighters' Pension Fund (GFFP)						1,140,905
	<u>\$ 436,304,417</u>	<u>\$ 356,712,735</u>	<u>\$ 79,591,682</u>	<u>\$ 3,895,803</u>	<u>\$ 20,082,342</u>	<u>\$ 11,501,804</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 and the Metropolitan Planning Commission 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, 2017, employee membership data related to the pension plan was as follows:

Retirees and beneficiaries currently receiving benefits	1,387
Terminated employees entitled to benefits but not yet receiving them	<u>136</u>
	<u>1,523</u>
Active plan participants:	
Vested	1,499
Nonvested	<u>1,143</u>
Total	<u>2,642</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 9.13%. In 2017, contributions to the COSERP by the City of Savannah were \$9,310,479, which includes Youth Futures Authority reported contributions of \$146,424. The contributions paid by City employees totaled \$7,049,540 in 2017. The total payroll for City employees covered under the COSERP for the year ended December 31, 2017 was \$104,200,270. 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, 2017:

<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, 2017, the annual money weighted rate of return on pension plan investments, net of pension plan investment expense, was 15.60 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, 2017, were as follows:

Total pension liability	\$ 473,241,515
Plan fiduciary net position	386,890,701
Employers' net pension liability	<u>\$ 86,350,814</u>

Plan fiduciary net position as a percentage of the total pension liability 81.75%

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	\$ 455,557,118	\$ 345,837,143	\$ 109,719,975
Changes for the Year:			
Service cost	12,277,259	-	12,277,259
Interest expense	34,059,918	-	34,059,918
Differences between expected and actual experience	(1,248,522)		(1,248,522)
Contributions--employer	-	10,361,785	(10,361,785)
Contributions--employee	-	7,794,899	(7,794,899)
Net investment income	-	50,376,309	(50,376,309)
Benefits paid, including refunds of member contributions	(27,404,258)	(27,404,258)	-
Plan administrative expenses	-	(75,177)	75,177
Net Changes	<u>17,684,397</u>	<u>41,053,558</u>	<u>(23,369,161)</u>
Balances - end of year	<u>\$ 473,241,515</u>	<u>\$ 386,890,701</u>	<u>\$ 86,350,814</u>

CITY OF SAVANNAH, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS

NOTE 4 - PENSION PLANS (CONTINUED)

The actuarial assumptions used in the January 1, 2017 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, 2017, upon which update procedures were used to roll forward the total pension liability to the year end of December 31, 2017. 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, 2017, 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, 2017 are summarized in the following table:

Asset Class	Long-Term Expected Real Rate of Return
Domestic equity	6.71%
International equity	7.71%
Fixed Income	2.11%
Equity Real Estate	5.21%

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, 2017. 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, 2017.

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, 2017, 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% Increase (8.50%)
Net pension liability	\$ 143,657,096	\$ 86,350,814	\$ 38,257,518

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

At December 31, 2017, the City of Savannah reported a liability of \$77,586,206 for its proportionate share of the net pension liability of the COSERP. The net pension liability was measured as of December 31, 2017 and determined based on the total pension liability from the actuarial valuation as of January 1, 2017. The City's proportion of the net pension liability was based on the fiscal 2017 employer contributions into the Plan. In 2017 the City of Savannah was allocated a proportional share of 89.85% of the net pension liability compared to a share of 89.29% for 2016.

Sensitivity of the net pension liability to changes in the discount rate. The following presents the City of Savannah's proportional share of the net pension liability of the COSERP as of December 31, 2017, calculated using the discount rate of 7.50%, as well as the proportional share of 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% Increase (8.50%)
City of Savannah's proportional share of net pension liability	\$ 129,075,901	\$ 77,586,206	\$ 34,374,379

CITY OF SAVANNAH, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS

NOTE 4 - PENSION PLANS (CONTINUED)

For the year ended December 31, 2017, the City recognized pension expense of \$9,387,479. At December 31, 2017, 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						
Demographic	2015	6 years	\$ (5,701,920)	\$ -	\$ (1,425,480)	\$ (4,276,440)
Assumption changes	2016	7 years	(3,703,584)		(617,264)	(3,086,320)
Change in proportion	2016	7 years	(913,950)		(152,325)	(761,625)
Demographic	2017	6 years		(1,121,798)	(186,968)	(934,830)
Difference between projected and actual investment earnings	2015	5 years	11,846,724		3,948,908	7,897,816
	2016	5 years	(745,240)		(186,310)	(558,930)
	2017	5 years		(22,272,132)	(4,454,428)	(17,817,704)
Net difference between projected and actual investment earnings			<u>11,101,484</u>	<u>(22,272,132)</u>	<u>(691,830)</u>	<u>(10,478,818)</u>
Total deferred inflows of resources			<u>\$ 782,030</u>	<u>\$ (23,393,930)</u>	<u>\$ (3,073,867)</u>	<u>\$ (19,538,033)</u>
Deferred outflows of resources						
Demographic	2016	7 years	\$ 3,735,084	\$ -	\$ 622,514	\$ 3,112,570
Change in proportion	2017	6 years		404,554	67,429	337,125
Total deferred outflows of resources			<u>\$ 3,735,084</u>	<u>\$ 404,554</u>	<u>\$ 689,943</u>	<u>3,449,695</u>
Net of deferred inflows of resources and deferred outflows of resources						<u>\$ (16,088,338)</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	(\$2,383,927)
December 31, 2018	(2,383,924)
December 31, 2019	(6,332,832)
December 31, 2020	(4,721,042)
December 31, 2021 and Thereafter	(266,613)
Net balance of deferred outflows/(inflows) of resources	<u>(\$16,088,338)</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, 2017, ten 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 2017, the City contributed \$562,217 (21.4% of covered payroll), and the contributions paid by employees totaled \$91,800. The total payroll for employees covered under the plan for the year ended December 31, 2017 was \$2,622,857.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. At December 31, 2017, the City of Savannah reported a liability of \$2,005,476 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2017 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2016. The City's proportion of the net pension liability was based on the actual employer contributions. At December 31, 2017, the City's proportion was 3.799827 percent and 4.540452 percent at December 31, 2016. During 2017, the City recognized \$378,960 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	\$ 12,643,175	\$ 9,485,300	\$ 3,157,875
Changes for the Year:			
Service cost	237,959		237,959
Interest expense	799,528		799,528
Differences between expected and actual experience	87,142		87,142
Contributions--employer		562,217	(562,217)
Contributions--employee		91,800	(91,800)
Net investment income		1,116,110	(1,116,110)
Benefits paid, including refunds of member contributions	(608,570)	(608,570)	
Plan administrative expenses		(8,202)	8,202
Change in proportion	(2,062,317)	(1,547,214)	(515,103)
Net Changes	(1,546,258)	(393,859)	(1,152,399)
Balances - end of year	<u>\$ 11,096,917</u>	<u>\$ 9,091,441</u>	<u>\$ 2,005,476</u>

CITY OF SAVANNAH, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS

NOTE 4 - PENSION PLANS (CONTINUED)

For the year ended December 31, 2017, the City recognized pension expense of \$378,960. At December 31, 2017, 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	\$ (236,149)	\$ -	\$ (60,551)	\$ (175,598)
	2016	5.9 years	(54,856)		(11,381)	(43,475)
	2017	5.8 years		(325,919)	(56,192)	(269,727)
Demographic	2015	5.9 years	(59,615)		(15,286)	(44,329)
	2016	5.9 years	(14,047)		(2,867)	(11,180)
Total deferred inflows of resources			<u>(364,667)</u>	<u>(325,919)</u>	<u>(146,277)</u>	<u>(544,309)</u>
Deferred outflows of resources						
Changes in assumptions	2016	5.9 years	\$ 352,752	\$ -	\$ 71,991	\$ 280,761
Demographic	2017	5.8 years		87,141	15,024	72,117
Difference between projected and actual investment earnings	2015	5 years	211,488		70,495	140,993
	2016	5 years	481,835		120,459	361,376
	2017	5 years		(511,424)	(102,285)	(409,139)
Net difference between projected and actual investment earnings			<u>693,323</u>	<u>(511,424)</u>	<u>88,669</u>	<u>93,230</u>
Total deferred outflows of resources			<u>\$ 1,046,075</u>	<u>\$ (424,283)</u>	<u>\$ 175,684</u>	<u>446,108</u>
Net of deferred outflows of resources and deferred inflows of resources						<u>\$ (98,201)</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,

2018	\$ 29,407
2019	29,407
2020	(33,505)
2021	(90,575)
2022	<u>(32,935)</u>
Net balance of deferred outflows/(inflows) of resources	<u>\$ (98,201)</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 2017. 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 (17 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, 2016 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, 2016. 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, 2017.

<u>Asset Class</u>	<u>Index</u>	<u>Long-term expected rate of return</u>
Large Cap Equity	Russell 1000	8.7 %
Mid Cap Equity	Russell Midcap	11.0
International Equity	MSCI ACWI Ex US	9.2
Small Cap Equity	Russell 2000	6.7
	Barclays	
Fixed Income	Gov/Credit	5.3
Inflation	CIP	3.0

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 7.6%, 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 (6.6%) or 1.0% higher (8.6%).

	1.0% Decrease (6.6%)	Current Discount Rate (7.6%)	1.0% Increase (8.6%)
City's Net Pension Liability at December 31, 2017	\$3,180,131	\$ 2,005,476	\$ 1,005,110

(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 \$2,035,480 and the Georgia Firefighters' plan totals \$5,072,023. The State revenue and pension expense of the plans total \$594,460 for the POAB and \$1,140,905 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, 2017, 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.

CITY OF SAVANNAH, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS

NOTE 4 - PENSION PLANS (CONTINUED)

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 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, 2016, 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

CITY OF SAVANNAH, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

NOTE 4 - PENSION PLANS (CONTINUED)

in Governmental Accounting Standards Board (GASB) Statement No. 67, *Financial Reporting for Pension Plans – an amendment of GASB Statement No. 25*.

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, 2016 is \$895 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

CITY OF SAVANNAH, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS

NOTE 4 - PENSION PLANS (CONTINUED)

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.

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, 2016, 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, 2016 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 building-block method in which best-estimate arithmetic expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These assumptions are converted into nominal assumptions by adding inflation, and then combined by weighting them by the target asset allocation percentages.

CITY OF SAVANNAH, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

NOTE 4 - PENSION PLANS (CONTINUED)

The target asset allocation and best estimates of arithmetic 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
IG Corp Credit	12.00 %	2.44 %
MBS	12.00	0.95
Core bonds	10.50	1.17
Large cap equities	15.50	5.92
Small/mid cap equities	15.50	6.71
International unhedged equities	13.00	6.95
Emerging international equities	6.50	9.49
Private equity	5.00	8.73
Real estate (core)	5.00	4.62
Real assets (liquid)	5.00	4.84
	<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 2017.

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, 2017

	EMPLOYEES' RETIREMENT		
	PENSION TRUST	OLD PENSION TRUST	TOTAL
<u>ASSETS</u>			
Cash and cash equivalents	\$ 2,510,225	\$ 195,230	\$ 2,705,455
Accrued income	539,907		539,907
Accounts receivable:			
From employers	12,698		12,698
From participants	70,269		70,269
Investments, at fair value:			
U.S. government obligations	78,920,380		78,920,380
Foreign corporate bonds	4,123,356		4,123,356
Domestic corporate bonds	22,711,349		22,711,349
Domestic stocks	161,813,944		161,813,944
Domestic stock fund	39,149,036		39,149,036
International stock fund	40,029,772		40,029,772
Real estate fund	37,283,165		37,283,165
Total investments	384,031,002		384,031,002
Total assets	387,164,101	195,230	387,359,331
<u>LIABILITIES</u>			
Payable from restricted assets:			
Accounts payable	\$ 273,400	\$ -	\$ 273,400
Total liabilities	273,400		273,400
<u>NET POSITION</u>			
Held in trust for:			
Pension benefits	\$ 386,890,701	\$ 195,230	\$ 387,085,931

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, 2017

	EMPLOYEES' RETIREMENT		
	PENSION TRUST	OLD PENSION TRUST	TOTAL
<u>ADDITIONS</u>			
Contributions			
Employer	\$ 10,361,785	\$ -	\$ 10,361,785
Plan members	7,794,899		7,794,899
Total contributions	18,156,684		18,156,684
Investment income			
Interest	2,722,365	1,458	2,723,823
Dividends	347,586		347,586
Real estate net income	2,446,599		2,446,599
Net appreciation (depreciation) in fair value of investments	45,929,035		45,929,035
Total investment income	51,445,585	1,458	51,447,043
Less investment expense	1,069,275		1,069,275
Net investment income (loss)	50,376,310	1,458	50,377,768
Total additions	68,532,994	1,458	68,534,452
<u>DEDUCTIONS</u>			
Benefits	25,303,427	7,864	25,311,291
Refunds of contributions	2,100,831		2,100,831
Administrative expense	75,178		75,178
Total deductions	27,479,436	7,864	27,487,300
Change in net position	41,053,558	(6,406)	41,047,152
Net position:			
Beginning of year - January 1	345,837,143	201,636	346,038,779
End of year - December 31	<u>\$ 386,890,701</u>	<u>\$ 195,230</u>	<u>\$ 387,085,931</u>

CITY OF SAVANNAH, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS

NOTE 5 – CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2017 was:

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Governmental activities					
Capital assets, not being depreciated:					
Land	\$ 75,248,107	\$ 2,323,009	\$ -	\$ -	\$ 77,571,116
Construction in progress	117,124,126	36,340,508	18,070,378		135,394,256
Total capital assets, not being depreciated	<u>192,372,233</u>	<u>38,663,517</u>	<u>18,070,378</u>	<u>-</u>	<u>212,965,372</u>
Capital assets, being depreciated					
Plants and buildings	64,532,550	1,506,582			66,039,132
Improvements other than buildings	87,946,812	2,340,810			90,287,622
Machinery, equipment and vehicles	126,095,805	8,344,722	3,764,050		130,676,477
Streets and drainage	509,665,385	10,674,336			520,339,721
Total capital assets, being depreciated	<u>788,240,552</u>	<u>22,866,450</u>	<u>3,764,050</u>	<u>-</u>	<u>807,342,952</u>
Less: Accumulated Depreciation					
Plants and buildings	24,682,165	1,871,716			26,553,881
Improvements other than buildings	30,363,254	2,317,222			32,680,476
Machinery, equipment and vehicles	84,899,696	8,677,728	3,759,807		89,817,617
Streets and drainage	219,676,102	13,642,601			233,318,703
Total accumulated depreciation	<u>359,621,217</u>	<u>26,509,267</u>	<u>3,759,807</u>	<u>-</u>	<u>382,370,677</u>
Total capital assets, being depreciated, net	<u>428,619,335</u>	<u>(3,642,817)</u>	<u>4,243</u>	<u>-</u>	<u>424,972,275</u>
Governmental activities capital assets, net	<u>\$ 620,991,568</u>	<u>\$ 35,020,700</u>	<u>\$ 18,074,621</u>	<u>\$ -</u>	<u>\$ 637,937,647</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	60,101,095	32,042,389	7,803,795		84,339,689
Total capital assets, not being depreciated	<u>67,997,838</u>	<u>32,042,389</u>	<u>7,803,795</u>	<u>-</u>	<u>92,236,432</u>
Capital assets, being depreciated					
Plants, buildings, stations and reservoirs	628,157,861	11,027,774			639,185,635
Improvements other than buildings	37,475,449		74,999		37,400,450
Machinery and equipment	37,736,566	465,788	228,801		37,973,553
Total capital assets, being depreciated	<u>703,369,876</u>	<u>11,493,562</u>	<u>303,800</u>	<u>-</u>	<u>714,559,638</u>
Less: Accumulated Depreciation					
Plants, buildings, stations and reservoirs	317,722,645	16,106,582			333,829,227
Improvements other than buildings	26,699,560	1,240,707	74,999		27,865,268
Machinery and equipment	30,538,866	1,340,578	221,837		31,657,607
Total accumulated depreciation	<u>374,961,071</u>	<u>18,687,867</u>	<u>296,836</u>	<u>-</u>	<u>393,352,102</u>
Total capital assets, being depreciated, net	<u>328,408,805</u>	<u>(7,194,305)</u>	<u>6,964</u>	<u>-</u>	<u>321,207,536</u>
Business-type activities capital assets, net	<u>\$ 396,406,643</u>	<u>\$ 24,848,084</u>	<u>\$ 7,810,759</u>	<u>\$ -</u>	<u>\$ 413,443,968</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, 2017 is \$19,917,760.

CITY OF SAVANNAH, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS

NOTE 5 – CAPITAL ASSETS (CONTINUED)

During 2017, depreciation expense was charged to functions/programs of the City as follows:

Governmental activities:

General administration	\$ 171,143
Management and financial services	1,224,033
Facilities maintenance	13,969,235
Police	729,617
Recorders Court	3,290
Fire	823,498
Leisure services	2,486,906
Public development	458,003
Grant program and administration	<u>6,401</u>
Total depreciation expense – governmental activities	19,872,126
Depreciation expense on Internal Service Fund Capital Assets	<u>6,637,141</u>
Total depreciation expense allocated to governmental activities	<u>\$26,509,267</u>

Business-type activities:

Water and sewer	\$ 14,051,447
Sanitation	1,626,731
Parking facilities	2,222,354
Civic Center	575,189
Golf course	<u>212,146</u>
Total depreciation expense allocated to business-type activities	<u>\$ 18,687,867</u>

CITY OF SAVANNAH, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

NOTE 5 – CAPITAL ASSETS (CONTINUED)

During 2017, the City incurred total interest expense of \$3,023,038 in its business-type activities and of this amount; \$1,227,031 was capitalized during the year.

As of December 31, 2017, 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	\$63,707,549	\$17,360,114	\$46,347,435	NONE
Public Buildings	230,130,457	54,840,021	175,290,436	NONE
Recreation	17,058,086	13,691,296	3,366,790	NONE
Sanitation	18,439,931	1,325,797	17,114,134	NONE
Sewerage	145,420,285	43,671,991	101,748,294	NONE
Squares	6,230,341	2,318,230	3,912,111	NONE
Street Paving	18,531,606	5,159,361	13,372,245	NONE
Traffic Engineering	67,216,864	37,302,230	29,914,634	NONE
Water	65,425,716	16,093,347	49,332,369	NONE
Other	73,697,439	27,971,558	45,725,881	NONE
Total	<u>\$705,858,274</u>	<u>\$219,733,945</u>	<u>\$486,124,329</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, 2017 and the annual maturities of long-term liabilities:

	Lowest/ Highest Coupon Rate	Original Issue Amount	Unmatured Bond/Interest at 12/31/17	2018	2019	2020	2021	2022	2023-2027	2028-2032	2033-2037
GOVERNMENTAL ACTIVITIES PRINCIPAL PORTION											
Contractual Obligations Related to:											
2009 Downtown Savannah Authority Bonds Series "A"	2.25/3.5	\$ 16,845,000	\$ 2,075,000	\$2,075,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2009 Downtown Savannah Authority Bonds Series "B"	2.3/5.7	20,155,000	8,270,000						2,155,000	6,115,000	
2014 Downtown Savannah Authority Bonds	2.0/4.0	9,970,000	6,890,000	785,000	795,000	810,000	835,000	865,000	2,800,000		
2015 Downtown Savannah Authority Bonds	2.0/4.0	19,950,000	18,295,000	910,000	695,000	935,000	920,000	905,000	4,945,000	5,105,000	3,880,000
2016 Downtown Savannah Authority Bonds	2.03/2.03	8,000,000	8,000,000			730,000	745,000	760,000	4,035,000	1,730,000	
2017 Downtown Savannah Authority Bonds	2.39/2.39	6,585,000	6,585,000				590,000	605,000	3,250,000	2,140,000	
Total Contractual Obligations		<u>81,505,000</u>	<u>50,115,000</u>	<u>3,770,000</u>	<u>1,490,000</u>	<u>2,475,000</u>	<u>3,090,000</u>	<u>3,135,000</u>	<u>17,185,000</u>	<u>15,090,000</u>	<u>3,880,000</u>
General Obligation Bonds:											
2016 General Obligation Bonds	1.97/1.97	2,000,000	2,000,000			315,000	325,000	330,000	1,030,000		
2017 General Obligation Bonds	1.84/1.84	2,000,000	2,000,000				385,000	395,000	1,220,000		
Total General Obligation Bonds		<u>4,000,000</u>	<u>4,000,000</u>	<u>-</u>	<u>-</u>	<u>315,000</u>	<u>710,000</u>	<u>725,000</u>	<u>2,250,000</u>	<u>-</u>	<u>-</u>
Notes:											
2011-A Series HUD Section 108 Note	1.60/2.92	595,000	300,000	100,000	100,000	100,000					
Total Governmental Activities Principal Portion		<u>\$ 86,100,000</u>	<u>\$ 54,415,000</u>	<u>\$3,870,000</u>	<u>\$1,590,000</u>	<u>\$2,890,000</u>	<u>\$3,800,000</u>	<u>\$3,860,000</u>	<u>\$19,435,000</u>	<u>\$15,090,000</u>	<u>\$3,880,000</u>
GOVERNMENTAL ACTIVITIES INTEREST PORTION											
Contractual Obligations			\$ 15,853,192	\$1,655,830	\$1,573,788	\$1,543,987	\$1,490,228	\$1,636,194	\$ 5,235,845	\$ 2,434,318	\$ 283,002
General Obligation Bonds			435,428	70,476	76,200	76,200	69,995	56,508	86,049		
Notes			13,220	6,270	4,500	2,450					
Total Governmental Activities Interest Portion			<u>16,301,840</u>	<u>1,732,576</u>	<u>1,654,488</u>	<u>1,622,637</u>	<u>1,560,223</u>	<u>1,692,702</u>	<u>5,321,894</u>	<u>2,434,318</u>	<u>283,002</u>
Total Governmental Activities Debt Service Requirements			<u>\$ 70,716,840</u>	<u>\$5,602,576</u>	<u>\$3,244,488</u>	<u>\$4,512,637</u>	<u>\$5,360,223</u>	<u>\$5,552,702</u>	<u>\$24,756,894</u>	<u>\$17,524,318</u>	<u>\$4,163,002</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 12/31/17	2018	2019	2020	2021	2022	2023-2027	2028-2032	2033-2037	2038-2042	2043-2047
BUSINESS-TYPE ACTIVITIES PRINCIPAL PORTION													
WATER AND SEWER SYSTEM													
2014 Water and Sewer Revenue Bonds	2.0/3.0	\$ 17,690,000	\$ 11,530,000	\$ 845,000	\$ 860,000	\$ 875,000	\$ 890,000	\$ 910,000	\$ 4,965,000	\$ 2,185,000	\$ -	\$ -	\$ -
2016 Water and Sewer Revenue Bonds	2.15/2.15	21,255,000	18,100,000	1,740,000	1,780,000	1,830,000	1,860,000	1,320,000	7,050,000	2,520,000			
Total Water and Sewer Bonds		<u>38,945,000</u>	<u>29,630,000</u>	<u>2,585,000</u>	<u>2,640,000</u>	<u>2,705,000</u>	<u>2,750,000</u>	<u>2,230,000</u>	<u>12,015,000</u>	<u>4,705,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
SANITATION													
2013 Resource Recovery Bonds	2.0/3.0	12,950,000	6,080,000	3,005,000	3,075,000								
Total Sanitation Bonds		<u>12,950,000</u>	<u>6,080,000</u>	<u>3,005,000</u>	<u>3,075,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
PARKING SERVICES													
Contractual Obligations Related to:													
2013 Downtown Savannah Authority Bonds	2.0/2.0	6,485,000	1,790,000	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	1,530,000	8,730,000	10,985,000			
2016 Downtown Savannah Authority Bonds	2.6/4.05	33,060,000	33,060,000					870,000	4,705,000	5,480,000	6,530,000	7,915,000	7,560,000
Total Parking Services Contractual Obligations		<u>64,600,000</u>	<u>59,905,000</u>	<u>1,215,000</u>	<u>1,515,000</u>	<u>1,405,000</u>	<u>1,465,000</u>	<u>2,400,000</u>	<u>13,435,000</u>	<u>16,465,000</u>	<u>6,530,000</u>	<u>7,915,000</u>	<u>7,560,000</u>
Total Business-type Activities Principal Portion		<u>\$ 116,495,000</u>	<u>\$ 95,615,000</u>	<u>\$ 6,805,000</u>	<u>\$ 7,230,000</u>	<u>\$ 4,110,000</u>	<u>\$ 4,215,000</u>	<u>\$ 4,630,000</u>	<u>\$ 25,450,000</u>	<u>\$ 21,170,000</u>	<u>\$ 6,530,000</u>	<u>\$ 7,915,000</u>	<u>\$ 7,560,000</u>
BUSINESS-TYPE ACTIVITIES INTEREST PORTION													
Water and Sewer Bonds			\$ 4,451,211	\$ 682,290	\$ 627,460	\$ 571,569	\$ 514,483	\$ 462,928	\$ 1,445,937	\$ 146,544	\$ -	\$ -	\$ -
Sanitation Resource Recovery Bonds			244,600	152,350	92,250								
Parking Services Contractual Obligations			<u>31,777,205</u>	<u>2,063,723</u>	<u>2,039,424</u>	<u>2,009,123</u>	<u>1,981,023</u>	<u>1,951,724</u>	<u>8,438,558</u>	<u>6,093,084</u>	<u>3,904,273</u>	<u>2,515,634</u>	<u>780,639</u>
Total Business-type Activities Interest Portion			<u>36,473,016</u>	<u>2,898,363</u>	<u>2,759,134</u>	<u>2,580,692</u>	<u>2,495,506</u>	<u>2,414,652</u>	<u>9,884,495</u>	<u>6,239,628</u>	<u>3,904,273</u>	<u>2,515,634</u>	<u>780,639</u>
Total Business-type Activities Debt Service Requirements			<u>\$ 132,088,016</u>	<u>\$ 9,703,363</u>	<u>\$ 9,989,134</u>	<u>\$ 6,690,692</u>	<u>\$ 6,710,506</u>	<u>\$ 7,044,652</u>	<u>\$ 35,334,495</u>	<u>\$ 27,409,628</u>	<u>\$ 10,434,273</u>	<u>\$ 10,430,634</u>	<u>\$ 8,340,639</u>

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, 2017:

	Balance 12/31/16	2017 Issues	2017 Retirements	Balance 12/31/17	Unamortized (Discounts)/ Premiums	Balance 12/31/17	Amounts Due Within One Year	Accrued Interest at 12/31/17
Governmental Activities:								
Bonds and notes payable:								
General Obligation Bond 2016	\$ 2,000,000	\$ -	\$ -	\$ 2,000,000	\$ -	\$ 2,000,000	\$ -	\$ 16,417
General Obligation Bond 2017		2,000,000		2,000,000		2,000,000		9,609
Series 2011-A HUD Section 108 Note	365,000		65,000	300,000		300,000	100,000	2,613
Series 2010-A HUD Section 108 Note	35,000		35,000					
Contractual Obligations relating to:								
Downtown Savannah Authority Bonds 2009	12,360,000		2,015,000	10,345,000	49,110	10,394,110	2,075,000	224,851
Downtown Savannah Authority Bonds 2014	7,660,000		770,000	6,890,000	492,000	7,382,000	785,000	96,604
Downtown Savannah Authority Bonds 2015	19,190,000		895,000	18,295,000	360,921	18,655,921	910,000	245,433
Downtown Savannah Authority Tax Exempt Bonds 2016	8,000,000			8,000,000		8,000,000		67,667
Downtown Savannah Authority Bonds 2017		6,585,000		6,585,000		6,585,000		41,094
Total bonds and notes payable	49,610,000	8,585,000	3,780,000	54,415,000	902,031	55,317,031	3,870,000	704,288
Other liabilities:								
Compensated absences	19,290,733	8,709,097	8,907,000	19,092,830		19,092,830	7,332,841	
Net pension liability	79,590,258	34,182,497	51,236,899	62,535,856		62,535,856		
Net OPEB obligation	2,738,458	3,191,000	4,258,960	1,670,498		1,670,498		
Claims and judgments	7,725,809	30,275,242	31,608,212	6,392,839		6,392,839	3,264,749	
Total other liabilities	109,345,258	76,357,836	96,011,071	89,692,023	-	89,692,023	10,597,590	-
Governmental Activities long-term liabilities	\$158,955,258	\$84,942,836	\$99,791,071	\$144,107,023	\$ 902,031	\$145,009,054	\$ 14,467,590	\$ 704,288
Business-type Activities:								
Bonds and notes payable:								
Water and Sewer Revenue Bonds 2014	\$ 13,420,000	\$ -	\$ 1,890,000	\$ 11,530,000	\$ 364,518	\$ 11,894,518	\$ 845,000	\$ 25,933
Water and Sewer Revenue Bonds 2016	19,810,000		1,710,000	18,100,000		18,100,000	1,740,000	32,424
Sewer SRF Loans		3,358,710		3,358,710		3,358,710		
Resource Recovery Bonds 2013	9,020,000		2,940,000	6,080,000	137,191	6,217,191	3,005,000	63,479
Contractual obligations relating to:								
Downtown Savannah Authority Bonds 2013	2,975,000		1,185,000	1,790,000	27,380	1,817,380	1,215,000	14,917
Downtown Savannah Authority Bonds 2015	25,055,000			25,055,000	658,180	25,713,180		337,570
Downtown Savannah Authority Taxable Bonds 2016	33,060,000			33,060,000	(107,332)	32,952,668		507,398
Total bonds and notes payable	103,340,000	3,358,710	7,725,000	98,973,710	1,079,937	100,053,647	6,805,000	981,721
Other liabilities:								
Compensated absences	3,125,560	1,416,611	1,380,909	3,161,262		3,161,262	1,221,733	
Net pension liability	21,536,581	9,312,505	13,793,260	17,055,826		17,055,826		
Net OPEB obligation	305,287	994,860	1,066,939	233,208		233,208		
Closure and Postclosure Liability	19,105,170	1,318,737		20,423,907		20,423,907		
Total other liabilities	44,072,598	13,042,713	16,241,108	40,874,203		40,874,203	1,221,733	-
Business-type Activities long-term liabilities	\$147,412,598	\$ 16,401,423	\$ 23,966,108	\$139,847,913	\$ 1,079,937	\$140,927,850	\$ 8,026,733	\$ 981,721

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 and the Downtown Savannah Authority Bonds, Tax Exempt Series 2017 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.

(C) 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.

During 2017, 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 1.84% and mature serially beginning August 1, 2021.

CITY OF SAVANNAH, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS

NOTE 6- LONG-TERM LIABILITIES (CONTINUED)

(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.

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 67.

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.

CITY OF SAVANNAH, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

NOTE 6- LONG-TERM LIABILITIES (CONTINUED)

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 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.

During 2017, the City entered into a contractual obligation related to the Downtown Savannah Authority Tax Exempt Revenue Bonds, Series 2017, issued in the principal amount of \$6,585,000. 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 2.39% and mature serially beginning August 1, 2021.

The Authority's Series 2009A, Series 2009B, Series 2014, Series 2015, Tax Exempt Series 2016 and Series 2017 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 67.

(3) Notes

In 2010, the City issued a Section 108 Note in the principal amount of \$485,000 guaranteed by the Secretary of Housing and Urban Development, the proceeds of which were used to pay all outstanding amounts on the City's Series 2000A Section 108 Note. The refunding was undertaken to reduce total future debt service payments. The transaction resulted in an economic gain of \$89,052 and a reduction of \$93,226 in future debt service payments.

In 2011, the City issued a Section 108 Note in the principal amount of \$595,000 guaranteed by the Secretary of Housing and Urban Development, the proceeds of which were used to pay all outstanding amounts on the City's Series 2001A Section 108 Note. The refunding was undertaken to reduce total future debt service payments. The transaction resulted in an economic gain of \$157,360 and a reduction of \$167,096 in future debt service payments.

CITY OF SAVANNAH, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS

NOTE 6- LONG-TERM LIABILITIES (CONTINUED)

Both of the City's remaining Section 108 notes are secured by the City's future CDBG obligations, and are part of a total loan commitment for the Section 108 guarantee of \$3,000,000. Proceeds of the notes can only be used in accordance with approved Section 108 activities as specified in the Contract for Loan Guarantee Assistance between the City and HUD. In summary, the approved activities are limited to the funding of certain business loans and 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.

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 67.

(D) 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 68.

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

CITY OF SAVANNAH, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

NOTE 6- LONG-TERM LIABILITIES (CONTINUED)

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, 2017 the debt service reserve requirement is calculated as 10% of the par value of bonds outstanding, which is \$3,212,000. 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.

At December 31, 2017, the sinking fund requirements and actual balances were as follows:

Sinking Fund Requirements:	
Interest requirements (for June 1, 2018)	\$ 58,357
Principal requirements (for December 1, 2018)	310,417
Debt Service Reserve	<u>3,212,000</u>
Total requirements at December 31, 2017	<u>3,580,774</u>
Sinking Fund Resources:	
Cash and investments in sinking fund at December 31, 2017	<u>3,580,774</u>
Surplus	\$ <u>0</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, 2017.

CITY OF SAVANNAH, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS

NOTE 6- LONG-TERM LIABILITIES (CONTINUED)

Year of Loan	Project Description	Total Loan Commitment	Interest Rate (%)	Amortization Period (Years)	Amount Drawn	<u>-As of December 31, 2017-</u>	
						Principal Retired	Loan Payable
2014	President Street Biosolids Handling Facility	\$ 28,470,000	1.03%	20	\$ 3,358,710	\$ -	\$ 3,358,710
		<u>\$ 28,470,000</u>			<u>\$ 3,358,710</u>	<u>\$ -</u>	<u>\$ 3,358,710</u>

(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.

CITY OF SAVANNAH, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

NOTE 6- LONG-TERM LIABILITIES (CONTINUED)

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 68.

(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 68.

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 2017, the City recognized a postclosure expense of \$1,318,737, which is based on 80.2% usage (filled) of the landfill. It is estimated that an additional \$5,053,093 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 (\$25,477,000) 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, 2017. Based on landfill capacity, the estimated remaining useful life of the landfill is approximately 7.7 years. The actual cost of closure and postclosure care may fluctuate annually due to inflation, changes in technology, or changes in environmental laws and regulations.

At December 31, 2017, the City had accrued \$20,423,907 in landfill closure and postclosure costs. This amount was determined as follows:

Estimated total cost of closure and postclosure care	\$ 25,477,000
Percent utilized at 12/31/17	<u>80.2</u>
Total postclosure and closure liability at 12/31/17	20,423,907
Less amount recognized in prior years	<u>19,105,170</u>
Current year closure/postclosure expense (credit)	<u>\$ 1,318,737</u>

The City will fund the closure and postclosure care costs with user fees and subsidies from the General Fund. As of December 31, 2017, no amount of assets had been restricted for the payment of closure and postclosure care costs. The landfill postclosure and closure liability of \$20,423,907 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 a cost-sharing 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 and the Youth Futures Authority elected to discontinue coverage under the Plan for active employees; however, it continues to cover retirees who elected coverage previously. The Plan's trustee is designated as the City of Savannah with the City's Chief Financial Officer serving as the Trustee contact and its Assistant Chief Financial Officer as an alternate contact.

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, 2016, the latest valuation date, employee membership data related to the OPEB plan was as follows:

Retirees and beneficiaries currently receiving benefits	1,004
Vested terminated members entitled to but not yet receiving benefits	- -
Active plan participants	<u>2,451</u>
Total	<u>3,455</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) 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.

(3) OPEB Plan Investments

The investment policy of the Plan is issued for the guidance of fiduciaries, including investment managers and the City, in the course of investing the Trust funds of the City and is consistent with the Prudent Investor Rule and any other applicable statute. Policy guidelines will be amended from time to time by the City both upon its own initiative and upon consideration of the advice and recommendations of the investment managers and Plan professionals, including the Plan's investment consultant. The current policy was adopted by the City in January of 2016 and has not been amended since that time. The purpose of the investment policy is to clearly articulate the City's view on the

CITY OF SAVANNAH, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS

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

Trust's investment objectives and risk tolerance. This policy establishes a target asset allocation and benchmarks that will be used to monitor performance. The current asset allocations for the Plan are as follows:

Asset Class	Asset Class Benchmark	Minimum Weight	Target Weight	Maximum Weight
Large Cap Equity	S&P 500 Index	30%	40%	60%
Small Cap Equity	Russell 2000 Index	5%	10%	15%
International Equity	MSCI EAFE Index (Net)	5%	10%	15%
Real Estate	MSCI U.S. REIT Index	5%	10%	15%
Inflation Protected Bonds	Barclays US Treasury US TIPs Index	0%	10%	15%
Intermediate Aggregate Bonds	Barclays US Aggregate Bond Index	15%	20%	30%
Money Market	Barclays 91-Day US T-Bill Index	0%	0%	5%
Total			100%	

The annual money-weighted rate of return on OPEB plan investments for 2017 was 16.2%.

(4) Net OPEB Liability

The components of the Net OPEB Liability are as follows:

Total OPEB Liability	\$99,821,688
Plan Fiduciary Net Position	82,335,621
Net OPEB Liability	\$17,487,067
Plan Fiduciary Net Position as a percentage of the Total OPEB Liability	82.48%

The Net OPEB Liability was measured as of December 31, 2017. Plan Fiduciary Net Position (plan assets) was valued as of the measurement date and the Total OPEB Liability was determined from an actuarial valuation as of December 31, 2016.

CITY OF SAVANNAH, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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

(5) Actuarial Assumptions

The total OPEB liability was rolled forward from an actuarial valuation as of December 31, 2016 that used the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	3.00%
Salary Increases	Specific rates by age, varying from 5.00% to 3.00%, including inflation
Discount Rate	7.00% for General Employees and Youth Futures. 3.44% for Savannah Airport Commission and Metropolitan Planning Commission.
Healthcare costs trend rates	
Medical	Pre-65: Initial rate is 6.50%, trending down to 4.50% over 8 years. Post-65: Initial rate is 5.50%, trending down to 4.50% over 4 years.
Prescription drug	Initial rate is 10.50%, trending down to 4.50% over 12 years
Administrative costs	3.00%
Mortality Rates	<u>Pre-Retirement</u> : RP-2014 Employee Mortality Table, projected generationally using a modified version of the MP-2014 improvement scale.

Healthy Annuitants: 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.

Many of the demographic assumptions used in this valuation (including mortality, disability, turnover, retirement, percent married and relative ages of spouses) are the same as used in the City of Savannah Employees' Retirement Plan's Actuarial Valuation and Review as of January 1, 2017, dated October 5, 2017, completed by Segal Consulting. The remaining demographic assumptions, such as enrollment elections, were based on the experience of the OPEB Plan.

The following presents the Net OPEB obligation as if it were calculated using healthcare cost trend rates that were 1-percentage-point lower or 1-percentage-point higher than the current healthcare trend rates.

	1% Decrease in Trend Rates	Current Trend Rates	1% Increase in Trend Rates
Net OPEB Liability (Asset)	\$7,784,834	\$17,486,067	\$28,657,800

CITY OF SAVANNAH, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS

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

(6) Development of Discount Rate and Investment Rates of Return

The discount rate used to measure the total OPEB liability for the City of Savannah and Youth Futures was 7.00% as of December 2017. The other employers do not fund and so are valued at the 20-year, general obligation, municipal bond index rate. The projection of cash flow used to determine the discount rate assumed that the contributions would be made at rates equal to the actuarially determined contribution rates. Based on those assumption, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members through December 31, 2120.

The long-term expected rate of return on OPEB plan investments was determined using a building block method in which expected future rates of return (expected returns, net of investment expense and inflation) are developed for each major asset class. These returns 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 and subtracting expected investment expenses. The target allocation and projected arithmetic real rates of return for each major asset class, after deducting inflation, but before investment expenses, used in the derivation of the long-term expected investment rate of return assumption are summarized as follows:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic equity	49.00%	7.17%
International equity	10.00%	8.17%
Fixed income	29.00%	2.57%
Real estate	10.00%	5.67%
Cash and short-term investments	2.00%	1.56%
Total	100.00%	5.67%*

*Weighted average expected rate of return.

Nature of assets: The assets are maintained in an irrevocable Trust dedicated to OPEB.

The following presents the Net OPEB obligation as if it were calculated using a discount rate that was 1-percentage-point lower or 1-percentage-point higher than the current healthcare trend rates.

	1% Decrease in Discount Rate	Current Discount Rate	1% Increase in Discount Rate
Net OPEB Liability (Asset)	\$29,612,584	\$17,486,067	\$7,350,598

CITY OF SAVANNAH, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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

(7) 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, 2017 the Plan reported \$82,370,621 in assets.

Benefit claims of the Plan are funded on a pay-as-you-go basis. Additional contributions were made to the Plan in 2017 by the City of Savannah in the amount of \$1,680,913. Required contribution rates of plan members for the valuation dated December 31, 2016 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	\$85.00
2. Passive	\$160.00

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.

CITY OF SAVANNAH, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS

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

(8) OPEB Cost

For the fiscal year ended December 31, 2017, the Plan's annual OPEB cost was \$4,046,847, 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 \$5,586,200. As of December 31, 2017 the Plan had a net OPEB obligation of \$6,525,280, the components of which are disclosed as the following:

Annual required contribution	\$ 4,135,057
Interest on net OPEB obligation	387,942
Adjustments to annual required contributions	(476,152)
Annual OPEB cost	\$ 4,046,847
Contributions made	(5,586,200)
Increase/(decrease) in net OPEB obligation	(1,539,353)
Net OPEB obligation – beginning of year	8,064,633
Net OPEB obligation – end of year	\$ 6,525,280

For the fiscal year ended December 31, 2017, the City's annual OPEB cost was \$4,185,859, 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 \$5,325,899. As of December 31, 2017 the City had a net OPEB obligation of \$1,903,706.

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
12/31/2015	\$ 8,203,494	131.3%	\$ 12,260,797
12/31/2016	5,893,775	171.2%	8,064,633
12/31/2017	4,046,847	138.0%	6,525,280

(9) Funded Status and Funding Progress

As of the Plan's most recent OPEB actuarial valuation, dated December 31, 2016, the actuarial accrued liability for benefits was \$82,025,522, of which, \$12,718,078 was unfunded. As of the valuation date, the Plan had assets with an actuarial value of \$69,307,444. Other information about the funded status of the Plan is as follows:

CITY OF SAVANNAH, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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

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
12/31/2016	\$69,307,444	\$82,025,522	\$12,718,078	84.49%	\$106,198,860	11.98%

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.

(10) 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, 2016, 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 4.78 percent at age 20 graded to 3.16 percent at age 60.
- The medical cost trend rate (pre 65) used was 6.50 percent graded to 4.50 percent over 8 years.
- The drug cost trend rate (pre 65) used was 10.50 percent graded to 4.50 percent over 12 years.
- The medical and drug cost trend rate (post 65) used was 5.50 percent graded to 4.50 percent over 4 years.
- The amortization method used was level percent of pay and the amortization period for the most recent actuarial valuation was 20 years and the period is closed.

CITY OF SAVANNAH, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS

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

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

CITY OF SAVANNAH
STATEMENT OF FIDUCIARY NET POSITION
OPEB TRUST FUND
DECEMBER 31, 2017

ASSETS

Cash and cash equivalents	\$	2,616,486
Investments, at fair value:		
U.S. government obligations		7,898,723
Domestic corporate bonds		15,940,721
Domestic stock fund		40,215,773
International stock fund		7,853,732
Real estate fund		7,845,186
Total investments		<u>79,754,135</u>
Total assets		<u>82,370,621</u>

LIABILITIES

Payable from restricted assets:		
Accounts payable	\$	35,000
Total liabilities		<u>35,000</u>

NET POSITION

Held in trust for:		
OPEB benefits	\$	<u><u>82,335,621</u></u>

CITY OF SAVANNAH, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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

(12) 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, 2017

ADDITIONS

Contributions	
Employer	\$ 5,586,200
Plan members	2,535,236
Total contributions	<u>8,121,436</u>
Investment income	
Interest	9,669
Dividends	2,944,922
Real estate net income	32,791
Net appreciation(depreciation) in fair value of investments	<u>8,790,421</u>
Total investment income	11,777,803
Less investment expense	<u>430,540</u>
Net investment income(loss)	11,347,263
Total additions	<u>19,468,699</u>

DEDUCTIONS

Benefits	6,173,580
Administrative expense	<u>266,941</u>
Total deductions	<u>6,440,521</u>
Change in net position	13,028,178
Net position:	
Beginning of year - January 1	<u>69,307,443</u>
End of year - December 31	<u><u>\$ 82,335,621</u></u>

CITY OF SAVANNAH, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS

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 2017 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 2017, premiums paid into the fund by both the City and its employees exceeded the liabilities incurred for the various types of claims covered by \$1,789,614. The amount available for catastrophic losses at December 31, 2017 had a total net position balance of \$4,904,083.

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 \$6,392,839 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, 2017, \$3,128,090 of those covered liabilities is considered to be long-term and \$3,264,749 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
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
2017	7,725,809	30,275,242	(31,608,212)	6,392,839

CITY OF SAVANNAH, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

NOTE 10 - INTERFUND TRANSFERS, RECEIVABLES AND PAYABLES

Interfund transfers in (out) for the year ended December 31, 2017, are as follows:

<u>Transfer From</u>	<u>Transfer To</u>	<u>Amount</u>	<u>Purpose</u>
General Fund	Hazardous Materials Team Fund	\$ 143,299	Provide resources to fund operating expenditures.
General Fund	Grant Fund	662,586	Provide resources to fund grant match requirements.
General Fund	Tax Allocation District I Fund	2,073,417	Provide resources to fund debt service expenditures.
General Fund	Community Development Fund	1,559,971	Provide resources to fund operating expenditures and grant matches.
General Fund	Debt Service Fund	2,337,781	Provide resources to fund debt service expenditures.
General Fund	Capital Improvement Fund	10,140,850	Provide resources to fund planned capital project expenditures.
General Fund	Hurricane Matthew Recovery Fund	38	Provide resources to fund operating expenditures and grant matches.
General Fund	Parking Services Fund	679,801	Transfer resources to fund prior year property acquisition.
Grant Fund	General Fund	51,776	Repay operating transfers from grant reimbursements.
Hurricane Matthew Fund	Water and Sewer Fund	736,281	Repay operating transfers from grant reimbursements.
Hurricane Matthew Fund	Sanitation Fund	6,367,591	Repay operating transfers from grant reimbursements.
Hurricane Matthew Fund	Internal Service Revolving Fund	31,001	Repay operating transfers from grant reimbursements.
Hurricane Matthew Fund	General Fund	463,562	Repay operating transfers from grant reimbursements.
Hotel/motel Tax Fund	Civic Center Fund	668,239	Transfer restricted revenues to fund required to expend them.
Hotel/motel Tax Fund	General Fund	10,387,817	Transfer restricted revenues to fund required to expend them.
Auto Rental Tax Fund	Civic Center Fund	1,363,791	Transfer restricted revenues to fund required to expend them.
Auto Rental Tax Fund	General Fund	454,597	Transfer restricted revenues to fund required to expend them.
Water and Sewer Fund	Hurricane Matthew Recovery Fund	4,258	Provide resources to fund operating expenditures and grant matches.
Parking Services Fund	Hurricane Matthew Recovery Fund	999	Provide resources to fund operating expenditures and grant matches.
Golf Course Fund	Hurricane Matthew Recovery Fund	16,594	Provide resources to fund operating expenditures and grant matches.
Internal Service Revolving Fund	Hurricane Matthew Recovery Fund	1,207	Provide resources to fund operating expenditures and grant matches.
	Total	\$ 38,145,456	

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, 2017, the General Fund had transferred an aggregate total of \$8,680,582 to the Tax Allocation District I Fund to pay debt service obligations of the fund.

CITY OF SAVANNAH, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS

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

Interfund receivable and payable balances as of December 31, 2017 are as follows:

<u>Payable from</u>	<u>Payable to</u>	<u>Amount</u>	<u>Purpose</u>
General Fund	Capital Improvements Fund	\$ 34,054,759	Committed funds for capital projects. Cash is transferred only as project costs are paid. This balance may not be paid within one year.
Grant Fund	General Fund	980,514	Cash to be repaid upon receipt of amounts due from other governments as reimbursements for grant eligible expenditures.
Hurricane Matthew Fund	General Fund	4,325,450	Cash to be repaid upon receipt of amounts due from other governments as reimbursements for grant eligible expenditures.
Hazardous Materials Team	General Fund	106,680	Cash to be repaid upon receipt of amounts due from other governments as reimbursements.
Public Safety Communications	General Fund	840,765	Cash to be repaid upon receipt of E911 fees from other governments.
Hotel/motel Tax	General Fund	623,811	Hotel/motel taxes receivable at year end which are to be transferred to General Fund when received.
Automobile Rental	General Fund	16,442	Auto rental taxes receivable at year end which are to be transferred to General Fund when received.
Automobile Rental	Civic Center	49,326	Auto rental taxes receivable at year end which are to be transferred for use by Civic Center when received.
		<u>\$ 40,997,747</u>	

NOTE 11 – RECEIVABLE AND PAYABLE BALANCES

Receivables at December 31, 2017 were as follows:

	<u>Governmental Activities</u>	<u>Business-type Activities</u>
Taxes Receivable	\$13,055,448	
Due from other Governments	21,734,646	
Miscellaneous accounts receivable	11,440,234	\$35,983,411
Less: allowance for uncollectible	<u>6,460,626</u>	<u>10,851,126</u>
Total	<u>\$39,769,702</u>	<u>\$25,132,285</u>

CITY OF SAVANNAH, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

NOTE 11 – RECEIVABLE AND PAYABLE BALANCES (CONTINUED)

Payables at December 31, 2017 consisted of:

	Governmental <u>Activities</u>	Business-type <u>Activities</u>
Due to vendors	\$ 13,909,636	\$ 9,111,128
Accrued payroll tax liabilities and withholdings	<u>2,565,412</u>	
Total	\$ <u>16,475,048</u>	\$ <u>9,111,128</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, 2017 include:

Activity	Restricted by	Amount
Governmental Activities:		
Sales Tax Capital Projects	Law	\$152,857,665
Other Capital Projects	Bond covenants	28,157,384
Community Development projects	Grantor agencies	24,541,259
HUD Section 108 projects	Creditor – U. S. Dept. of Housing & Urban Development	401,862
Nonexpendable Perpetual Care	Cemetery perpetual care	6,741,583
Debt service	Special assessment bonds	357,624
Public safety communications	Law	751,682
Court technology fee	Law	285,164
Other grants	Grantor agencies	387,069
Business-Type Activities:		
Debt service	Bond covenants	3,212,000

CITY OF SAVANNAH, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS

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

As of December 31, 2017, Governmental Funds' balance sheet reports fund balances as follows:

	<u>General</u>	<u>Capital Improvements</u>	<u>SPLOST 2014-2020</u>	<u>Other Funds</u>
Fund Balances:				
Nonspendable:				
Permanent fund principal	\$ -	\$ -	\$ -	\$ 6,615,324
Restricted for:				
Public safety				1,144,617
Community development program and administration				384,263
Debt service				941,713
Other capital projects		16,961,722	90,730,435	73,322,892
Committed to:				
General administration	19,248			
Management and financial services	95,833			
Facilities maintenance	445,550			
Public safety	547,550			
Leisure services	536,510			
Social and cultural	279,569			
Public development	3,452			
Community development program and administration	1,980,069			
Other capital projects		35,727,878		
Unassigned:	35,508,358			(4,639,869)
Total fund balances	<u>\$ 39,416,139</u>	<u>\$ 52,689,600</u>	<u>\$ 90,730,435</u>	<u>\$ 77,768,940</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 (CONTINUED)

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 \$637,937,647 less related debt of \$22,199,758, which includes contractor retainage payable of \$4,236,688 and contractual obligations of \$45,033,303 less unspent bonds proceeds of \$27,070,233. 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 \$413,443,968 less related debt of \$84,220,000, which includes contractor retainage payable of \$7,080,492 and debt of \$95,827,942 less unspent bond proceeds of \$18,688,434. The contractor retainage payable amount is presented in the financial statements in accounts payable and accrued liabilities.

Encumbrances are commitments to unfilled purchase orders or unfilled contracts. Funds have been committed to a specific order, but the goods or services have not been billed or received. The City had significant outstanding encumbrances at December 31, 2017 as follows:

<u>General Fund</u>	
Contract services	\$ 950,753
Commodities	<u>976,959</u>
Total	<u>\$1,927,712</u>

For the year ended December 31, 2017, the Hurricane Matthew Recovery Fund reported a deficit in ending total fund balance of \$4,639,869. The City anticipates that this deficit will be eliminated by reimbursements from federal grants.

NOTE 13 - PROPERTY TAXES

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

CITY OF SAVANNAH, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS

NOTE 13 - PROPERTY TAXES (CONTINUED)

The property tax calendar is as follows:

2017 (tentative) millage rate adopted by ordinance	December 31, 2016
Beginning of fiscal year for taxes	January 1, 2017
First installment real property tax bills rendered	April 11, 2017
First installment real property tax payment due	May 15, 2017
County Tax Digest approved by the State of Georgia	September 12, 2017
2017 final millage rate adopted by ordinance	July 25, 2017
Second installment real property tax bills rendered	October 4, 2017
Personal property tax bills rendered	October 11, 2017
Second installment real property tax payment due	November 21, 2017
Personal property tax payment due	November 27, 2017

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, 2017. 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.

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, 2017, 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.

CITY OF SAVANNAH, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

NOTE 15 – TAX ABATEMENTS

As of December 31, 2017, 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 2017, as part of the enterprise zone tax abatement program, the City tax revenues were reduced by \$230,427 under agreements entered into by the City of Savannah.

NOTE 16 – SUBSEQUENT EVENTS

On February 1, 2018, the City issued the Downtown Savannah Authority Revenue Bonds, Series 2018A in the principal amount of \$6,585,000. The proceeds of the bond sale were made available to the City to (1) construct road improvements to Gwinnett Street, and (2) fund expenses incidental to the bond issue.

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, 2017

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
REVENUES:				
Property taxes	\$ 68,663,606	\$ 69,829,780	\$ 69,391,647	\$ (438,133)
Intangible, transfer and franchise taxes	20,595,700	20,435,700	20,042,683	(393,017)
General sales tax	38,062,500	40,560,000	40,546,599	(13,401)
Selective sales taxes	5,173,200	5,500,000	5,455,192	(44,808)
Business taxes	9,350,000	9,950,000	9,912,979	(37,021)
Penalties and interest on delinquent taxes	900,000	450,000	446,631	(3,369)
Licenses and permits	1,989,000	2,114,000	2,102,877	(11,123)
Inspection fees	3,083,387	3,101,315	2,852,610	(248,705)
Intergovernmental revenue	1,474,781	2,174,781	2,109,785	(64,996)
Charges for services	20,391,278	20,508,678	18,778,925	(1,729,753)
Indirect cost allocations	5,692,831	5,692,831	5,692,831	
Fines and forfeitures	2,517,000	3,100,000	3,039,856	(60,144)
Investment income	113,000	513,000	446,944	(66,056)
Miscellaneous revenue	806,272	2,344,772	2,596,424	251,652
Total revenues	<u>178,812,555</u>	<u>186,274,857</u>	<u>183,415,983</u>	<u>(2,858,874)</u>
EXPENDITURES:				
Current:				
General administration	5,136,838	5,316,747	5,340,849	(24,102)
Management and financial services	8,309,758	7,472,999	7,429,299	43,700
Facilities maintenance	31,868,280	29,340,715	29,248,049	92,666
Police	66,095,111	67,463,894	67,324,939	138,955
Recorder's court	2,311,847	2,338,751	2,128,589	210,162
Fire	29,323,302	29,408,538	29,217,011	191,527
Leisure services	23,709,615	22,923,896	22,732,314	191,582
Tourism enhancement	3,105,428	3,070,651	2,975,832	94,819
Social and cultural	1,387,470	1,504,397	1,369,512	134,885
Public development	7,444,855	6,819,489	6,708,830	110,659
Community development program and administration	2,100,001	2,100,001	60,920	2,039,081
Total expenditures	<u>180,792,505</u>	<u>177,760,078</u>	<u>174,536,144</u>	<u>3,223,934</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,979,950)</u>	<u>8,514,779</u>	<u>8,879,839</u>	<u>365,060</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	10,348,750	11,475,139	11,357,752	(117,387)
Transfers out	(10,202,325)	(18,544,918)	(17,597,743)	947,175
Sale of capital assets	50,000	55,000	67,255	12,255
Total other financing sources (uses)	<u>196,425</u>	<u>(7,014,779)</u>	<u>(6,172,736)</u>	<u>842,043</u>
Net change in fund balance	<u>\$ (1,783,525)</u>	<u>\$ 1,500,000</u>	<u>2,707,103</u>	<u>\$ 1,207,103</u>
FUND BALANCE - JANUARY 1			<u>36,709,036</u>	
FUND BALANCE - DECEMBER 31			<u>\$ 39,416,139</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, 2017**

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
REVENUES:				
Intergovernmental Revenue	\$ 6,020,968	\$ 8,713,880	\$ 3,704,451	\$ (5,009,429)
Charges for services			514,252	514,252
Interest earned			445,986	445,986
Miscellaneous revenue			127,015	127,015
Total revenues	<u>6,020,968</u>	<u>8,713,880</u>	<u>4,791,704</u>	<u>(3,922,176)</u>
EXPENDITURES:				
Community development program and administration	7,195,088	9,888,000	6,243,385	3,644,615
Debt Service:				
Principal	100,000	100,000	100,000	
Interest and fiscal charges	12,000	12,000	8,290	3,710
Total expenditures	<u>7,307,088</u>	<u>10,000,000</u>	<u>6,351,675</u>	<u>3,648,325</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,286,120)</u>	<u>(1,286,120)</u>	<u>(1,559,971)</u>	<u>(273,851)</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	1,286,120	1,286,120	1,559,971	273,851
Total other financing sources (uses)	<u>1,286,120</u>	<u>1,286,120</u>	<u>1,559,971</u>	<u>273,851</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>		<u>\$ -</u>
FUND BALANCE - JANUARY 1				
FUND BALANCE - DECEMBER 31			<u>\$ -</u>	

**CITY OF SAVANNAH, GEORGIA
REQUIRED SUPPLEMENTARY INFORMATION
CITY OF SAVANNAH EMPLOYEES' RETIREMENT PLAN
SCHEDULE OF CHANGES IN NET PENSION LIABILITY
LAST TEN FISCAL YEARS**

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Total pension liability				
Service cost	\$ 12,277,259	\$ 13,751,371	\$ 12,832,463	\$ 12,803,097
Interest	34,059,918	32,713,986	31,983,189	30,562,389
Differences between expected and actual experience	(1,248,522)	4,870,999	(9,445,475)	-
Change of assumptions		(4,829,920)	-	-
Benefit payments, including refunds of employee contributions	(27,404,258)	(26,130,536)	(25,750,547)	(24,314,601)
Net change in total pension liability	<u>17,684,397</u>	<u>20,375,900</u>	<u>9,619,630</u>	<u>19,050,885</u>
Total pension liability - beginning	<u>455,557,118</u>	<u>435,181,218</u>	<u>425,561,588</u>	<u>406,510,703</u>
Total pension liability - ending (a)	<u><u>\$ 473,241,515</u></u>	<u><u>\$ 455,557,118</u></u>	<u><u>\$ 435,181,218</u></u>	<u><u>\$ 425,561,588</u></u>
Plan fiduciary net position				
Contributions - employer	\$ 10,361,785	\$ 10,588,773	\$ 11,378,991	\$ 11,989,213
Contributions - employee	7,794,899	7,522,500	6,948,068	6,656,241
Net investment income	50,376,309	26,131,579	3,612,074	23,393,123
Benefit payments, including refunds of employee contributions	(27,404,258)	(26,130,536)	(25,750,547)	(24,314,601)
Administrative expense	(75,177)	(60,680)	(157,329)	(99,358)
Net change in plan fiduciary net position	<u>41,053,558</u>	<u>18,051,636</u>	<u>(3,968,743)</u>	<u>17,624,618</u>
Plan fiduciary net position - beginning	<u>345,837,143</u>	<u>327,785,507</u>	<u>331,754,250</u>	<u>314,129,632</u>
Plan fiduciary net position - ending (b)	<u>386,890,701</u>	<u>345,837,143</u>	<u>327,785,507</u>	<u>331,754,250</u>
Employers' net pension liability - ending (a) - (b)	<u><u>\$ 86,350,814</u></u>	<u><u>\$ 109,719,975</u></u>	<u><u>\$ 107,395,711</u></u>	<u><u>\$ 93,807,338</u></u>
Plan fiduciary net position as a percentage of the total pension liability	81.75%	75.92%	75.32%	77.96%
Covered employee payroll	\$ 115,437,152	\$ 108,873,305	\$ 99,962,326	\$ 100,296,655
Employers' net pension liability as a percentage of covered employee payroll	74.80%	100.78%	107.44%	93.53%

Notes to Schedule:

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

Change of Assumptions: There have been no assumption changes since the prior valuation.

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	\$0	\$90,288,005	11.40%
	2016	9,454,605	9,454,605	0	98,340,447	9.61%
	2017	9,164,055	9,164,055	0	104,200,270	8.79%
Chatham County Employees' Retirement Plan						
	2015	\$672,238	\$672,238	\$0	\$2,831,675	23.74%
	2016	653,189	653,189	0	2,576,465	25.35%
	2017	562,217	562,217	0	2,206,783	25.48%

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, 2017**

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, 26 years as of January 1, 2017
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, 2017 actuarial valuation for a full listing of assumptions.
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**CITY OF SAVANNAH, GEORGIA
REQUIRED SUPPLEMENTARY INFORMATION
CITY OF SAVANNAH EMPLOYEES' RETIREMENT PLAN
SCHEDULE OF INVESTMENT RETURNS
DECEMBER 31, 2017**

Year Ended December 31	Annual Money- weighted Rate of Return
2014	7.8 %
2015	0.6
2016	8.6
2017	15.6

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%
	2017	89.85%	77,586,206	104,200,270	74.58%	81.75%
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%
	2017	3.80%	2,005,477	2,206,783	90.88%	81.93%

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%
2017	0.00%	0	2,035,480	2,035,480	N/A	N/A	92.18%
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%
2017	0.00%	0	5,072,023	5,072,023	N/A	N/A	79.03%

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 CHANGES IN NET OPEB LIABILITY
LAST TEN FISCAL YEARS**

	<u>2017</u>
Total OPEB Liability	
Service cost	\$ 3,900,114
Interest	6,285,651
Change of benefit terms	-
Differences between expected and actual experience	-
Change of assumptions	153,173
Benefit payments, including refunds of employee contributions	<u>(3,638,344)</u>
Net change in Total OPEB Liability	6,700,594
Total OPEB Liability - beginning	<u>93,121,094</u>
(a) Total OPEB Liability - ending	<u><u>\$ 99,821,688</u></u>
Plan fiduciary net position	
Contributions - employer	\$ 5,586,200
Contributions - employee	-
Net investment income	11,347,263
Benefit payments, including refunds of employee contributions	(3,638,344)
Administrative expense	<u>(266,941)</u>
Net change in plan fiduciary net position	13,028,178
Plan fiduciary net position - beginning	<u>69,307,443</u>
(b) Plan Fiduciary Net Position - ending	<u>82,335,621</u>
(c) Net OPEB Liability - ending (a) - (b)	<u><u>\$ 17,486,067</u></u>
Plan fiduciary net position as a percentage of the Total OPEB Liability	82.48%
Covered employee payroll	\$ 106,198,860
Plan Net OPEB Liability as percentage of covered employee payroll	16.47%

Notes to Schedule:

Benefit changes: Effective 1/1/2016:

- Emergency room copay increased from \$150 to \$200
- Rx OOP maximum increased from \$3,200 to \$3,450 for Basic plan and from \$4,400 to \$4,650 for Plus plan.

Changes of assumptions: Annually the discount rate for the unfunded plans will change, but the underlying basis stays the same. That is, the discount rate for the unfunded plans will be based on the 20-year, general obligation, municipal bond rate.

Based on past experience and future expectations, the following actuarial assumptions were changed as of December 31, 2016:

- Per capita health costs and trend rates have been updated to reflect recent experience.
- The healthcare administrative expense load is now valued for pre-65 claims only.
- The current and former employees of the Youth Futures Authority (YFA) are now being valued as members of the City of Savannah. The discount rate used to value these participants was raised from 3.25% to 7.00% to reflect the migration from the unfunded plan to the funded plan.

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 EMPLOYER CONTRIBUTIONS
LAST TEN FISCAL YEARS**

Year Ended December 31	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
2008	\$13,905,289	\$4,966,828	\$8,938,461	\$97,873,785	5.07%
2009	15,601,172	3,541,681	12,059,491	97,836,492	3.62%
2010	16,887,022	3,791,480	13,095,542	101,788,736	3.72%
2011	14,453,693	37,815,516	(23,361,823)	101,231,939	37.36%
2012	10,897,270	11,425,392	(528,122)	97,898,141	11.67%
2013	8,629,426	11,252,249	(2,622,823)	100,925,268	11.15%
2014	7,751,003	11,318,014	(3,567,011)	93,188,755	12.15%
2015	8,154,429	10,768,104	(2,613,675)	92,213,838	11.68%
2016	5,960,277	10,089,939	(4,129,662)	100,272,452	10.06%
2017	4,135,057	5,586,200	(1,451,143)	106,198,860	5.26%

Notes to Schedule:

**Methods and assumptions used to establish
"actuarially determined contribution" rates:**

Valuation date	Actuarially determined contribution rates are calculated as of December 31, two years prior to the end of the fiscal year in which contributions are reported
Measurement date	December 31, 2016
Actuarial cost method	Projected Unit Credit
Amortization method	30-year closed, level percent of pay
Remaining amortization period	20 years remain as of December 31, 2016
Asset valuation method	The Market Value of Assets
Excise Tax	The ACA Excise Tax is not being reflected until it becomes effective.

**CITY OF SAVANNAH, GEORGIA
REQUIRED SUPPLEMENTARY INFORMATION
CITY OF SAVANNAH OTHER POST EMPLOYMENT BENEFITS PLAN
SCHEDULE OF INVESTMENT RETURNS
DECEMBER 31, 2017**

Year Ended December 31	Annual Money-weighted Rate of Return
2017	16.2 %

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, 2017

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%
12/31/2016	69,307,444	82,025,522	12,718,078	84.49%	106,198,860	11.98%

CITY OF SAVANNAH, GEORGIA
REQUIRED SUPPLEMENTARY INFORMATION
CITY OF SAVANNAH OTHER POST EMPLOYMENT BENEFITS PLAN
SCHEDULE OF EMPLOYER CONTRIBUTIONS
DECEMBER 31, 2017

<u>Year Ended December 31</u>	<u>Annual Required Contribution</u>	<u>Percentage Contributed</u>
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%
2017	4,135,057	135.1%

**CITY OF SAVANNAH, GEORGIA
REQUIRED SUPPLEMENTARY INFORMATION
CITY OF SAVANNAH OTHER POST EMPLOYMENT BENEFITS PLAN
SCHEDULE OF VALUATION DETAILS
DECEMBER 31, 2017**

Valuation date	December 31, 2016
Actuarial cost method	Projected Unit Credit
Amortization method	Level percent of pay, closed, 30 years
Remaining amortization period	20 years as of January 1, 2016
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)	6.50% graded to 4.50% over 8 years
Drug cost trend rate (pre-65)	10.5% graded to 4.50% over 12 years
Medical and drug trend rate (post-65)	5.50% graded to 4.50% over 4 years
Plan membership:	
Current retirees, beneficiaries, and dependents	1,301
Current active members	2,451
Terminated members entitled but not yet eligible	-
Total	<u><u>3,752</u></u>

CITY OF SAVANNAH, GEORGIA

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

NOTE A - BUDGET

The City adopted annual budgets for the 2017 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 2017 is presented below:

Fund	Original Appropriation	Encumbered Appropriations Carried Forward From Prior Years	Budgetary Amendments	Final Appropriations
Major Funds:				
General	\$ 190,994,830	\$ 1,185,033	\$ 4,125,133	\$ 196,304,996
Community Development	7,307,088	1,661	2,691,251	10,000,000
Nonmajor Funds:				
Grant	17,320,127	337,686	(337,686)	17,320,127
Hurricane Matthew Recovery			17,000,000	17,000,000
Economic Development	1,500,000			1,500,000
Hazardous Materials Team	573,985	10,387	15,628	600,000
Public Safety Communications	7,742,419		150,000	7,892,419
Hote/motel Tax	19,827,500		1,172,500	21,000,000
Automobile Rental Tax	1,740,000		110,000	1,850,000
Recorders Court Technology Fee	60,000		240,000	300,000
Confiscated Assets	200,000			200,000
General Obligation Bond Debt Service	3,000,000			3,000,000
Special Assessment Debt Service	100,000			100,000

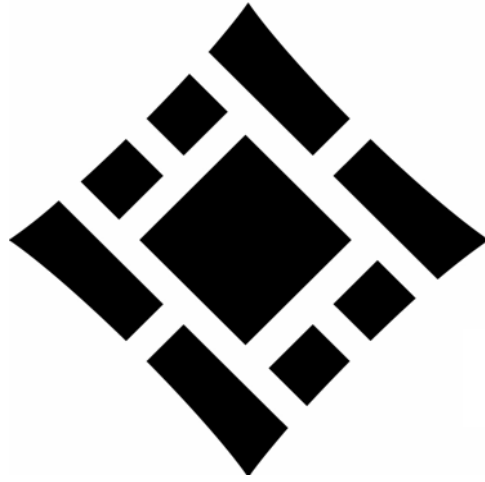
CITY OF SAVANNAH, GEORGIA

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 \$76,514,146 in 2017.

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)

SPLOST 2009 – 2014 Fund – This fund accounts for special purpose local option sales tax resources provided to the City of Savannah 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 11, 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.

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, 2017

	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	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 110,152	\$ -	\$ -	\$ 107,771	\$ 217,923	\$ -
Receivables, net					398,813	1,247,622	65,768			1,712,203	126,259
Due from other governments	1,260,144	6,297,972		111,524	1,215,288					8,884,928	
Restricted assets:											
Cash and investments			384,263					285,259		669,522	6,615,324
Notes receivable, long-term			17,599							17,599	
Total assets	<u>\$ 1,260,144</u>	<u>\$ 6,297,972</u>	<u>\$ 401,862</u>	<u>\$ 111,524</u>	<u>\$ 1,614,101</u>	<u>\$ 1,357,774</u>	<u>\$ 65,768</u>	<u>\$ 285,259</u>	<u>\$ 107,771</u>	<u>\$ 11,502,175</u>	<u>\$ 6,741,583</u>
LIABILITIES											
Accounts payable	\$ 332	\$ 103,653	\$ -	\$ 4,844	\$ 21,654	\$ 733,963	\$ -	\$ 95	\$ -	\$ 864,541	\$ -
Unexpended grant proceeds	279,298	210,766								490,064	
Due to other funds	980,514	4,325,450		106,680	840,765	623,811	65,768			6,942,988	
Total liabilities	<u>1,260,144</u>	<u>4,639,869</u>		<u>111,524</u>	<u>862,419</u>	<u>1,357,774</u>	<u>65,768</u>	<u>95</u>		<u>8,297,593</u>	
DEFERRED INFLOWS OF RESOURCES											
Unavailable program income			17,599							17,599	126,259
Unavailable grant proceeds		6,297,972								6,297,972	
Total deferred inflows of resources		<u>6,297,972</u>	<u>17,599</u>							<u>6,315,571</u>	<u>126,259</u>
FUND BALANCES											
Nonspendable											6,615,324
Restricted			384,263		751,682			285,164	107,771	1,528,880	
Unassigned		(4,639,869)								(4,639,869)	
Total fund balance		<u>(4,639,869)</u>	<u>384,263</u>		<u>751,682</u>			<u>285,164</u>	<u>107,771</u>	<u>(3,110,989)</u>	<u>6,615,324</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 1,260,144</u>	<u>\$ 6,297,972</u>	<u>\$ 401,862</u>	<u>\$ 111,524</u>	<u>\$ 1,614,101</u>	<u>\$ 1,357,774</u>	<u>\$ 65,768</u>	<u>\$ 285,259</u>	<u>\$ 107,771</u>	<u>\$ 11,502,175</u>	<u>\$ 6,741,583</u>

This statement is continued on the next page.

CITY OF SAVANNAH, GEORGIA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2017

	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	SPLOST 2009-2014	TAX ALLOCATION DISTRICT I	TOTAL	
<u>ASSETS</u>											
Cash and investments	\$ 911,487	\$ -	\$ 911,487	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,129,410
Receivables, net											1,838,462
Due from other governments											8,884,928
Restricted assets:											
Cash and investments		30,226	30,226	94	102,993	2,382,943	18,720,201	44,350,483	11,195,662	76,752,376	84,067,448
Special assessments receivable, net		117,586	117,586								117,586
Notes receivable, long-term											17,599
Total assets	<u>\$ 911,487</u>	<u>\$ 147,812</u>	<u>\$ 1,059,299</u>	<u>\$ 94</u>	<u>\$ 102,993</u>	<u>\$ 2,382,943</u>	<u>\$ 18,720,201</u>	<u>\$ 44,350,483</u>	<u>\$ 11,195,662</u>	<u>\$ 76,752,376</u>	<u>\$ 96,055,433</u>
<u>LIABILITIES</u>											
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 81,175	\$ 68,933	\$ 3,279,376	\$ -	\$ 3,429,484	\$ 4,294,025
Unexpended grant proceeds											490,064
Due to other funds											6,942,988
Total liabilities						<u>81,175</u>	<u>68,933</u>	<u>3,279,376</u>		<u>3,429,484</u>	<u>11,727,077</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>											
Unavailable program income		117,586	117,586								261,444
Unavailable grant proceeds											6,297,972
Total deferred inflows of resources		<u>117,586</u>	<u>117,586</u>								<u>6,559,416</u>
<u>FUND BALANCES</u>											
Nonspendable											6,615,324
Restricted	911,487	30,226	941,713	94	102,993	2,301,768	18,651,268	41,071,107	11,195,662	73,322,892	75,793,485
Unassigned											(4,639,869)
Total fund balance	<u>911,487</u>	<u>30,226</u>	<u>941,713</u>	<u>94</u>	<u>102,993</u>	<u>2,301,768</u>	<u>18,651,268</u>	<u>41,071,107</u>	<u>11,195,662</u>	<u>73,322,892</u>	<u>77,768,940</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 911,487</u>	<u>\$ 147,812</u>	<u>\$ 1,059,299</u>	<u>\$ 94</u>	<u>\$ 102,993</u>	<u>\$ 2,382,943</u>	<u>\$ 18,720,201</u>	<u>\$ 44,350,483</u>	<u>\$ 11,195,662</u>	<u>\$ 76,752,376</u>	<u>\$ 96,055,433</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, 2017

	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	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 20,775,634	\$ 1,818,388	\$ -	\$ -	\$ 22,594,022	\$ -
Intergovernmental revenue	8,961,375	10,625,395		111,524					85,666	19,783,960	
Charges for services			18,354	337,313	6,399,336			75,442		6,830,445	306,988
Investment income					8,468				550	9,018	
Miscellaneous revenue	160,635	612,560								773,195	
Total revenues	9,122,010	11,237,955	18,354	448,837	6,407,804	20,775,634	1,818,388	75,442	86,216	49,990,640	306,988
EXPENDITURES:											
Police					6,805,757				21,351	6,827,108	
Recorders court								43,304		43,304	
Fire				592,136						592,136	
Tourism enhancement						9,719,578				9,719,578	
Grant program and administration	9,732,820	8,302,485								18,035,305	
Total expenditures	9,732,820	8,302,485		592,136	6,805,757	9,719,578		43,304	21,351	35,217,431	
Excess (deficiency) of revenues over (under) expenditures	(610,810)	2,935,470	18,354	(143,299)	(397,953)	11,056,056	1,818,388	32,138	64,865	14,773,209	306,988
Transfers in	662,586	23,096		143,299						828,981	
Transfers out	(51,776)	(7,598,435)				(11,056,056)	(1,818,388)			(20,524,655)	
Total other financing sources (uses)	610,810	(7,575,339)		143,299		(11,056,056)	(1,818,388)			(19,695,674)	
Net change in fund balances		(4,639,869)	18,354		(397,953)			32,138	64,865	(4,922,465)	306,988
FUND BALANCES - JANUARY 1			365,909		1,149,635			253,026	42,906	1,811,476	6,308,336
FUND BALANCES - DECEMBER 31	\$ -	\$ (4,639,869)	\$ 384,263	\$ -	\$ 751,682	\$ -	\$ -	\$ 285,164	\$ 107,771	\$ (3,110,989)	\$ 6,615,324

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, 2017

	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	SPLOST 2009-2014	TAX ALLOCATION DISTRICT I	TOTAL	
REVENUES:											
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 62,972	\$ 62,972	\$ 62,972
Selective sales tax											22,594,022
Intergovernmental revenue							110,888		551,481	662,369	20,446,329
Charges for services											7,137,433
Special assessments		1,247	1,247								1,247
Investment income	6,720	218	6,938	117	1,596	17,570	139,554	387,434	74,565	620,836	636,792
Miscellaneous revenue											773,195
Total revenues	6,720	1,465	8,185	117	1,596	17,570	250,442	387,434	689,018	1,346,177	51,651,990
EXPENDITURES:											
Police											6,827,108
Recorders court											43,304
Fire											592,136
Tourism enhancement											9,719,578
Grant program and administration											18,035,305
Debt Service:											
Principal	2,015,000		2,015,000						1,665,000	1,665,000	3,680,000
Interest and fiscal charges	322,781		322,781						1,160,398	1,160,398	1,483,179
Capital outlay									33,731	33,731	33,731
Capital outlay - SPLOST funded				20,000	163,629	81,475	359,950	14,698,906		15,323,960	15,323,960
Total expenditures	2,337,781		2,337,781	20,000	163,629	81,475	359,950	14,698,906	2,859,129	18,183,089	55,738,301
Excess (deficiency) of revenues over (under) expenditures	(2,331,061)	1,465	(2,329,596)	(19,883)	(162,033)	(63,905)	(109,508)	(14,311,472)	(2,170,111)	(16,836,912)	(4,086,311)
OTHER FINANCING SOURCES (USES):											
Transfers in	2,337,781		2,337,781						2,073,417	2,073,417	5,240,179
Transfers out											(20,524,655)
Total other financing sources (uses)	2,337,781		2,337,781						2,073,417	2,073,417	(15,284,476)
Net change in fund balances	6,720	1,465	8,185	(19,883)	(162,033)	(63,905)	(109,508)	(14,311,472)	(96,694)	(14,763,495)	(19,370,787)
FUND BALANCES - JANUARY 1	904,767	28,761	933,528	19,977	265,026	2,365,673	18,760,776	55,382,579	11,292,356	88,086,387	97,139,727
FUND BALANCES - DECEMBER 31	\$ 911,487	\$ 30,226	\$ 941,713	\$ 94	\$ 102,993	\$ 2,301,768	\$ 18,651,268	\$ 41,071,107	\$ 11,195,662	\$ 73,322,892	\$ 77,768,940

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, 2017

	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	\$ 14,545,546	\$ 14,545,546	\$ 8,961,375	\$ (5,584,171)	\$ -	\$ 17,000,000	\$ 10,625,395	\$ (6,374,605)
Miscellaneous revenue			160,635	160,635			612,560	612,560
Total revenues	14,545,546	14,545,546	9,122,010	(5,423,536)		17,000,000	11,237,955	(5,762,045)
EXPENDITURES:								
Grant program and administration	17,320,127	17,320,127	9,732,820	7,587,307		9,000,000	8,302,485	697,515
Total expenditures	17,320,127	17,320,127	9,732,820	7,587,307		9,000,000	8,302,485	697,515
Excess (deficiency) of revenues over (under) expenditures	(2,774,581)	(2,774,581)	(610,810)	2,163,771		8,000,000	2,935,470	(5,064,530)
Transfers in	2,774,581	2,774,581	662,586	(2,111,995)			23,096	23,096
Transfers out			(51,776)	(51,776)		(8,000,000)	(7,598,435)	401,565
Total other financing sources (uses)	2,774,581	2,774,581	610,810	(2,163,771)		(8,000,000)	(7,575,339)	424,661
Net change in fund balance	\$ -	\$ -		\$ -	\$ -	\$ -	(4,639,869)	\$ (4,639,869)
FUND BALANCE - JANUARY 1								
FUND BALANCE - DECEMBER 31			\$ -				\$ (4,639,869)	

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, 2017

	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	\$ -	\$ -	\$ -	\$ -	\$ 60,000	\$ 60,000	\$ 111,524	\$ 51,524
Charges for services	1,500,000	1,500,000	18,354	(1,481,646)	250,000	276,015	337,313	61,298
Total revenues	1,500,000	1,500,000	18,354	(1,481,646)	310,000	336,015	448,837	112,822
EXPENDITURES:								
Fire					573,985	600,000	592,136	7,864
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	573,985	600,000	592,136	7,864
Excess (deficiency) of revenues over (under) expenditures			18,354	18,354	(263,985)	(263,985)	(143,299)	120,686
Transfers in					263,985	263,985	143,299	(120,686)
Total other financing sources (uses)					263,985	263,985	143,299	(120,686)
Net change in fund balance	\$ -	\$ -	18,354	\$ 18,354	\$ -	\$ -		\$ -
FUND BALANCE - JANUARY 1			365,909					
FUND BALANCE - DECEMBER 31			384,263				\$ -	

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, 2017

	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	\$ -	\$ -	\$ -	\$ -	\$ 19,827,500	\$ 21,000,000	\$ 20,775,634	\$ (224,366)
Charges for services	6,115,000	6,265,000	6,399,336	134,336				
Investment income			8,468	8,468				
Total revenues	6,115,000	6,265,000	6,407,804	142,804	19,827,500	21,000,000	20,775,634	(224,366)
EXPENDITURES:								
Police	7,742,419	7,892,419	6,805,757	1,086,662				
Tourism enhancement					9,913,750	10,500,000	9,719,578	780,422
Total expenditures	7,742,419	7,892,419	6,805,757	1,086,662	9,913,750	10,500,000	9,719,578	780,422
Excess (deficiency) of revenues over (under) expenditures	(1,627,419)	(1,627,419)	(397,953)	1,229,466	9,913,750	10,500,000	11,056,056	556,056
OTHER FINANCING SOURCES (USES):								
Transfers in	1,627,419	1,627,419		(1,627,419)				
Transfers out					(9,913,750)	(10,500,000)	(11,056,056)	(556,056)
Total other financing sources (uses)	1,627,419	1,627,419		(1,627,419)	(9,913,750)	(10,500,000)	(11,056,056)	(556,056)
Net change in fund balance	\$ -	\$ -	(397,953)	\$ (397,953)	\$ -	\$ -		\$ -
FUND BALANCE - JANUARY 1			1,149,635					
FUND BALANCE - DECEMBER 31			\$ 751,682				\$ -	

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, 2017

	AUTOMOBILE RENTAL			
	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE WITH FINAL BUDGET</u>
REVENUES:				
Selective sales taxes	<u>\$ 1,740,000</u>	<u>\$ 1,850,000</u>	<u>\$ 1,818,388</u>	<u>\$ (31,612)</u>
Total revenues	<u>1,740,000</u>	<u>1,850,000</u>	<u>1,818,388</u>	<u>(31,612)</u>
OTHER FINANCING SOURCES (USES):				
Transfers out	<u>(1,740,000)</u>	<u>(1,850,000)</u>	<u>(1,818,388)</u>	<u>31,612</u>
Total other financing sources (uses)	<u>(1,740,000)</u>	<u>(1,850,000)</u>	<u>(1,818,388)</u>	<u>31,612</u>
Net change in fund balance	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>		<u><u>\$ -</u></u>
FUND BALANCE - JANUARY 1			<u> </u>	
FUND BALANCE - DECEMBER 31			<u><u>\$ -</u></u>	

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, 2017

	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	\$ 200,000	\$ 85,666	\$ (114,334)
Charges for services	60,000	300,000	75,442	(224,558)			550	550
Investment income								
Total revenues	60,000	300,000	75,442	(224,558)	200,000	200,000	86,216	(113,784)
EXPENDITURES:								
Police					200,000	200,000	21,351	178,649
Recorders court	60,000	300,000	43,304	256,696				
Total expenditures	60,000	300,000	43,304	256,696	200,000	200,000	21,351	178,649
Excess (deficiency) of revenues over (under) expenditures			32,138	32,138	-	-	64,315	64,865
Net change in fund balance	\$ -	\$ -	32,138	\$ 32,138	\$ -	\$ -	64,865	\$ 64,865
FUND BALANCE - JANUARY 1			253,026				42,906	
FUND BALANCE - DECEMBER 31			<u>\$ 285,164</u>				<u>\$ 107,771</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, 2017

	GENERAL OBLIGATION BOND DEBT SERVICE				SPECIAL ASSESSMENTS DEBT SERVICE			
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
REVENUES:								
Special assessments	\$ -	\$ -	\$ -	\$ -	\$ 100,000	\$ 100,000	\$ 1,247	\$ (98,753)
Investment income			6,720	6,720			218	218
Total revenues			6,720	6,720	100,000	100,000	1,465	(98,535)
EXPENDITURES:								
Debt Service:								
Principal	2,000,000	2,000,000	2,015,000	(15,000)	50,000	50,000		50,000
Interest and fiscal charges	1,000,000	1,000,000	322,781	677,219	50,000	50,000		50,000
Total expenditures	3,000,000	3,000,000	2,337,781	662,219	100,000	100,000		100,000
Excess (deficiency) of revenues over (under) expenditures	(3,000,000)	(3,000,000)	(2,331,061)	668,939	-	-	1,465	1,465
OTHER FINANCING SOURCES (USES):								
Transfers in	3,000,000	3,000,000	2,337,781	(662,219)				
Total other financing sources (uses)	3,000,000	3,000,000	2,337,781	(662,219)				
Net change in fund balance	\$ -	\$ -	6,720	\$ 6,720	\$ -	\$ -	1,465	\$ 1,465
FUND BALANCE - JANUARY 1			904,767				28,761	
FUND BALANCE - DECEMBER 31			<u>\$ 911,487</u>				<u>\$ 30,226</u>	

This schedule is continued from the previous page.

CITY OF SAVANNAH, GEORGIA
COMBINING STATEMENT OF NET POSITION
NONMAJOR ENTERPRISE FUNDS
DECEMBER 31, 2017

	RESOURCE RECOVERY	CIVIC CENTER	GOLF COURSE	TOTAL
<u>ASSETS</u>				
ASSETS				
Current assets:				
Cash and investments	\$ -	\$ 2,659,330	\$ 343,545	\$ 3,002,875
Due from other funds		49,326		49,326
Inventories		50,778		50,778
Total current assets		2,759,434	343,545	3,102,979
Noncurrent assets:				
Restricted assets:				
Cash and investments		735,712		735,712
Accounts receivable		153,389		153,389
Capital assets:				
Land	1,592,559	606,537		2,199,096
Plant, buildings, stations, reservoirs, etc		19,415,873	1,097,785	20,513,658
Improvements, other than buildings		634,760	6,116,825	6,751,585
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		(18,775,747)	(4,031,785)	(22,807,532)
Construction in progress		637,032	498,726	1,135,758
Total noncurrent assets	1,592,559	6,818,097	3,740,686	12,151,342
Total assets	1,592,559	9,577,531	4,084,231	15,254,321
<u>DEFERRED OUTFLOWS OF RESOURCES</u>				
Pension related deferred outflows		65,115		65,115
Total deferred outflows of resources		65,115		65,115
Total assets and deferred outflows of resources	\$ 1,592,559	\$ 9,642,646	\$ 4,084,231	\$ 15,319,436
<u>LIABILITIES</u>				
LIABILITIES				
Current liabilities:				
Accounts payable	\$ -	\$ 133,103	\$ -	\$ 133,103
Current portion of compensated absences		54,459		54,459
Total current liabilities		187,562		187,562
Noncurrent liabilities:				
Payable from restricted assets:				
Customer deposits		889,104		889,104
Compensated absences		124,310		124,310
Net Pension Liability		895,675		895,675
Total noncurrent liabilities		1,909,089		1,909,089
Total liabilities		2,096,651		2,096,651
<u>DEFERRED INFLOWS OF RESOURCES</u>				
Pension related deferred inflows		186,180		186,180
<u>NET POSITION</u>				
Net investment in capital assets	1,592,559	5,928,996	3,740,686	11,262,241
Unrestricted		1,430,819	343,545	1,774,364
Total net position	1,592,559	7,359,815	4,084,231	13,036,605
Total liabilities, deferred inflows of resources and net position	\$ 1,592,559	\$ 9,642,646	\$ 4,084,231	\$ 15,319,436

CITY OF SAVANNAH, GEORGIA
COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
NONMAJOR ENTERPRISE FUNDS
YEAR ENDED DECEMBER 31, 2017

	<u>RESOURCE RECOVERY</u>	<u>CIVIC CENTER</u>	<u>GOLF COURSE</u>	<u>TOTAL</u>
OPERATING REVENUES:				
Rental fees	\$ -	\$ 1,315,000	\$ -	\$ 1,315,000
Recreation fees		529,146		529,146
Total operating revenues		1,844,146		1,844,146
OPERATING EXPENSES:				
Personal services		1,314,516		1,314,516
Contractual services		987,080		987,080
Commodities		194,629		194,629
Internal service		474,649		474,649
Depreciation		575,189	212,146	787,335
Total operating expenses		3,546,063	212,146	3,758,209
Operating Income (Loss)		(1,701,917)	(212,146)	(1,914,063)
NONOPERATING REVENUES (EXPENSES):				
Interest earned			2,618	2,618
Total nonoperating revenues (expenses)			2,618	2,618
Income (loss) before contributions and transfers		(1,701,917)	(209,528)	(1,911,445)
CAPITAL CONTRIBUTIONS			62,689	62,689
TRANSFERS IN		2,032,030		2,032,030
TRANSFERS OUT			(16,594)	(16,594)
Change in net position		330,113	(163,433)	166,680
Total net position - beginning	1,592,559	7,029,702	4,247,664	12,869,925
Total net position - ending	<u>\$ 1,592,559</u>	<u>\$ 7,359,815</u>	<u>\$ 4,084,231</u>	<u>\$ 13,036,605</u>

**CITY OF SAVANNAH, GEORGIA
COMBINING STATEMENT OF CASH FLOWS
NONMAJOR ENTERPRISE FUNDS
YEAR ENDED DECEMBER 31, 2017**

	CIVIC CENTER	GOLF COURSE	TOTALS
CASH FLOWS FROM OPERATING ACTIVITIES:			
Cash received from customers	\$ 1,505,909	\$ -	\$ 1,505,909
Cash paid to suppliers	(1,181,917)		(1,181,917)
Cash paid to other funds for services	(474,649)		(474,649)
Cash paid to employees	(1,314,516)		(1,314,516)
Net cash provided (used) by operating activities	(1,465,173)		(1,465,173)
CASH FLOWS FROM NON CAPITAL FINANCING ACTIVITIES:			
Repayment of due to (from) other funds	41,273		41,273
Transfers in	2,032,030		2,032,030
Transfers out		(16,594)	(16,594)
Net cash provided (used) by non capital financing activities	2,073,303	(16,594)	2,056,709
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Capital Contribution		62,689	62,689
Acquisition and construction of capital assets	(246,804)	(103,278)	(350,082)
Net cash provided (used) by capital and related financing activities	(246,804)	(40,589)	(287,393)
CASH FLOWS FROM INVESTING ACTIVITIES:			
Investment income		2,618	2,618
Net cash provided by investing activities		2,618	2,618
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	361,326	(54,565)	306,761
CASH AND CASH EQUIVALENTS, JANUARY 1 (INCLUDING RESTRICTED ACCOUNTS OF \$1,073,952 IN 2016)	3,033,715	398,110	3,431,825
CASH AND CASH EQUIVALENTS, DECEMBER 31 (INCLUDING RESTRICTED ACCOUNTS OF \$735,712 IN 2017)	<u>\$ 3,395,041</u>	<u>\$ 343,545</u>	<u>\$ 3,738,586</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES:			
Operating income (loss)	\$ (1,701,917)	\$ (212,146)	\$ (1,914,063)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:			
Depreciation	575,189	212,146	787,335
Change in assets and liabilities:			
(Increase) decrease in receivables	(7,013)		(7,013)
(Increase) decrease in prepaid items and inventories	(15,033)		(15,033)
Increase (decrease) in accounts and other payables	(316,399)		(316,399)
Net cash provided (used) by operating activities	<u>\$ (1,465,173)</u>	<u>\$ -</u>	<u>\$ (1,465,173)</u>

**CITY OF SAVANNAH, GEORGIA
COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS
DECEMBER 31, 2017**

	<u>REVOLVING</u>	<u>RISK MANAGEMENT</u>	<u>TOTAL</u>
<u>ASSETS</u>			
ASSETS			
Current assets:			
Cash and investments	\$ 27,755,879	\$ 11,043,106	\$ 38,798,985
Receivables, net	12,343	1,086,089	1,098,432
Inventories	875,913		875,913
Total current assets	<u>28,644,135</u>	<u>12,129,195</u>	<u>40,773,330</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	91,166,970		91,166,970
Less accumulated depreciation	(64,132,313)		(64,132,313)
Construction in progress	775,671		775,671
Total noncurrent assets	<u>30,900,701</u>		<u>30,900,701</u>
Total assets	<u><u>\$ 59,544,836</u></u>	<u><u>\$ 12,129,195</u></u>	<u><u>\$ 71,674,031</u></u>
<u>LIABILITIES AND NET POSITION</u>			
LIABILITIES			
Current liabilities:			
Accounts payable	\$ 3,081,142	\$ 832,273	\$ 3,913,415
Current portion of compensated absences	194,817		194,817
Current portion of claims and judgments		3,264,749	3,264,749
Total current liabilities	<u>3,275,959</u>	<u>4,097,022</u>	<u>7,372,981</u>
Noncurrent liabilities:			
Compensated absences	296,662		296,662
Claims and judgments		3,128,090	3,128,090
Total noncurrent liabilities	<u>296,662</u>	<u>3,128,090</u>	<u>3,424,752</u>
Total liabilities	<u>3,572,621</u>	<u>7,225,112</u>	<u>10,797,733</u>
NET POSITION			
Net investment in capital assets	30,900,701		30,900,701
Unrestricted	25,071,514	4,904,083	29,975,597
Total net position	<u>55,972,215</u>	<u>4,904,083</u>	<u>60,876,298</u>
Total liabilities and net position	<u><u>\$ 59,544,836</u></u>	<u><u>\$ 12,129,195</u></u>	<u><u>\$ 71,674,031</u></u>

CITY OF SAVANNAH, GEORGIA
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
INTERNAL SERVICE FUNDS
YEAR ENDED DECEMBER 31, 2017

	REVOLVING	RISK MANAGEMENT	TOTAL
OPERATING REVENUES:			
Charges for services	\$ 21,715,555	\$ -	\$ 21,715,555
Risk management fees		33,320,065	33,320,065
	<u>21,715,555</u>	<u>33,320,065</u>	<u>55,035,620</u>
OPERATING EXPENSES:			
Depreciation	6,637,141		6,637,141
Central garage	6,073,765		6,073,765
Information services	7,615,725		7,615,725
Risk management		31,608,212	31,608,212
	<u>20,326,631</u>	<u>31,608,212</u>	<u>51,934,843</u>
Operating Income (Loss)	<u>1,388,924</u>	<u>1,711,853</u>	<u>3,100,777</u>
NONOPERATING REVENUES (EXPENSES):			
Interest earned	173,922	77,761	251,683
Gain (loss) on disposal of assets	511,831		511,831
	<u>685,753</u>	<u>77,761</u>	<u>763,514</u>
Income (loss) before contributions	<u>2,074,677</u>	<u>1,789,614</u>	<u>3,864,291</u>
CAPITAL CONTRIBUTIONS	116,500		116,500
TRANSFERS IN	31,001		31,001
TRANSFERS OUT	<u>(1,207)</u>		<u>(1,207)</u>
Change in net position	2,220,971	1,789,614	4,010,585
Total net position - beginning	<u>53,751,244</u>	<u>3,114,469</u>	<u>56,865,713</u>
Total net position - ending	<u><u>\$ 55,972,215</u></u>	<u><u>\$ 4,904,083</u></u>	<u><u>\$ 60,876,298</u></u>

**CITY OF SAVANNAH, GEORGIA
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
YEAR ENDED DECEMBER 31, 2017**

	REVOLVING	RISK MANAGEMENT	TOTAL
CASH FLOWS FROM OPERATING ACTIVITIES:			
Cash received from other funds for services	\$ 21,730,764	\$ -	\$ 21,730,764
Cash received for services and fees		33,320,375	33,320,375
Cash paid to suppliers	(13,699,544)		(13,699,544)
Cash paid for supplies and insurance		(33,041,256)	(33,041,256)
Net cash provided (used) by operating activities	<u>8,031,220</u>	<u>279,119</u>	<u>8,310,339</u>
CASH FLOWS FROM NON CAPITAL FINANCING ACTIVITIES			
Transfers In	31,001		31,001
Transfers Out	(1,207)		(1,207)
Net cash provided (used) by non capital financing activities	<u>29,794</u>	<u>-</u>	<u>29,794</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Capital contribution	116,500		116,500
Proceeds from sale of equipment	531,230		531,230
Acquisition and construction of capital assets	(4,626,309)		(4,626,309)
Net cash provided (used) by capital and related financing activities	<u>(3,978,579)</u>	<u></u>	<u>(3,978,579)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:			
Investment income	173,922	77,761	251,683
Net cash provided by investing activities	<u>173,922</u>	<u>77,761</u>	<u>251,683</u>
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	4,256,357	356,880	4,613,237
CASH AND CASH EQUIVALENTS, JANUARY 1	<u>23,499,522</u>	<u>10,686,226</u>	<u>34,185,748</u>
CASH AND CASH EQUIVALENTS, DECEMBER 31	<u>\$ 27,755,879</u>	<u>\$ 11,043,106</u>	<u>\$ 38,798,985</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES:			
Operating income (loss)	\$ 1,388,924	\$ 1,711,853	\$ 3,100,777
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:			
Depreciation	6,637,141		6,637,141
Change in assets and liabilities:			
(Increase) decrease in receivables	15,209	310	15,519
(Increase) decrease in inventories	70,806		70,806
Increase (decrease) in accounts payables	(128,585)	(100,074)	(228,659)
Increase (decrease) in compensated absences	47,725		47,725
Increase (decrease) in claims and judgments payable		(1,332,970)	(1,332,970)
Net cash provided (used) by operating activities	<u>\$ 8,031,220</u>	<u>\$ 279,119</u>	<u>\$ 8,310,339</u>

**CITY OF SAVANNAH, GEORGIA
COMBINING STATEMENT OF FIDUCIARY NET POSITION
TRUST FUNDS AND AGENCY FUNDS
DECEMBER 31, 2017**

	TRUST FUNDS				AGENCY FUNDS		
	PENSION TRUST	OLD PENSION TRUST	OPEB TRUST	TOTAL	RECORDERS COURT	FLEXIBLE BENEFITS	TOTAL
<u>ASSETS</u>							
Cash and cash equivalents	\$ 2,510,225	\$ 195,230	\$ 2,616,486	\$ 5,321,941	\$ 99,559	\$ 210,436	\$ 309,995
Accrued income	539,907			539,907			
Accounts receivable:							
From employers	12,698			12,698			
From participants	70,269			70,269			
Investments, at fair value:							
U.S. government obligations	78,920,380		7,898,723	86,819,103			
Foreign corporate bonds	4,123,356			4,123,356			
Domestic corporate bonds	22,711,349		15,940,721	38,652,070			
Domestic stocks	161,813,944			161,813,944			
Domestic stock fund	39,149,036		40,215,773	79,364,809			
International stock fund	40,029,772		7,853,732	47,883,504			
Real estate fund	37,283,165		7,845,186	45,128,351			
Total investments	384,031,002		79,754,135	463,785,137			
Total assets	387,164,101	195,230	82,370,621	469,729,952	\$ 99,559	\$ 210,436	\$ 309,995
<u>LIABILITIES AND NET POSITION</u>							
Liabilities:							
Payable from restricted assets:							
Accounts payable	\$ 273,400	\$ -	\$ 35,000	\$ 308,400	\$ 99,559	\$ 11,130	\$ 110,689
Benefits payable						105,096	105,096
Benefit plan surplus						94,210	94,210
Total liabilities	273,400		35,000	308,400	\$ 99,559	\$ 210,436	\$ 309,995
Net Position:							
Held in trust for:							
Pension benefits	386,890,701	195,230		387,085,931			
OPEB benefits			82,335,621	82,335,621			
Total net position	\$ 386,890,701	\$ 195,230	\$ 82,335,621	\$ 469,421,552			

CITY OF SAVANNAH, GEORGIA
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
TRUST FUNDS
YEAR ENDED DECEMBER 31, 2017

	PENSION (AND OTHER EMPLOYEE BENEFITS)			
	PENSION TRUST	OLD PENSION TRUST	OPEB TRUST	TOTAL
ADDITIONS				
Contributions:				
Employers	\$ 10,361,785	\$ -	\$ 5,586,200	\$ 15,947,985
Plan members	7,794,899		2,535,236	10,330,135
Total contributions	18,156,684		8,121,436	26,278,120
Investment income:				
Interest	2,722,365	1,458	9,669	2,733,492
Dividends	347,586		2,944,922	3,292,508
Real estate net income	2,446,599		32,791	2,479,390
Net appreciation (depreciation) in fair value of investments	45,929,035		8,790,421	54,719,456
Total investment income	51,445,585	1,458	11,777,803	63,224,846
Less investment expense	1,069,275		430,540	1,499,815
Net investment income (loss)	50,376,310	1,458	11,347,263	61,725,031
Total additions	68,532,994	1,458	19,468,699	88,003,151
DEDUCTIONS				
Benefits	25,303,427	7,864	6,173,580	31,484,871
Refunds of contributions	2,100,831			2,100,831
Administrative expense	75,178		266,941	342,119
Total deductions	27,479,436	7,864	6,440,521	33,927,821
Change in net position	41,053,558	(6,406)	13,028,178	54,075,330
Beginning of year - January 1	345,837,143	201,636	69,307,443	415,346,222
End of year - December 31	<u>\$ 386,890,701</u>	<u>\$ 195,230</u>	<u>\$ 82,335,621</u>	<u>\$ 469,421,552</u>

CITY OF SAVANNAH, GEORGIA
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES - AGENCY FUNDS
YEAR ENDED DECEMBER 31, 2017

	<u>JANUARY 1, 2016</u>	<u>ADDITIONS</u>	<u>DEDUCTIONS</u>	<u>DECEMBER 31, 2017</u>
RECORDER'S COURT				
<u>ASSETS</u>				
Restricted assets:				
Cash and investments	\$ 110,084	\$ 4,448,820	\$ 4,459,345	\$ 99,559
Total assets	<u>\$ 110,084</u>	<u>\$ 4,448,820</u>	<u>\$ 4,459,345</u>	<u>\$ 99,559</u>
<u>LIABILITIES</u>				
Payable from restricted assets:				
Accounts payable	\$ 110,084	\$ 4,448,820	\$ 4,459,345	\$ 99,559
Total liabilities	<u>\$ 110,084</u>	<u>\$ 4,448,820</u>	<u>\$ 4,459,345</u>	<u>\$ 99,559</u>
FLEXIBLE BENEFITS PLAN				
<u>ASSETS</u>				
Restricted assets:				
Cash and investments	\$ 201,140	\$ 643,956	\$ 634,660	\$ 210,436
Total assets	<u>\$ 201,140</u>	<u>\$ 643,956</u>	<u>\$ 634,660</u>	<u>\$ 210,436</u>
<u>LIABILITIES</u>				
Payable from restricted assets:				
Accounts payable	\$ 10,417	\$ 11,130	\$ 10,417	\$ 11,130
Benefits payable	97,578	642,852	635,334	105,096
Benefit plan surplus	<u>93,145</u>	<u>21,257</u>	<u>20,192</u>	<u>94,210</u>
Total liabilities	<u>\$ 201,140</u>	<u>\$ 675,239</u>	<u>\$ 665,943</u>	<u>\$ 210,436</u>
TOTAL				
<u>ASSETS</u>				
Restricted assets:				
Cash and investments	\$ 311,224	\$ 5,092,776	\$ 5,094,005	\$ 309,995
Total assets	<u>\$ 311,224</u>	<u>\$ 5,092,776</u>	<u>\$ 5,094,005</u>	<u>\$ 309,995</u>
<u>LIABILITIES</u>				
Payable from restricted assets:				
Accounts payable	\$ 120,501	\$ 4,459,950	\$ 4,469,762	\$ 110,689
Benefits payable	97,578	642,852	635,334	105,096
Benefit plan surplus	<u>93,145</u>	<u>21,257</u>	<u>20,192</u>	<u>94,210</u>
Total liabilities	<u>\$ 311,224</u>	<u>\$ 5,124,059</u>	<u>\$ 5,125,288</u>	<u>\$ 309,995</u>

CITY OF SAVANNAH, GEORGIA
SCHEDULE OF PROJECTS FUNDED WITH SPECIAL SALES TAX PROCEEDS
FOR THE YEAR ENDED DECEMBER 31, 2017

PROJECT NUMBER		Total	Original	Current	Sales Tax Funded Expenditures				Remaining Balance	
		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			
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 & Leeward Paving	384,240		295,920	295,920		295,920			
SP0213	Hamilton Court	275,405		81,235	81,235		81,235			
SP0300	Alta, Halsey, Industry & Ware Paving	596,002		514,940	514,940		514,940			
SP0301	Gordonston Area Paving	1,144,800		971,542	971,542		971,542			
SP0302	Adirondak, Bacon Park & Bruce Paving	336,908		257,815	257,815		257,815			
SP0304	Felt Drive Paving	33,034		21,034	21,034		21,034			
SP0305	Ohio Avenue Paving	396,255		190,268	190,268		190,268			
SP0306	Charlton, DeRenne, Pierpont & 34th Paving	663,279		472,922	472,922		472,922			
SP0307	Robin & Rendant Paving	767,889		527,433	527,433		527,433			
SP0309	Laurel Grove Paving	247,813		203,720	203,720		203,720			
SP0310	Ripley, Sheffield, Scott & Whitman	445,575		336,768	336,768		336,768			
SP0311	Avondale Area Paving	560,805		510,416	510,416		510,416			
SP0313	Semken Plant, Battey, Nunez & Waters Paving	555,238		468,158	468,158		468,158			
SP0400	Columbia, Heard, Lloyd & Fayette Paving	293,279		98,023	98,023		98,023			
SP0401	36th, Kinzie, Galway, Gunter, 50th, Gunnie, Corinth & Baudry Park Paving	43,676		14,100	14,100		14,100			
SP0402	Central Avenue Paving	41,788		30,986	30,986		30,986			
SP0501	Honeybee Area Paving	388,572		16,000	16,000		16,000			
SP0502	Liberty City Paving	466,954		155,479	155,479		155,479			
SP0504	Fulton Road Extension Paving	118,222		33,255	33,255		33,255			
SP0602	1994 Street Paving-Phase II	343,090		12,422	12,422		12,422			
SP0702	44th, 48th, Clifford, Barrington, Desoto, Etc.	457,472		166,702	166,702		166,702			
SP0703	Archer, Bates, Blossum, Clivwald & 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			
TE0310	President St Improvements	33,202,317		20,000		20,000	20,000			
TOTALS-SALES TAX FUND I		\$ 55,460,424	\$ 10,875,470	\$ 9,845,383	\$ 9,825,383	\$ 20,000	\$ 9,845,383	\$ -		

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.
(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 on the next page.

CITY OF SAVANNAH, GEORGIA
SCHEDULE OF PROJECTS FUNDED WITH SPECIAL SALES TAX PROCEEDS
FOR THE YEAR ENDED DECEMBER 31, 2017

		Total	Original	Current	Sales Tax Funded Expenditures				
		Estimated	Sales Tax	Estimated					
		Cost to be	Funding per	Cost to be					
		Funded from	Referendum	Funded by	Prior	Current	Total	Remaining	
Project		All Sources	Resolution	Sales Tax	Years	Year		Balance	
Number									
SALES TAX FUND II:									
	Savannah Roads, Sidewalks and Drainage		\$ 5,691,151						
DR0129	Local Match GEMA Grants	\$ 6,384,971		\$ 29,982	\$ 29,982	\$ -	\$ 29,982	\$ -	
DR0208	Broughton Street Cave-In	593,522		13,850	13,850		13,850		
OP0305	Liberty Parkway Sidewalk	343,355		48,322	48,322		48,322		
OP0810	Beacon Light	85,944		36	36		36		
PD0801	West 57th Street Boulevard	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	334,519	62,629	397,148	102,852	
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		
TE0310	President St Improvements	33,202,317		101,000		101,000	101,000		
TOTALS SALES TAX FUND II		\$ 54,763,265	\$ 5,691,151	\$ 7,090,767	\$ 6,824,286	\$ 163,629	\$ 6,987,915	\$ 102,852	

- 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, 2017

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 Bridges		157,966		156,166		156,166		156,166						
DR0118	Williams Ward Detention		370,094		370,094		370,094		370,094						
DR0119	Springfield Canal 2-Year Storm		2,966,599		2,966,555		2,966,555		2,966,555						
DR0120	Westside Equipment Purchase		2,226,160		283,900		283,900		283,900						
DR0121	Westside Detention		895,997		112		112		112						
DR0122	Westside Pump Station & Line		14,230,285		12,728,054		12,728,054		12,728,054						
DR0123	Westside Interceptor		9,230,669		3,171,712		3,171,712		3,171,712						
DR0124	Montgomery Crossroads Pump Station		10,287,983		10,213,431		10,213,431		10,213,431						
DR0125	Wilshire Canal		2,848,286		2,848,286		2,848,286		2,848,286						
DR0126	Holland Canal		3,139,533		3,137,685		3,137,685		3,137,685						
DR0127	Windsor Canal		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	Bitbo-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	Bitbo Basin		15,766,216		157,366		157,366		157,366						
DR0501	Cranman Drive Culvert Replacement		336,133		336,133		336,133		336,133						
DR0503	Wilshire Basin Study		9,480,032		1,746,691		1,746,691		1,746,691						
DR0507	Downtown Bitbo 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		17,439,495		363,707		8,678	42,483	51,161		312,546				
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	Boaen Tract Open Space		22,812		22,000		22,000		22,000						
RE0604	Band Shell		619,364	787,500	577,950		577,950		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						
SO0701	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		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		13,215,795		872		872		872						
RE0123	Master Plan-Mohawk Property		170,047		1,557		1,557		1,557						
RE0129	Edgemoor/Sackville Recreation		182,470		82,470			38,992	38,992		43,478				
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		409,426		407,143		407,143		407,143						
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		\$	275,370,997	\$	98,169,265	\$	100,588,403	\$	99,370,904	\$	81,475	\$	99,452,379	\$	1,136,024

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, 2017

PROJECT NUMBER	Total Estimated Cost to be Funded from All Sources	Original Sales Tax Funding per Referendum Resolution	Current Estimated Cost to be Funded by Sales Tax	Sales Tax Funded Expenditures			Remaining Balance	
				PRIOR YEARS	CURRENT YEAR	TOTAL		
SPLOST 2003-2008 FUND:								
		\$ 64,770,000						
DR0115	Savannah Roads, Sidewalks and Drainage							
DR0122	Montgomery Yrds Bridge	\$ 75,829	\$ 19,329	\$ 19,329	\$ -	\$ 19,329	\$ -	
DR0127	Westside Pump Station & Line	14,230,285	1,500,575	1,500,575		1,500,575		
DR0204	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	88,807	50,685	139,492	53,449	
DR0802	Placentia 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	224,382	224,382		224,382		
DR0905	Springfield Drainage Improvements	1,000,000	1,000,000	230,462	76,080	306,542	693,458	
DR0906	Sylvan Terrace Sub-basin	17,553	17,553	17,553		17,553		
DR0911	Casey South Drainage-Phase II	17,439,495	14,606,355	1,531,799		1,531,799	13,074,556	
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		
TE0305	LaRoche-Deleesses Widening	1,977,243	33,259	32,742	517	33,259		
TE0310	President Street-General McIntosh Improvements	33,202,319	1,924,864	1,924,864		1,924,864		
TE0512	Jimmy DeLoach Parkway Signal	126,590	29,069	29,069		29,069		
TE0613	Taterville Sound Barrier	1,214,904	1,214,904			1,214,904		
TE0708	LaRoche-Deleesses Design	2,953,589	2,551,837	256,600	78,007	334,607	2,217,230	
TE0709	Gwinnett St. Widening Design	8,618,886	1,988,000	755,450	32,224	787,674	1,200,326	
TE0813	Traffic Signal-Chatham Parkway	155,498	135,931	135,931		135,931		
TE0906	Jimmy DeLoach/Crossroad Interchange	909,297	218,000	218,000		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	22,440,000	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	111,886	21,092				21,092	
OP0832	Battlefield-RR Roundhouse SPLOST	7,763,665	7,763,665	7,763,665		7,763,665		
PT0803	Baker-Fall Street Park	289,000	175,000	175,000		175,000		
PT0905	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	126,963	96,550	223,513	283,487	
OP0641	Hope 6 Infrastructure	3,441,211	1,930,814	1,930,814		1,930,814		
OP0834	West Savannah & Corridors	28,890	15,000	15,000		15,000		
OP0923	Gate Precast Property Acquisition	2,181,641	240,500	240,500		240,500		
PB0530	Paulsen Building Purchase/Renovation	2,554,017	2,400,000	2,400,000		2,400,000		
PB0136	Roof Replacement Community Planning	73,525	73,525	73,525		73,525		
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 Reconst.	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	380,702	380,000			380,000		
PD0101	MURP II	1,198,820	457,750	457,750		457,750		
PD0102	Midtown Street Improvements	190,000	9,663	9,663		9,663		
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		
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		
PD0309	Waters Avenue Corridor	4,029,679	369,066	367,831	1,235	369,066		
PD0310	Youth Advancement Center	839,231	416,000	412,840	3,160	416,000		
PD0400	Savannah Gardens Phase I	13,215,795	242,766	242,766		242,766		
PD0402	Ogeechee Public ROW Improvements	456,500	106,500				106,500	
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	769,724	21,492	791,216	213,773	
PD0808	WS-Tree Lawn & Buffering	10,012	10,012	10,012		10,012		
PD0902	Montgomery-Medley-56th	152,870	152,870	152,870		152,870		
PD0903	Eastside Sidewalk Access	100,158	100,158	100,158		100,158		
PD0904	West 56th Street Rebrickng	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 Curbing	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	1,241,500	1,241,500		1,241,500		
PD0313	Savannah Shines	2,290,180	531,340				531,340	
TOTALS SPLOST 2003-2008 FUND		\$ 292,941,018	\$ 97,640,895	\$ 106,093,063	\$ 87,073,969	\$ 359,950	\$ 87,433,819	\$ 18,659,592

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

This schedule is continued from the previous page.

CITY OF SAVANNAH, GEORGIA
SCHEDULE OF PROJECTS FUNDED WITH SPECIAL SALES TAX PROCEEDS
FOR THE YEAR ENDED DECEMBER 31, 2017

PROJECT NUMBER		Total	Original	Current	Sales Tax Funded Expenditures			
		Estimated Cost to be Funded from All Sources	Sales Tax Funding per Intergovernmental Agreement	Estimated Cost to be Funded by Sales Tax	PRIOR YEARS	CURRENT YEAR	TOTAL	Remaining Balance
SPLOST 2009-2014 FUND:								
	City of Savannah Projects		\$ 160,000,000					
CC0206	Civic Center Arena	\$ 124,462,178		\$ 19,462,178	\$ 489,503	\$ 3,600	\$ 493,103	\$ 18,969,075
DR0215	Bilbo-North Casey Drainage	1,530,000		860,913	860,913		860,913	
DR0308	Bilbo Box Culver Improvements	24,813,717		10,210,000		7,987,252	7,987,252	2,222,748
DR0602	Baldwin Park Drainage	3,740,362		3,740,362	3,740,362		3,740,362	
DR0911	Casey South Drg Phs II	17,439,495		2,465,721				2,465,721
OP0136	Public Safety Video Surveillance	1,246,455		1,246,455	1,246,455		1,246,455	
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	1,691,388	191,219	1,882,607	3,829,507
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	3,000,000		3,000,000	
PB0240	Bomb Squad Roof Replacement	98,329		40,919				40,919
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	1,896,866		1,282,899	1,282,899		1,282,899	
PB0821	Cultural Arts Center	22,440,000		17,400,000	3,275,881	6,286,986	9,562,867	7,837,133
PB0828	Westside Land Assemblage	3,704,446		923,304	830,462	2,400	832,862	90,442
PB0836	Savannah Public Safety Metroplex	10,177,974		9,630,000	9,525,045		9,525,045	104,955
PD0308	Fellwood Homes Site Infrastructure	3,658,417		3,658,417	3,658,417		3,658,417	
PD0309	Water Avenue Streetscape	4,029,679		2,248,648	2,248,648		2,248,648	
PD0400	Savannah Gardens Phase I	13,215,795		11,055,577	10,852,831	5,996	10,858,827	196,750
PD0401	Wheaton Streetscape Design	1,101,352		1,101,352				1,101,352
PD0402	Ogeechee Public Row Improvements	456,500		350,000				350,000
PD0601	MLK Corridor-Savannah Pharmacy	2,502,400		2,000,000	416,335	47,758	464,093	1,535,907
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	168,317	1,000,000	
SP0253	Public Safety Camera Mst Plan	3,550		3,550				3,550
TE0607	Street Lighting Upgrade	1,000,000		1,000,000	99,657	5,378	105,035	894,965
TE0610	37th St Corridor Signal	340,000		340,000				340,000
TE0611	Eisenhower Drive Signal Interconnection	360,000		360,000	20,211		20,211	339,789
TE0612	Downtown Traffic Signal	346,986		300,000	300,000		300,000	
TOTALS SPLOST 2009-2014 FUND		\$ 276,094,968	\$ 160,000,000	\$ 118,650,480	\$ 63,606,071	\$ 14,698,906	\$ 78,304,977	\$ 40,345,503

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This schedule is continued from the previous page.

CITY OF SAVANNAH, GEORGIA
SCHEDULE OF PROJECTS FUNDED WITH SPECIAL SALES TAX PROCEEDS
FOR THE YEAR ENDED DECEMBER 31, 2017

PROJECT NUMBER	Total Estimated Cost to be Funded from All Sources	Original Sales Tax Funding per Intergovernmental Agreement	Current Estimated Cost to be Funded by Sales Tax	Sales Tax Funded Expenditure:									
				PRIOR YEARS	CURRENT YEAR	TOTAL	Remaining Balance						
SPLOST 2014-2020 FUND:													
	City of Savannah Projects	\$	190,000,000										
AL0100	SPLOST 6-District 1	\$	691,413	\$	691,413	\$	-	\$	691,413				
AL0200	SPLOST 6-District 2		50,000		50,000				50,000				
AL0300	SPLOST 6-District 3		643,590		643,590				643,590				
AL0400	SPLOST 6-District 4		900,000		900,000				900,000				
AL0500	SPLOST 6-District 5		542,147		542,147				542,147				
AL0600	SPLOST 6-District 6		732,994		732,994				732,994				
CO0206	New Cc Arena	124,462,178		105,000,000		392,196	392,196		104,607,804				
DR0131	Drainage Box Rehabilitations	9,310,000		9,310,000					9,310,000				
DR0132	Placentia Basin Drainage Impro	7,000,000		7,000,000		83,843	83,843		6,916,157				
DR0308	Bilbo Box Culvert Impro	14,603,717		4,600,000	1,596,548	3,003,452	4,600,000						
DR0309	Colonial Drive Drainage	500,000		500,000		6,869	6,869		493,131				
OP0144	Savannah Children's Museum	1,500,000		1,500,000					1,500,000				
OP0145	Pedestrian Wayfinding Signage	550,000		500,000		30,203	30,203		469,797				
OP0146	Wireless/Fiber Infrastructure	883,500		883,500	52,351	47,737	100,088		783,412				
OP0255	Data Ctr move out of Civic Ctr	1,093,710		116,500		116,500	116,500						
OP0414	Traffic Calming Devices	855,013		500,000	57,906	143,880	201,786		298,214				
OP0932	Radio Network Infrastructure	4,500,000		4,500,000	1,233,802	1,750	1,235,552		3,264,448				
PB0148	Grant Center	2,000,000		2,000,000		(26,271)	680		1,999,320				
PB0150	Hutchinson Is Public Safe Faci	377,857		377,857	235,960		235,960		141,897				
PB0153	LaVida Property Acquisition	463,857		463,857	437,586	26,271	463,857						
PB0336	Highlands Fire Station	3,650,179		3,639,790		9,205	9,205		3,630,585				
PB0533	Fire Station Sweetwater	3,514,534		2,932,354	74,053	495,002	569,055		2,363,299				
PB0821	Cultural Arts Center	21,000,000		600,000					600,000				
PB0840	Fire Building Maint	326,405		50,000		26,282	26,282		23,718				
PB0842	Tomkins Ctr Renov & Expansion	3,074,073		1,500,000	1,500,000		1,500,000						
PB0929	Family Resource Center Penn Av	7,250,000		7,250,000	14,599	69,271	83,870		7,166,130				
PD0117	Hitch Village Redevelopment	6,754,000		6,754,000	1,029,747	795,429	1,825,176		4,928,824				
PD0208	Ogeecheetow 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	9,382		9,382		9,382	9,382						
PD0213	Summerside Sign	10,000		10,000		7,697	7,697		2,303				
PD0214	Feiler Terrace Signs	17,067		17,067		17,067	17,067						
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	(1,219)	448,803		301,197				
PD0311	Tremont Park Sign	11,613		11,613		11,613	11,613						
PD0312	Cann Park Sign	7,497		7,497		7,497	7,497						
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	11,170		11,170		1,488,830				
RE0125	Athletic Field Turf	1,600,000		1,600,000	1,437,725	104,318	1,542,043		57,957				
RE0128	Bee Road Park	100,000		100,000	11,132	20,767	31,899		68,101				
RE0129	Edgemere/Sackville Recreation	100,000		100,000	1,500		1,500		98,500				
RE0130	Kensington Park Playground	100,000		100,000	66,996	10,554	77,550		22,450				
RE0131	Hudson Hill Ballpark Lighting	13,253		13,253	13,253		13,253						
RE0132	Nina Court/Paradise Park	50,000		50,000					50,000				
RE0133	Sylvan Terrace Park	165,000		165,000	41,784	70,091	111,875		53,125				
RE0134	Ogeecheetow 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		2,350	2,350		47,650				
RE0224	Cann Park Improvements	254,500		254,500	92,594	16,695	109,289		145,211				
RE0225	Mayfair Playground Improvements	100,000		100,000	100,000		100,000						
RE0226	Ambush Park Improvements	45,000		45,000		28,214	28,214		16,786				
RE0227	Myers Park	4,000		4,000		1,353	1,353		2,647				
RE0228	Liberty City Comm Ctr	37,500		37,500		34,470	34,470		3,030				
RE0309	Coffee Bluff Fishing Pier	5,669,168		85,000	85,000		85,000						
RE0314	Avondale Park Shelter	40,000		40,000					40,000				
RE0316	Attwood Street Park Improvements	50,000		50,000					50,000				
RE0317	Windsor Rd Property Acquisition	118,150		118,150		118,150	118,150						
SP0118	Sidewalk Repairs	50,000		50,000		50,000	50,000						
SP0219	New Sidewalk Installs	70,644		70,644	45,047	25,597	70,644						
SP0720	Wheelchair Access Ramps	9,144		9,144	9,144		9,144						
SQ0101	Riverwalk Extension at Marriot	1,536,000		1,536,000	163,780		163,780		1,372,220				
SQ0102	Victory Drive Corridor Impr	1,000,000		1,000,000	1,513	168,584	170,097		829,903				
SQ0103	Factors Walk Wall Restoration	600,000		600,000	132,304	1,466	133,770		466,230				
TE0216	Habersham & Kensington Speed	225,229		200,000	158	199,842	200,000						
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	3,750,713	5,000,000						
TOTALS SPLOST 2009-2014 FUND		\$	288,678,419	\$	190,000,000	\$	10,196,798	\$	9,876,820	\$	20,073,618	\$	169,926,382

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, 2017**

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	\$ 20,775,634	
Expenditures made to:		
Convention and Visitors Bureau	\$ 6,924,519	33.33%
Georgia International & Maritime Trade Center	\$ 2,795,059	13.45%
Savannah Civic Center	\$ 668,239	3.22%

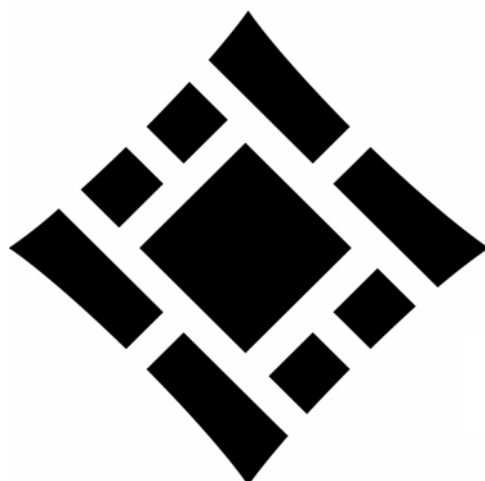
CITY OF SAVANNAH, GEORGIA
SCHEDULE OF REVENUES AND EXPENDITURES/EXPENSES - RENTAL MOTOR VEHICLE TAX
FOR THE YEAR ENDED DECEMBER 31, 2017

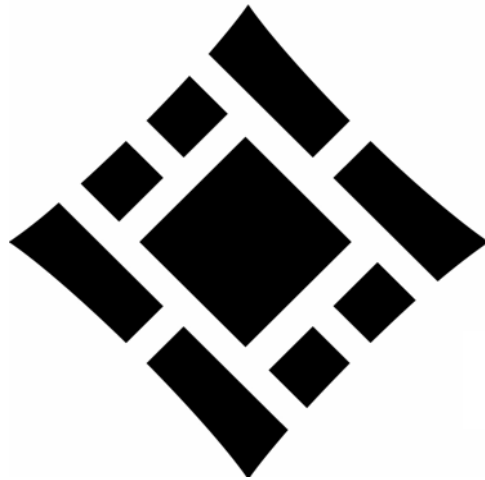
During 2017, the City collected rental motor vehicle excise tax as authorized in O.C.G.A. 48-13-93.

	<u>Amount</u>	<u>Amount as a Percentage of Revenue</u>
Rental motor vehicle tax	\$ 1,818,388	
Transfers made to:		
General Fund	\$ 454,597	25.00%
Civic Center Fund	\$ 1,363,791	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	141-145
<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	146-149
<i>These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax.</i>	
Debt Capacity	150-154
<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	155-156
<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	157-164
<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)

	<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>	<u>2017</u>
Governmental activities										
Net investment in capital assets	\$ 483,504	\$ 518,489	\$ 534,164	\$ 557,007	\$ 564,537	\$ 564,426	\$ 577,032	\$ 582,292	\$ 596,139	\$ 615,738
Restricted	55,819	51,637	37,174	86,329	105,611	124,687	147,790	170,564	185,145	214,481
Unrestricted	92,040	73,444	83,795	44,063	47,384	50,174	51,512	(11,427)	(11,818)	(14,335)
Total governmental activities net position	<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>	<u>\$ 815,884</u>
Business-type activities										
Net investment in capital assets	\$ 246,580	\$ 260,204	\$ 255,749	\$ 267,671	\$ 276,219	\$ 282,641	\$ 294,940	\$ 316,149	\$ 318,418	\$ 329,224
Restricted	384	2,328	2,336	2,395	2,344	2,345	2,367	2,370	3,870	3,212
Unrestricted	91,201	82,735	91,229	99,157	106,927	118,497	131,454	110,391	120,280	139,613
Total business-type activities net position	<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>	<u>\$ 472,049</u>
Primary government										
Net investment in capital assets	\$ 730,084	\$ 778,693	\$ 789,913	\$ 824,678	\$ 840,756	\$ 847,067	\$ 871,972	\$ 898,441	\$ 914,557	\$ 944,962
Restricted	56,203	53,965	39,510	88,724	107,955	127,032	150,157	172,934	189,015	217,693
Unrestricted	183,241	156,179	175,024	143,220	154,311	168,671	182,966	98,964	108,462	125,278
Total primary government net position	<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>	<u>\$ 1,287,933</u>

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

Expenses	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Governmental activities:										
General administration	\$ 3,214	\$ 3,573	\$ 4,898	\$ 29,825	\$ 4,412	\$ 4,497	\$ 4,624	\$ 14,722	\$ 5,237	\$ 5,440
Management and financial services	6,529	6,957	5,977	2,156	4,042	4,368	4,196	4,065	3,517	2,728
Facilities maintenance	43,897	33,777	32,327	33,226	36,409	39,905	41,996	42,305	44,175	42,861
Police	69,067	67,048	65,473	55,339	67,822	65,396	65,091	67,028	75,375	74,032
Recorder's court	2,228	2,229	2,225	1,856	2,284	2,159	2,234	2,082	2,154	2,092
Fire	24,999	25,236	25,479	21,009	26,319	25,579	26,316	30,331	30,442	30,214
Leisure services	17,266	21,530	22,508	17,459	21,688	21,692	22,197	22,202	24,130	24,334
Tourism enhancement	8,889	8,364	8,923	8,365	9,109	8,665	10,487	11,314	11,884	12,690
Social and cultural	2,004	1,711	1,794	1,643	1,718	1,954	1,457	1,704	1,589	1,370
Public development	12,369	12,544	12,229	8,317	9,165	6,281	6,256	6,200	7,238	5,538
Grant program and administration	6,718	5,531	8,533	5,925	5,646	5,426	4,201	5,764	19,423	17,536
Community development program and administration	12,278	12,933	10,064	11,566	10,644	9,464	8,906	8,572	8,959	9,832
Interest on long-term debt	1,020	1,128	1,185	1,083	998	959	763	1,036	1,332	1,415
Interest on capital leases	355	69	54	39	23	6				
Total governmental activities expenses	<u>210,833</u>	<u>202,630</u>	<u>201,669</u>	<u>197,808</u>	<u>200,279</u>	<u>196,351</u>	<u>198,724</u>	<u>217,325</u>	<u>235,455</u>	<u>230,082</u>
Business-type activities:										
Water and sewer	51,395	52,322	52,818	48,673	53,239	53,493	54,257	56,949	56,962	58,462
Sanitation	26,334	25,960	23,095	20,842	23,257	23,584	22,837	22,895	24,814	26,029
Parking facilities	7,555	10,125	10,569	9,487	10,264	10,209	10,702	11,218	11,752	12,992
Civic center	3,147	2,943	3,215	2,906	3,100	3,723	3,820	3,577	3,812	3,546
Golf course	64	62	58	42	39	33	68	165	218	212
Resource recovery	2,510									
Total business-type activities expenses	<u>91,005</u>	<u>91,412</u>	<u>89,755</u>	<u>81,950</u>	<u>89,899</u>	<u>91,042</u>	<u>91,684</u>	<u>94,804</u>	<u>97,558</u>	<u>101,241</u>
Total primary government expenses	<u>\$ 301,838</u>	<u>\$ 294,042</u>	<u>\$ 291,424</u>	<u>\$ 279,758</u>	<u>\$ 290,178</u>	<u>\$ 287,393</u>	<u>\$ 290,408</u>	<u>\$ 312,129</u>	<u>\$ 333,013</u>	<u>\$ 331,323</u>
Program Revenues										
Governmental activities:										
Charges for services:										
Management and financial services	\$ 2,620	\$ 2,765	\$ 2,871	\$ 2,894	\$ 2,950	\$ 2,791	\$ 2,760	\$ 2,821	\$ 2,325	\$ 2,776
Facilities maintenance	3,793	3,389	4,826	666	563	853	655	1,034	1,327	1,358
Police	23,881	23,672	23,891	23,833	24,819	25,007	25,185	26,212	23,006	22,011
Recorder's court	2,569	2,690	2,845	2,783	2,805	2,690	3,201	1,901	1,940	2,387
Fire	438	313	305	243	364	386	677	409	425	504
Leisure services	785	755	824	807	859	874	783	1,170	1,004	1,267
Tourism enhancement	1,065	1,046	1,149	1,167	1,170	1,243	1,281	1,367	1,450	1,795
Public development	2,744	1,629	2,032	1,859	2,663	2,896	3,110	3,735	3,741	3,383
Grant program and administration		5								
Community development program and administration	3,948	5,599	3,645	2,922	3,894	1,776	3,491	2,836	1,511	2,047
Operating grants and contributions	12,642	12,784	15,244	15,879	11,867	9,439	8,223	8,935	13,875	31,907
Capital grants and contributions	34,285	16,980	12,844	40,144	35,836	37,677	36,053	41,270	40,303	42,034
Total governmental activities program revenues	<u>88,770</u>	<u>71,627</u>	<u>70,476</u>	<u>93,197</u>	<u>87,790</u>	<u>85,632</u>	<u>85,419</u>	<u>91,690</u>	<u>90,907</u>	<u>111,469</u>
Business-type activities:										
Charges for services:										
Water and sewer	56,038	57,062	58,397	59,683	61,648	64,146	67,754	66,508	68,474	71,165
Sanitation	22,182	20,564	19,844	21,574	24,982	25,424	26,901	26,674	28,896	29,338
Parking facilities	8,219	10,073	11,032	11,179	12,125	11,964	12,331	12,965	13,180	13,924
Civic center	1,417	1,303	1,404	1,654	1,483	1,651	1,509	1,946	1,530	1,844
Golf course	85	85	62							
Resource recovery	2,510									
Operating grants and contributions	41	49	54	70	71	63	54	73	70	64
Capital grants and contributions	14,489	5,476	1,064	950	530	942	4,685	3,474	4,114	3,106
Total business-type activities program revenues	<u>104,981</u>	<u>94,612</u>	<u>91,857</u>	<u>95,110</u>	<u>100,839</u>	<u>104,190</u>	<u>113,234</u>	<u>111,640</u>	<u>116,264</u>	<u>119,441</u>
Total primary government program revenues	<u>\$ 193,751</u>	<u>\$ 166,239</u>	<u>\$ 162,333</u>	<u>\$ 188,307</u>	<u>\$ 188,629</u>	<u>\$ 189,822</u>	<u>\$ 198,653</u>	<u>\$ 203,330</u>	<u>\$ 207,171</u>	<u>\$ 230,910</u>
Net (expense)/revenue										
Governmental activities	\$ (122,063)	\$ (131,003)	\$ (131,193)	\$ (104,611)	\$ (112,489)	\$ (110,719)	\$ (113,305)	\$ (125,635)	\$ (144,548)	\$ (118,613)
Business-type activities	13,976	3,200	2,102	13,160	10,940	13,148	21,550	16,836	18,706	18,200
Total primary government net expense	<u>\$ (108,087)</u>	<u>\$ (127,803)</u>	<u>\$ (129,091)</u>	<u>\$ (91,451)</u>	<u>\$ (101,549)</u>	<u>\$ (97,571)</u>	<u>\$ (91,755)</u>	<u>\$ (108,799)</u>	<u>\$ (125,842)</u>	<u>\$ (100,413)</u>

Continued on next page.

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

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
General Revenues and Other Changes in Net Position										
Governmental activities:										
Taxes										
Property taxes	\$ 57,794	\$ 61,664	\$ 62,386	\$ 55,607	\$ 55,627	\$ 59,874	\$ 62,590	\$ 64,604	\$ 67,569	\$ 70,368
Intangible, transfer and franchise taxes	19,055	17,163	17,713	18,852	18,735	19,014	19,369	20,069	20,671	20,043
General sales taxes	43,680	36,287	38,860	39,962	42,623	36,115	37,198	37,841	37,787	40,547
Selective sales taxes	16,418	15,209	16,493	17,445	19,171	19,975	22,752	25,055	26,461	28,049
Business taxes	8,109	7,977	7,853	7,018	7,441	7,669	8,047	8,601	9,253	9,913
Penalties and interest on delinquent taxes	428	632	860	1,422	1,064	1,216	920	785	796	447
Grants and contributions not restricted to specific programs	534	2,995	1,093	1,076	1,131	1,393	1,075	1,675	1,352	1,736
Investment earnings, unrestricted	3,044	993	396	195	180	47	69	73	249	794
Gain on sale of capital assets	5,042	1,494	484	670	810	320	659	1,376	1,847	579
Miscellaneous	765	716	395	592	389	504	598	1,148	692	2,096
Contributions to cemetery perpetual care	207	202	154	180	212	240	288			
Extraordinary items						(9,530)				
Transfers	(2,796)	(2,122)	(3,930)	(6,143)	(4,761)	(4,363)	(3,213)	(1,417)	5,908	(9,540)
Total governmental activities	<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>	<u>165,032</u>
Business-type activities:										
Grants and contributions not restricted to specific programs										
Investment earnings, unrestricted	3,329	1,145	433	223	150	51	102	148	360	1,198
Gain on sale of capital assets		89	6	19	3	(1)		(2)		
Miscellaneous	395	545	416	365	412	433	413	416	500	543
Special items	(9,026)		(2,841)							
Transfers	2,796	2,122	3,930	6,143	4,761	4,363	3,213	1,417	(5,908)	9,540
Total business-type activities	<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>	<u>11,281</u>
Total primary government	<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>	<u>\$ 176,313</u>
Change in Net Position										
Governmental activities	\$ 30,216	\$ 12,017	\$ 38,146	\$ 24,387	\$ 31,903	\$ 21,755	\$ 24,717	\$ 15,262	\$ 28,037	\$ 46,419
Business-type activities	11,470	6,003	15,104	17,690	18,619	17,994	20,564	20,685	13,658	29,481
Total primary government	<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>\$ 45,281</u>	<u>\$ 35,947</u>	<u>\$ 41,695</u>	<u>\$ 75,900</u>

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

	<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>	<u>2017</u>
General Fund										
Reserved	\$ 1,248	\$ 1,546	\$ 1,551	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved	20,724	21,382	21,837							
Committed				2,063	2,217	2,119	2,275	2,904	2,613	3,908
Unassigned				31,116	31,285	31,766	32,510	32,566	34,096	35,508
Total general fund	<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>	<u>\$ 39,416</u>
All other governmental funds										
Reserved	\$ 59,558	\$ 73,312	\$ 66,016	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved, reported in:										
Special revenue funds	14,936	21,618	27,783							
Debt service funds	883	893	896							
Capital projects funds	38,419	21,756	18,773							
Nonspendable, reported in										
Special revenue funds				5,122	5,344	5,571	5,829	6,073	6,308	6,615
Restricted, reported in										
Special revenue funds				3,575	3,578	3,874	4,303	3,423	2,745	2,471
Capital projects funds				55,199	72,633	90,960	112,837	136,102	161,398	181,015
Committed, reported in										
Capital projects funds				29,938	30,519	35,533	36,981	43,032	32,348	35,728
Unassigned										
Special revenue funds										(4,640)
Total all other governmental funds	<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>	<u>\$ 221,189</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	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Taxes	\$ 143,934	\$ 139,814	\$ 142,136	\$ 143,588	\$ 146,313	\$ 144,964	\$ 151,103	\$ 158,682	\$ 162,167	\$ 168,453
Licenses and permits	3,918	2,900	1,693	3,185	3,914	4,239	4,598	5,245	5,283	4,956
Intergovernmental	34,061	19,088	23,036	51,218	47,812	47,172	43,333	49,105	49,803	64,234
Charges for services	30,326	30,623	28,109	29,585	30,396	30,890	31,938	30,849	26,556	26,431
Fines	2,890	2,977	3,090	3,136	2,984	2,752	2,753	2,496	2,666	3,040
Investment earnings	3,930	1,292	473	218	214	288	668	684	1,352	2,191
Special assessments	8	5	4	2	1	1				
Miscellaneous	7,293	8,064	12,121	6,938	6,210	5,703	5,991	7,821	8,078	9,938
Total revenues	<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>	<u>279,243</u>
Expenditures										
General administration	2,998	3,018	3,017	29,052	4,230	4,398	4,162	14,399	4,760	5,341
Management and financial services	9,405	9,168	8,779	7,712	7,526	7,695	7,847	8,011	7,963	7,429
Facilities maintenance	30,940	21,274	19,065	22,026	23,657	27,580	29,127	29,083	30,289	29,225
Police	65,097	63,923	62,155	63,880	66,909	66,633	66,883	69,395	74,037	74,080
Recorder's court	2,117	2,143	2,126	2,149	2,272	2,231	2,311	2,188	2,151	2,155
Fire	23,163	23,754	23,919	23,924	25,506	25,890	26,701	30,801	29,388	29,682
Leisure services	14,725	19,130	20,034	19,163	20,085	20,576	20,907	21,462	21,816	22,523
Tourism enhancement	8,784	8,334	8,903	8,421	9,109	8,670	10,494	11,333	11,886	12,695
Social and cultural	2,004	1,711	1,794	1,643	1,718	1,954	1,457	1,704	1,590	1,370
Public development	12,763	13,046	12,974	10,209	10,113	7,564	7,474	7,683	8,260	6,709
Grant program and administration	6,616	5,700	8,706	6,140	5,388	5,835	4,244	5,827	19,392	17,611
Community development program and administration	10,849	11,438	8,576	10,522	9,331	8,113	7,678	7,229	7,525	6,304
Capital outlay	40,450	34,238	27,807	34,719	27,036	17,664	20,209	34,087	33,477	36,456
Debt service										
Principal	1,540	18,610	2,377	2,462	2,625	2,680	13,180	2,740	3,565	3,780
Interest	1,050	1,083	1,040	1,120	1,025	991	933	849	1,449	1,491
Bond issuance costs							174	402	127	124
Total expenditures	<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>	<u>256,975</u>
Excess of revenues over (under) expenditures	<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>	<u>22,268</u>
Other financing sources (uses)										
Transfers in	21,259	22,818	25,947	17,972	22,841	18,871	23,757	32,642	30,701	28,299
Transfers out	(23,837)	(24,083)	(29,473)	(23,137)	(25,592)	(22,159)	(26,157)	(31,368)	(24,889)	(38,122)
Debt issuance proceeds		37,000	485	595			9,970	19,950	10,000	8,585
Premium on bond debt		505					738	452		
Proceeds from the sale of capital assets	5,920	706							1,367	67
Total other financing sources (uses)	<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>	<u>(1,171)</u>
Net change in fund balances	<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>	<u>\$ 21,097</u>
Debt service as a percentage of noncapital expenditures	1.3%	10.6%	1.9%	1.7%	1.9%	1.4%	6.9%	1.7%	2.2%	2.4%

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	
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
2017	4,465,495	11,163,738	809,379	2,023,448	129,634	324,085	5,404,508	13,511,270	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
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
2017	12.480	0.200	16.631	12.693	1.150	0.000	43.154

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	2017			2008		
		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	\$ 74,996,864	1	1.39%	\$ 31,673,872	5	0.64%
International Paper Company	Paper Manufacturer	42,689,480	2	0.79%	33,614,000	3	0.67%
Home Depot	Distribution Center	42,405,157	3	0.78%	40,449,594	2	0.81%
Gulfstream Aerospace Corporation	Airplane manufacturer	39,462,743	4	0.73%	51,099,687	1	1.02%
Oglethorpe Mall, LLC	Regional Shopping Mall	31,691,398	5	0.59%	31,691,400	4	0.64%
Columbia Properties	Marriott Hotel	28,000,000	6	0.52%	22,533,400	8	0.45%
CWT Savannah Hotel LLC	Westin Hotel	27,600,000	7	0.51%	22,976,000	7	0.46%
HH Savannah LLC	Hyatt Hotel	26,400,000	8	0.49%	19,304,600	10	0.39%
Savannah Hotel Associates	Hilton Hotel	17,780,302	9	0.33%			
Chatham Parkway Apartments Property Owner LLC	Apartments	16,045,373	10	0.30%			
Candler Hospital	Private Hospital				22,997,700	6	0.46%
A T & T	Telephone Utility				19,742,144	9	0.40%
Totals		<u>\$ 347,071,317</u>		<u>6.42%</u>	<u>\$ 296,082,397</u>		<u>5.94%</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
2008	\$ 61,196,938	\$ 53,992,912	88.2%	\$ 6,903,724	\$ 60,896,636	99.5%
2009	63,355,201	53,862,308	85.0%	9,240,132	63,102,440	99.6%
2010	62,969,871	54,681,460	86.8%	8,028,281	62,709,741	99.6%
2011	58,361,303	51,491,991	88.2%	6,610,191	58,102,182	99.6%
2012	57,603,715	52,436,392	91.0%	4,887,857	57,324,249	99.5%
2013	57,482,277	52,608,040	91.5%	4,648,350	57,256,390	99.6%
2014	58,483,351	53,648,991	91.7%	4,589,759	58,238,750	99.6%
2015	64,059,531	60,100,835	93.8%	3,632,615	63,733,450	99.5%
2016	62,169,881	57,940,557	93.2%	3,561,003	61,501,560	98.9%
2017	65,173,985	60,448,963	92.8%		60,448,963	92.8%

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 - April and September. 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			
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	\$ 152,469,090	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	182,500,730	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	168,539,147	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	154,250,530	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	140,358,312	2.6%	1,035
2013		28,561,620	700,000			22,959,882	26,349,813	17,785,041	31,187,873	974,861	128,519,090	2.3%	941
2014		26,100,429	600,000			20,435,248	23,816,330	15,075,550	30,000,024	500,843	116,528,424	2.1%	844
2015		43,778,917	500,000			17,196,559	21,188,415	12,306,356	30,096,427		125,066,674	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
2017	4,000,000	51,017,031	300,000			29,994,518	3,358,710	6,217,191	60,483,228		155,370,678	2.6%	1,140

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

Fiscal Year	General Obligation Bonds	Assessed Value (000)	Percentage of Actual Taxable Value of Property	Population	Per Capita
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	2,000,000	5,121,455	0.039051%	136,286	14.68
2017	4,000,000	5,404,508	0.074012%	136,286	29.35

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

	Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Overlapping Debt*
City of Savannah			
General Obligation Bonded Debt	\$ 4,000,000	100.0%	\$ 4,000,000
Section 108 Notes Payable	300,000	100.0%	300,000
Contractual Obligations:			
Downtown Savannah Authority, Series 2009	10,394,110	100.0%	10,394,110
Downtown Savannah Authority, Series 2014	7,382,000	100.0%	7,382,000
Downtown Savannah Authority, Series 2015	18,655,921	100.0%	18,655,921
Downtown Savannah Authority, Tax Exempt Series 2016	8,000,000	100.0%	8,000,000
Downtown Savannah Authority, 2017	<u>6,585,000</u>	100.0%	<u>6,585,000</u>
Total Direct Debt	<u>55,317,031</u>		<u>55,317,031</u>
Chatham County			
Capital Leases	3,102,818	44.5%	1,380,754
Contractual Obligations:			
Downtown Savannah Authority (Chatham County Projects), Series 2005A	2,105,432	44.5%	936,917
Downtown Savannah Authority (Union Mission), Series 2009	1,775,000	44.5%	789,875
Downtown Savannah Authority (Chatham County Projects), Series 2014	8,230,000	44.5%	3,662,350
Mosquito Control Facility	<u>3,342,673</u>	44.5%	<u>1,487,489</u>
Savannah/Chatham County School Board			
General Obligation Bonded Debt	25,113,901	44.5%	11,175,686
Capital Leases	20,038,775	44.5%	8,917,255
Overlapping Debt	<u>63,708,599</u>		<u>28,350,326</u>
Total Direct and Indirect General Obligation Supported Bonded Debt	<u><u>\$119,025,630</u></u>		<u><u>\$ 83,667,357</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 2017

Assessed value 2017 Tax Roll	<u>\$ 5,404,507,519</u>
General Bonded Debt Limit, 10% of Assessed Value	\$ 540,450,752
Debt applicable to limit:	
Less: outstanding general obligation bonds	<u>4,000,000</u>
Total net debt applicable to limit	<u>4,000,000</u>
Legal debt margin	<u>\$ 536,450,752</u>

	Fiscal Year									
	<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>	<u>2017</u>
Debt Limit	\$ 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	\$ 540,450,752
Total net debt applicable to limit	-	-	-	-	-	-	-	-	2,000,000	4,000,000
Legal debt margin	<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>	<u>\$ 536,450,752</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%	0.39%	0.74%

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	
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			
2017	72,904	44,412	28,492	3,600	757	6.54	1,465			

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
2008	132,985	\$ 5,191,867	\$ 39,041	\$ 6,128	7.0%	40,244
2009	132,985	5,077,633	38,182	5,846	8.9%	41,152
2010	136,285	5,218,625	38,292	5,780	10.0%	40,973
2011	136,285	5,424,143	39,800	6,058	9.6%	41,588
2012	136,285	5,310,345	38,965	6,328	8.6%	42,064
2013	136,285	5,270,277	38,671	6,367	7.2%	42,349
2014	136,285	5,488,470	40,272	6,526	6.1%	43,438
2015	136,285	5,707,343	41,878	6,639	4.9%	44,196
2016	136,285	5,830,136	42,779	6,629	5.0%	44,288
2017	136,285	5,888,437 *	43,207 *	7,113	4.4%	44,001

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 2017 not available at time of publishing.

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

Employer	2017			2008		
	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		17.73%

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>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>	<u>2017</u>
General government										
General administration	43.00	43.00	35.00	51.00	39.00	46.00	48.00	50.00	56.00	57.00
Management and financial services	110.85	110.85	105.60	71.23	87.60	81.60	67.60	69.60	69.60	68.60
Information technology	37.00	37.00	34.00	37.25	36.00	36.00	36.00	35.00	36.00	36.00
Real property services	6.00	6.00	5.00	5.00	6.00	6.00	6.00	6.00	6.00	6.00
Recorder's court	27.50	28.50	27.50	27.00	28.00	28.00	28.00	29.00	29.00	28.00
Public works										
Park and Tree	66.00	66.00	66.00	58.00	56.00	56.00	56.00	59.00	59.00	71.00
Cemeteries	31.63	31.63	26.63	23.63	23.63	23.63	23.63	23.63	23.63	23.63
Streets and Drainage	160.00	161.00	143.00	141.00	142.00	194.00	201.00	199.00	202.00	202.00
Vehicle maintenance	44.00	44.00	41.00	41.00	41.00	41.00	41.00	41.00	41.00	42.00
Public safety										
Police	756.28	756.28	748.64	791.00	738.00	737.00	730.00	729.00	745.00	727.13
Communications center	91.00	91.00	90.00	106.00	106.00	105.00	105.00	104.00	104.00	104.00
Fire and emergency services	328.00	328.00	324.00	362.00	329.00	329.00	329.00	343.00	360.00	370.00
Leisure services	215.51	215.01	203.61	180.44	180.70	179.70	179.70	178.80	185.61	185.07
Public development	142.00	142.50	139.00	142.00	119.25	73.25	76.25	73.25	71.25	55.25
Sanitation	222.50	223.50	221.50	228.00	226.50	227.00	218.00	218.00	220.00	221.00
Civic center	25.00	25.00	24.00	23.50	22.00	22.00	22.00	22.00	22.00	22.00
Water and sewer	301.00	302.00	299.00	326.00	304.00	304.00	302.00	303.00	304.00	306.00
Parking services	77.65	78.65	78.75	77.15	70.20	69.20	74.20	74.20	74.45	90.45
Total	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	2,615.13

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>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>	<u>2017</u>
Police										
Violent crimes	1,292	1,128	845	889	878	851	926	1,167	1,174	1,124
Property crimes	11,250	10,654	9,202	9,579	8,325	8,458	8,507	9,236	8,862	8,344
Fire										
Fire calls	1,105	935	996	1,050	1,041	1,074	1,937	831	1,273	927
Dwelling fires	429	384	432	361	387	389	372	331	208	181
Rescues	165	207	202	227	120	163	163	142	217	212
Refuse Disposal										
Total system City tons	157,237	163,221	109,341	124,987	118,484	111,126	104,011	126,651	128,268	91,908
Other public works										
Traffic sign repairs	5,200	8,910	7,778	6,992	7,266	7,578	6,729	7,226	6,579	6,758
Pothole repairs	1,400	720	732	701	616	579	578	853	1,739	4,003
Storm drain inlets cleaned	6,512	5,287	4,416	4,914	4,323	3,358	5,711	4,563	5,747	2,493
Leisure services										
Youth baseball participants	1,350	1,165	1,171	1,185	1,190	1,070	1,200	1,354	803	626
Youth football participants	1,623	2,040	1,976	1,594	1,596	1,386	1,234	481	757	967
Neighborhood center participants	7,775	5,865	7,021	6,113	5,451	4,700	3,820	3,864	3,830	4,250
Water										
Average daily ground water production (MGD)	25.03	23.39	23.36	22.86	21.88	21.59	21.71	20.42	22.44	21.06
Average daily surface water production (MGD)	28.43	27.51	32.53	30.00	29.11	28.70	29.89	30.71	34.18	31.93
Sewer										
Average flow (MGD)	24.27	26.31	25.99	23.08	24.59	24.79	26.49	27.53	27.38	25.30
Public Development										
Valuation of new commercial building permits issued (millions)	\$103	\$41	\$66	\$105	\$122	\$142	\$112	\$223	\$317	\$154
Valuation of new residential building permits issued (millions)	\$71	\$69	\$44	\$31	\$46	\$55	\$74	\$71	\$65	\$90

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>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>	<u>2017</u>
Police										
Stations	5	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)	2,210,699	1,933,345	1,815,878	1,692,082	1,569,835	1,451,270	1,345,480	1,237,861	1,102,439	946,555
Other public works										
Streets (miles)	676	682	682	687	687	687	690	690	690	689
Signalized intersections	243	244	248	248	250	251	258	260	264	265
Cemeteries	5	5	5	5	5	5	5	5	5	
Leisure services										
Parks (acreage)	661	661	663	663	663	663	663	667	736	736
Playgrounds	55	55	57	57	60	60	68	68	68	68
Water										
Wells	47	47	49	49	49	49	49	49	49	49
Sewer										
Treatment capacity (MGD)	36.95	36.95	36.95	36.95	36.95	36.95	36.95	36.95	36.95	36.95
Parking facilities										
Parking garages	5	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)		
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
2017	21.06	29.56	31.93	44.29	98,361	94,436

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, 2017**

Sewage Treatment Facility	Capacity (MGD)	Average Flow (MGD)	Maximum Dry Weather Daily Flow (MGD)	Maximum Wet Weather Daily Flow (MGD)	Year of Last Upgrade	Treatment Process
President Street Plant	27.00	18.50	19.49	22.86	1997	Primary treatment, activated sludge, clarifier, chlorinator, gravity thickener, belt press, clarifiers, chlorination, sludge incineration: 2MGD reclaim water by filtration.
Wilshire Plant	4.50	2.52	2.77	4.50	1999	Activated sludge, clarifier, gravity thickener, chlorinator, belt press, sludge disposed at landfill.
Georgetown Plant	2.45	1.59	1.77	1.84	2005	Activated sludge, clarifiers, effluent filtration, ultra-violet disinfection, belt press, sludge disposed at landfill.
Crossroads Plant	3.00	2.69	2.65	3.67	2008	Screening, grit removal, flow equalization, activated sludge clarifiers, filtration, ultra-violet disinfection, post aeration, belt press, sludge disposed at landfill.
Total	36.95	25.30	26.68	32.87		

**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.	
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
2017	11.06	1.03	1.21	16.59	1.54	1.81	8.80	3.37	3.75	13.20	5.05	5.62	635.24

**CITY OF SAVANNAH, GEORGIA
WATER AND SEWER CONNECTION FEES
EFFECTIVE FOR THE YEAR ENDED DECEMBER 31, 2017**

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, 2017**

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

Customer	Product/Business	2017 Customer Revenue	Percent of 2017 Water and Sewer Fund Gross Revenue
Kerry Inc.	Food ingredient manufacturer	\$ 636,935	0.88%
Memorial Medical Center	General hospital	634,771	0.88%
Coastal Correctional Institute	State prison	456,246	0.63%
Candler/St. Josephs Hospital	General hospital	374,406	0.52%
Chatham County Detention Center	County jail	249,739	0.35%
Solenis LLC	Chemical manufacturer	240,313	0.33%
Johnson Matthey Process Technologies	Chemical manufacturer	238,963	0.33%
Roger Wood Packaging Company	Food packager	233,935	0.32%
International Paper	Paper company	228,474	0.32%
Savannah Hotel Association, LLC	Hilton hotel	173,705	0.24%
Armstrong Atlantic State University	College	151,598	0.21%
		<u>\$ 1,516,727</u>	<u>2.10%</u>

Major industrial customers of the water system:

Customer	Product/Business	2017 Customer Revenue	Percent of 2017 Water and Sewer Fund Gross Revenue	2017 Consumption (MG)
Weyerhaeuser	Bleached pulp	\$ 2,976,463	4.12%	4,686
International Paper	Unbleached kraft products	1,862,605	2.58%	2,932
Savannah Foods	Sugar refinery	462,540	0.64%	728
		<u>\$ 5,301,608</u>	<u>7.35%</u>	<u>8,346</u>