COMPREHENSIVE ANNUAL FINANCIAL REPORT

"Quality Services for Quality Living"

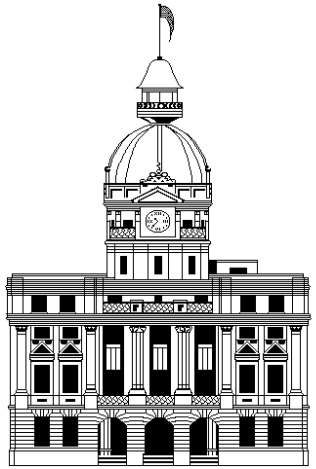
Above: Park and Tree Department lends a hand during blight eradication efforts on Augusta Avenue.

Above: Cpl. Amanda McGruder of the SCMPD K9 Unit with Binky.

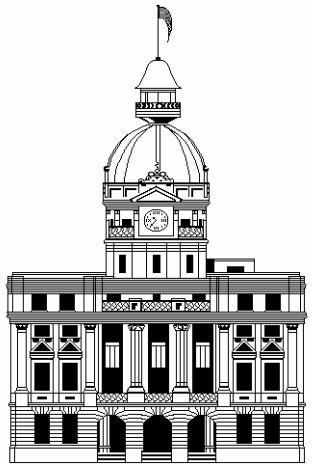
Below: Jacob Bostick, Residential Refuse, on a bulk-item pickup.

Below: Master Firefighter Jeff Alberts managing a deck gun.

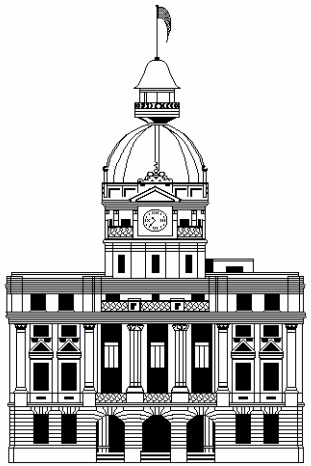
City of Savannah, Georgia **Year End December 31, 2005**



COMPREHENSIVE ANNUAL FINANCIAL REPORT
CITY OF SAVANNAH, GEORGIA
YEAR ENDED DECEMBER 31, 2005



PREPARED BY:
FINANCE DEPARTMENT
APRIL 15, 2006



CITY OF SAVANNAH, GEORGIA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
YEAR ENDED DECEMBER 31, 2005

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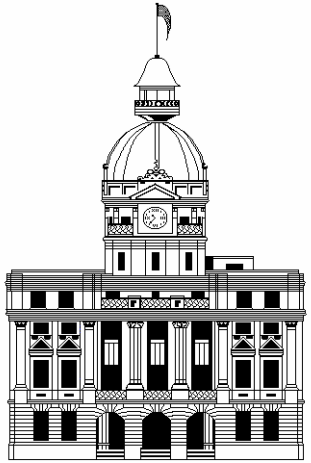
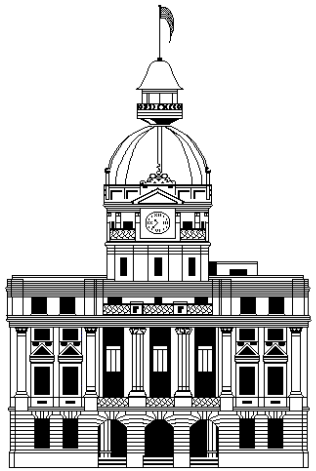
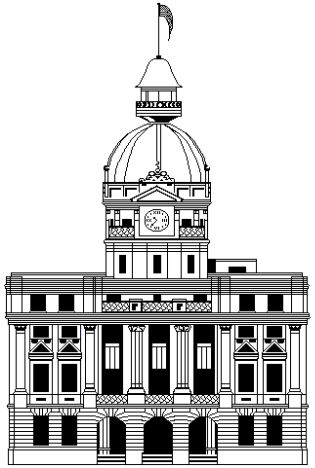




INTRODUCTORY SECTION

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

April 15, 2006

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, 2005. Management assumes full responsibility for the completeness and reliability of the information contained in the report, based upon a comprehensive framework of internal control that it has established for this purpose. Because the cost of internal controls should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

Karp, Ronning and Tindol, Certified Public Accoutants, have issued an unqualified ("clean") opinion on the City of Savannah's financial statements for the year ended December 31, 2005. The independent auditor's report is located at the front of the financial section of this report. In addition to the audit of the financial records, the City is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act Amendments of 1996, and U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Information related to this single audit, including the schedule of expenditures of federal awards, findings and recommendations and auditors' reports on the internal control and compliance with applicable laws and regulations, and a schedule of findings and questioned costs are presented in a separate report which can be obtained from the Finance Department of the City.

Generally Accepted Accounting Principles (GAAP) requires 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 at the mouth of the Savannah River and encompasses over 90 square miles. The City government serves a population of 132,985 and offers a wide variety of municipal services including police and fire protection; sanitation services; water and sewer utility; the construction and maintenance of highways, streets and infrastructure; recreational and cultural events. The City of Savannah is empowered to levy a property tax on both real and personal

property located within its boundaries. It also is empowered by state statute to extend its corporate limits by annexation, which it has done from time to time.

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, as is the Mayor. 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 City Manager recommends the annual budget and work programs in addition to advising the Council on policy and legislative matters.

The financial reporting entity of the City includes all the funds of the Mayor and Aldermen of the City of Savannah, 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 of Savannah'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 local economy of Savannah continues to grow and because of its diverse nature, the local economy weathers national economic cycles that might be harmful to less diverse economies. As an indication of its growing local economy, local retail sales were $4.9 billion in 2005, up 7.5% over 2004.

Two major economic engines are primarily responsible for driving the growth in the City and surrounding areas. The first major driver is tourism. The National Landmark Historic District in downtown Savannah is the number one visitor attraction in Georgia. The downtown area has more than 2,200 hotel rooms, 9,000 residents, and over 2,300 historically significant properties. Over 6 million visitors enjoy the City each year. Savannah has achieved national recognition as a tourist destination in such publications as Conde Nast Traveler and The New York Times Travel Section. The Savannah International Trade & Convention Center has boosted the area's ability to compete for the nation's larger business conventions. The center consists of 350,000 square feet of space with an available 100,000 square feet of exhibit space. The center is located on Hutchinson Island, across the Savannah River from the Historic District. In addition to the current tourist attractions, a collaboration of local, state, federal and private funds is being used to develop Battlefield Park, which will serve as the gateway to Savannah's colonial past. When complete, this ten acre park will include a memorial and interpretive center along with other exhibits displaying artifacts from Savannah's past.

The second engine driving Savannah's economic growth is the Port of Savannah. Although the Port has a number of private businesses with docking facilities, the Georgia Ports Authority has the largest wharf facilities including the two major terminals of the Port. The Port is the farthest inland port on the eastern seaboard. This places Savannah within a day's haul over road or rail to many Midwestern markets, making it a very accessible facility. The Port's tonnage increased by 13 percent in 2005 compared to 2004, and total containers handled increased 11 percent in the same period. The Ports Authority expects 150 percent more growth over the next 15 years. In order to accommodate this increased traffic, the Georgia Ports Authority has

launched a major capital improvement plan that when complete will add 2,076 linear feet of berthing space and 100 acres of container handling and storage space.

Manufacturing is also an important part of Savannah's economy. Home to several large manufacturers, including Gulfstream Aerospace and International Paper, 231 manufacturing facilities provide 13,700 jobs to the Savannah area. Overall, six industries account for nearly three-quarters of the jobs in Savannah: manufacturing (9.3%), retail trade (12.7%), professional and business services (11.1%), educational and health services (13.9%), leisure and hospitality (12.2%) and state and local government (12.9%).

Long-term Financial Planning

Consistent with its past practice the City adopted a conservative approach in defining the 2006 budget. By balancing planned expenditures to anticipated revenue streams the City was able to maintain a proposed millage rate of 12.9 in the adopted 2006 budget. Since 1996, the City has been steadily decreasing its property tax rate. Since 1996, the property tax millage rate has been reduced 4.56 mills or 26%.

The City met the following fiscal challenges in developing the 2006 budget:

- **Employee Compensation**. An allocation of $2.55 million was included for a 3.0% general wage increase for all employees. An allocation of $1.8 million was included for a pay increase up to 2.5% to enhance and reward employee performance and skills development. Recent pension plan improvements and weak market performance dictate increased contributions to the City's pension plan of $720,000.
- **Risk Management**. An increase in the City's contribution to the group medical plan of $1.9 million was included to address rising healthcare costs and increase fund reserves for 2006. In connection with GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions,* the City's 2006 budget begins taking steps to fund actuarial requirements for medical costs associated with other post employment benefits offered to the City's retirees. Although not required by GASB 45, for 2006 the City budgeted $2.0 million as a start to fund the liability associated with post employment healthcare benefits.
- **2005 Service Improvements**. The largest share of service improvements are in the area of public safety. The 2006 budget provides for aggressive police patrol, increased police visibility, proactive crime prevention and high quality customer service. Additional resources provided in 2006 consist of six new civilian positions that will enable the police department to deploy six additional sworn officers on the street. Also included are eight additional community services specialists in the City precincts, which will allow sworn officers more time for pro-active patrolling. These improvements along with past service improvements, will result in 47 additional sworn officers on the street since 2000. For Fire and Emergency Services, the 2006 budget provides funding for three new battalion chief positions to provide better management to the department's expanded service area. Two additional fire communications specialist positions have also been added for 2006. These new positions will ensure that the City continues to provide high quality fire services to all residents and maintain its ISO 2 rating.

The City also prepares a five year capital plan, which is updated each year. The most recent plan update for years 2006 through 2010 identifies projects and funding that total $365.5 million and include major categories of water and sewer, public buildings, parks and recreation, community development, drainage, streets and traffic improvements.

Periodically, the City performs a review of financial trends and updates its five-year financial plan. This long-range planning accomplishes two important objectives. First, it allows for the early identification of challenges. Secondly, it provides information to elected officials for policy setting. As a result, potential problems are addressed proactively. The trend analysis considers thirty-five demographic and financial trends for the City. The five-year financial plan starts with consideration of the results of the trend analysis and applies economic assumptions, where applicable, to project the City's General Fund revenues and expenditures forward over a five year period. This provides the base to which anticipated major changes are added.

Projections are then made for the General Fund because it is used to support more services than any other fund. This snapshot of the City's financial future allows the time to make the necessary adjustments to manage problems identified on the horizon. A positive future can be created for citizens with the necessary planning and thought.

Major Initiatives

Neighborhood Improvements

The City recognizes that remarkable improvements in neighborhood quality can be achieved through improved public safety, resident engagement, blight eradication, and increased investment by property owners, both existing owners and new owners. The City continues to invest in infrastructure, services, housing, and human resources to improve the condition of neighborhoods by reducing poverty, increasing home ownership, and expanding the availability of affordable housing.

During 2006, the City's program for blight eradication will be aggressive and productive because of new resources, data systems, new ordinances and an administrative hearing process put in place in 2004 and expanded in 2005. Operation Clean Sweep, initiated in mid 2005, has successfully marshaled the full range of City services to attack blight at its source, one neighborhood at a time. Clean Sweep has resulted in measurable reductions in vacant, derelict properties, junk cars, weeded lots, debris and litter.

The City continues to implement programs aimed at providing housing opportunities for its citizens, revitalizing neighborhoods, and improving the quality of life. Such assistance consists of first-time home ownership programs, support for new in-fill construction, and construction/rehabilitation of affordable housing. The City also continues its work with partnerships, local banks, private investors, and home owners in its neighborhood revitalization efforts to accomplish these goals.

Economic Development

Also in 2006, the City will continue its work to reduce poverty and foster economic development. In 2004, the Poverty Reduction Task Force conducted an extensive review of poverty factors in Savannah with support from the City, Chamber of Commerce, Savannah Economic Development Authority and Savannah Electric. In 2005 a director was hired for Step Up, Savannah's Poverty Reduction Initiative, and this program continues to move forward. The year also saw the creation of an economic development strategy to promote the development of small, women-owned and African-American businesses so that more will be ready with the basic skills, business plans and financing needed for greater participation in a broader range of businesses. This three part strategy includes contracting for services at the Savannah Entrepreneurial Center and contracting with the Small Business Assistance Corporation for access to capital through marketing outreach, loan processing and technical assistance. The third part of the strategy is to support programs that aid in the long term success of newly created or expanding businesses.

Land Use/Zoning

The City continues to focus on improving land use and zoning regulations in order to create more livable neighborhoods and appropriate economic development. The City has completed the Thomas Square Streetcar District Plan and extensive work has been performed on the Westside Plan and the Downtown Master plan. The City continues to move forward with its implementation of Mini-Urban Redevelopment Plan (MURP) activities. A MURP for the eastside neighborhood was adopted in 2005 and a MURP for the Ogeecheeton neighborhood was nearing completion at the close of 2005. In the Feiler Park MURP area, a derelict property has been transformed into the 144 unit Low Income Housing Tax Credit (LIHTC) Montgomery Landings Apartment Complex. This development is expected to be completed in early 2006 and will provide affordable housing to low income residents.

The West Savannah Revitalization Plan (WSRP) is a comprehensive planning effort merging physical land use, zoning, and design planning with economic and workforce development strategies. The WSRP target area is the 193 acre West Savannah neighborhood. Plans include property revitalization through property acquisition, landscaping, and streetscape improvements that will include removal of utility poles to allow for sidewalk improvements. The City is currently involved with efforts to extend Cumming Street, currently a dead end street, north to Love Street so that Cumming Street better connects with the rest of the neighborhood.

Annexations

In 2005 and 2005, the City completed several annexations to its corporate limits. In these two years, over 12 square miles of territory have been added to the City's municipal limits. This territory is largely undeveloped tracts held by a relatively few landowners. The City currently has, or in some instances plans to acquire, the capacity to provide water and sewer service to these areas, which will be a key to the future development of this territory. Much of this land is already under development as residential and mixed commercial uses. The added assessed value of these developments to the tax roles in the future will help the City maintain its strong financial position.

Pension and Other Post-employment Benefits

The City of Savannah maintains a pension plan to provide retirement and disability benefits for all full-time general and uniformed personnel of the City. Each year, an independent actuary engaged by the Pension Board calculates the amount of the annual contribution each plan employer must make to ensure that the plan will be able to fully meet its obligations to retired employees on a timely basis. Each year the City fully funds its annual required contribution to the plan, and the City's Statement of Net Assets shows a net pension asset related to excess contributions to the plan. More information about the City's pension plan is disclosed in the Notes to the Financial Statement Note 4 – Pension Plans.

The City of Savannah also provides post-employment health benefits for its retirees and their dependents. During 2005, there were 1,017 retirees and beneficiaries receiving health care benefits, which are financed on a pay-as-you-go basis. GAAP do not currently require governments to report a liability in the financial statements in connection with an employer's obligation to provide these benefits; however, GASB Statement 45, which addresses this issue, will be implemented by the City in its 2007 financial statements.

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, 2004. 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 2005 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,

Michael B. Brown
City Manager

Richard M. Evans
Finance Director

CITY OF SAVANNAH, GEORGIA
PRINCIPAL OFFICIALS
2005

ELECTED OFFICIALS

MAYOR

Otis S. Johnson

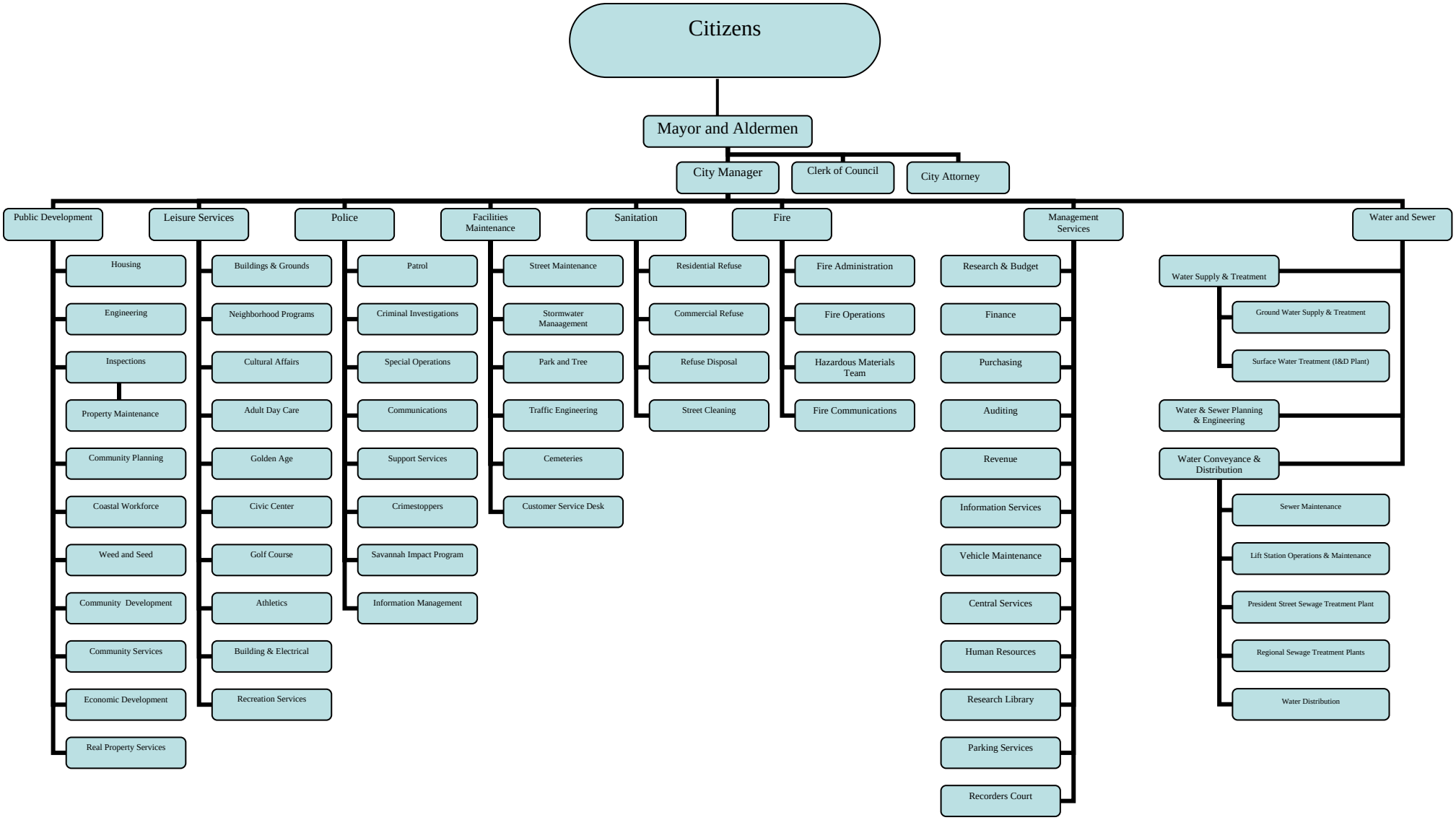
ALDERMEN

Jeff Felser
Van R. Johnson II
Ellis P. Cook
Clifton Jones, Jr.
Edna B. Jackson
Mary Osborne
Kenneth Sadler
Tony Thomas

OTHER OFFICIALS

Michael B. Brown..... City Manager
Christopher Morrill .....Assistant City Manager
Israel G. Small……Assistant City Manager
Richard M. Evans ..... Finance Director
David F. Maxwell .....Assistant Finance Director
Loretta Robinson, CIA ..... Auditing Director

City of Savannah, Georgia Organization Chart



Certificate of Achievement for Excellence in Financial Reporting

Presented to

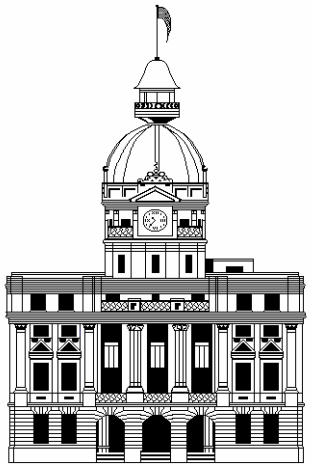
City of Savannah, Georgia

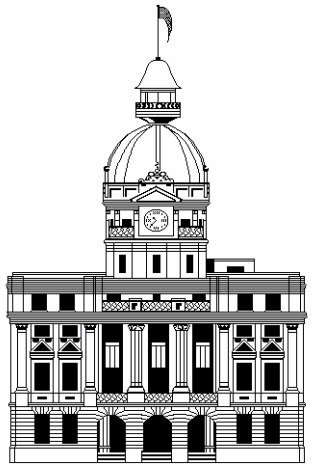
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
December 31, 2004

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

President

Executive Director

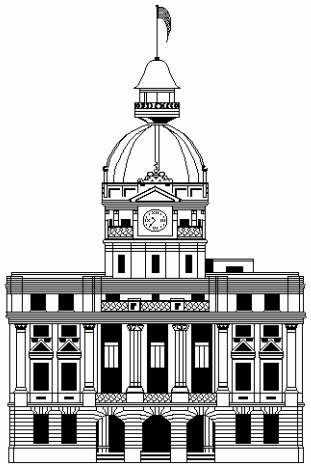




FINANCIAL SECTION

INDEPENDENT AUDITORS' REPORT
MANAGEMENT'S DISCUSSION AND ANALYSIS
BASIC FINANCIAL STATEMENTS
NOTES TO THE FINANCIAL STATEMENTS
REQUIRED SUPPLEMENTARY INFORMATION

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



KARP, RONNING & TINDOL

CERTIFIED PUBLIC ACCOUNTANTS

123 ABERCORN STREET
SAVANNAH, GEORGIA 31401

(912) 232-0475

INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Savannah, Georgia, (City) as of and for the year ended December 31, 2005, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the management of the City. Our responsibility is to express opinions on these basic financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City, as of December 31, 2005, and the respective changes in financial position and cash flows, where applicable, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards,* we have also issued a report dated March 10, 2006, on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Required Supplementary Information

The Management's Discussion and Analysis and the required supplementary information other than Management's Discussion and Analysis beginning on page 3 and 69, respectively, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Combining Fund Financial Statements and Schedules and Other Supplementary Information

Our audit was made for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements of the City. The accompanying information listed in the table of contents as Combining Fund Financial Statements and Schedules and Other Supplementary Information are presented for purposes of additional analysis and are not a required part of the basic financial statements of the City. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Introductory and Statistical Sections

The information identified in the table of contents as the Introductory and Statistical Sections are presented for purposes of additional analysis and are not a required part of the basic financial statements of the City. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Karp, Rossing & Tindol, P.C.

March 10, 2006

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, 2005. 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 - vi of this report.

Financial Highlights

- The assets of the City exceeded its liabilities at the close of 2005 by $662,907,754 (net assets). Of this amount, $172,668,957 is unrestricted net assets.
- The government's total net assets increased by $52,109,920 during 2005. Approximately 56% of this increase is attributable to governmental activities - operating and capital grants/contributions. The remaining 44% is attributable to business-type activities, primarily the water and sewer utility.
- As of the close of 2005, the City's governmental funds reported combined ending fund balances of $99,070,883, a decrease of $181,743 in comparison with the prior year. The decrease is mostly attributable to the expenditure of Special Purpose Local Option Sales Tax proceeds and other contributions on drainage improvements and other capital improvements.
- The unreserved fund balance for the general fund at the end of 2005 was $17,113,820 which was 11.6 percent of total general fund expenditures and transfers-out for that year. The unreserved general fund balance at the end of 2004 was $16,973,195.
- The City's total long term liabilities experienced a net increase of $6,989,299S during the 2005 fiscal year. This was primarily due to two factors. First, the City's Parking Fund incurred new debt during 2005 to help finance the construction of new garage facilities. Secondly, the governmental funds recognized increased long term liabilities in conjunction with compensated absences payable. During 2005, the City added approximately 190 former Chatham County police officers to its payroll and allowed these officers to maintain the leave balances they had accrued while employees of Chatham County. By allowing the former County employees to maintain their prior leave balances, the City substantially increased its recognition of compensated absences payable.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

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

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

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

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City include general government, police, fire, facilities maintenance (i.e. public works type activities), leisure services, social and cultural activities, and public development. The business-type activities of the City include a water and sewer utility, sanitation (i.e. solid waste collection and disposal), resource recovery (i.e. solid waste incineration with energy recovery), parking services, civic center, and golf course.

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

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

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

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

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

The City maintains seventeen 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 drainage improvement fund which are considered to be major funds. Data from the other thirteen governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report.

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

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

Proprietary funds. The City maintains two different types of proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its water and sewer utility,

sanitation activities, resource recovery, parking services, civic center, and golf course. Internal service funds are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City uses internal service funds to account for a revolving fund (which includes vehicle maintenance, information services, engineering, real property 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, resource recovery program and parking services operation, each of which are considered to be major funds of the City. Data from the other two enterprise funds (which are non-major funds) are 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 - 68 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, and budgetary comparisons for the general fund and the community development fund. Required supplementary information can be found on pages 69 to 74 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 on pensions. Combining and individual fund statements and schedules can be found on pages 75 - 100 of this report.

Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the City, assets exceeded liabilities by $662,907,754 at the close of the most recent fiscal year. The following table provides a comparative summary of the City's net assets for 2005 and 2004:

City of Savannah -- Net Assets ($000)

	Governmental Activities		Business-type Activities		Total	
	2005	2004	2005	2004	2005	2004
Current and other assets	$155,911	$153,690	$163,430	$156,167	$319,341	$309,857
Capital assets	272,293	238,407	300,196	279,498	572,489	517,905
Total assets	$428,204	$392,097	$463,626	$435,665	$891,830	$827,762
Other liabilities	13,179	9,385	8,456	7,271	21,635	16,655
Long-term liabilities outstanding	47,018	44,357	160,269	155,952	207,287	200,309
Total liabilities	60,197	53,742	168,725	163,223	228,922	216,964
Net assets:						
Invested in capital assets, net of related debt	244,200	214,000	192,485	179,160	436,685	393,160
Restricted	53,328	59,868	226	194	53,554	60,062
Unrestricted	70,479	64,487	102,190	93,088	172,669	157,576
Total net assets	368,007	338,355	294,901	272,442	662,908	610,798
Total liabilities and net assets	$428,204	$392,097	$463,626	$435,665	$891,830	$827,762

The largest portion of the City's net assets (65.8 percent or $436,685,157) reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment), less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City's net assets (8.0 percent or $53,553,640) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets ($172,668,957) may be used to meet the government's ongoing obligations to citizens and creditors. Much of this unrestricted balance however is earmarked (although not legally restricted) for future capital projects.

At the end of the 2005 fiscal year, the City is able to report positive balances in all three categories of net assets, both for the government as a whole, as well as for its separate governmental and business-type activities. The same situation held true for the prior fiscal year.

During the current fiscal year, the government's net assets increased by $52,109,920. Just over half of this increase is attributable to governmental activities due to operating and capital grants/contributions received in 2005 for use to fund capital projects in future years. The remaining increase is attributable to business-type activities, primarily the water and sewer utility. This increase is also earmarked for funding capital projects for the water and sewer utility.

The following table summarizes changes in net assets for the years ended December 31, 2005 and 2004:

City of Savannah - Changes in Net Assets ($000)

	Governmental Activies		Business-type Activites		Total	
	2005	2004	2005	2004	2005	2004
Revenues:						
Program revenues:						
Charges for services	$ 29,693	$ 18,853	$ 97,040	$ 93,966	$ 126,733	$ 112,819
Operating grants and contributions	12,388	15,460		80	12,388	15,540
Capital grants and contributions	26,946	15,451		1,145	26,946	16,596
General revenues:						
Property taxes	43,684	40,451			43,684	40,451
General sales taxes	37,636	35,214			37,636	35,214
Other taxes	36,473	33,393			36,473	33,393
Grants and contributions not restricted as to use	2,075	2,073	11,106	2,924	13,181	4,997
Other	4,957	2,935	4,037	1,679	8,994	4,614
Total revenues	193,852	163,830	112,183	99,794	306,035	263,624
Expenses (net of indirect costs)						
General administration and management	7,234	7,122			7,234	7,122
Facilities maintenance	25,174	23,047			25,174	23,047
Public safety	71,904	53,043			71,904	53,043
Leisure services, social and cultural	15,259	14,681			15,259	14,681
Public development	4,639	4,368			4,639	4,368
Community development and workforce training	20,557	18,055			20,557	18,055
Other governmental services	14,280	12,108			14,280	12,108
Interest on long-term debt and capital leases	1,435	1,398			1,435	1,398
Water and sewer			43,604	42,606	43,604	42,606
Sanitation and solid waste disposal			41,565	46,509	41,565	46,509
Parking services			5,476	4,785	5,476	4,785
Civic center and golf course			2,977	3,140	2,977	3,140
Total expenses	160,482	133,822	93,622	97,040	254,104	230,862

City of Savannah - Changes in Net Assets ($000) - continued

	Governmental Activies		Business-type Activites		Total	
	2005	2004	2005	2004	2005	2004
Increase in net assets before contributions and transfers	33,370	30,008	18,561	2,754	51,931	32,762
Contributions	179	199			179	199
Transfers	(3,897)	(7,596)	3,897	7,596	-	-
Change in net assets	29,652	22,611	22,458	10,350	52,110	32,961
Net assets - January 1	338,355	315,744	272,443	262,093	610,798	577,837
Net assets - December 31	$ 368,007	$ 338,355	$ 294,901	$ 272,443	$ 662,908	$ 610,798

Governmental activities. Governmental activities increased the City's net assets by $29,651,744, thereby accounting for 56.9 percent of the total growth in the net assets of the City. Key elements of this increase are as follows:

- Capital grants and contributions were recognized in 2005 in the amount of $26,946,087. Much of this revenue was spent acquiring capital assets or is earmarked for acquisition of capital assets in future years.
- Charges for services within the Police activity increased $12,426,595 over 2004. This increase can be attributed to payments received from Chatham County for police services provided by the City to the unincorporated areas of Chatham County. Resulting from the recent merger of the City of Savannah and Chatham County police departments, 2005 was the first year that the City received such payments.
- Property taxes increased by $3,232,512 (7.9 percent) during the year as compared to 2004. Most of this increase is the product of increases in the City digest. These increases can be attributed to recent annexations and increasing property values for non-homestead properties.
- General sales taxes for 2005 are higher than the prior year by $2,421,364 (6.8 percent). This increase reflects strong retail growth within Chatham County and the City of Savannah.
- Unrestricted investment earnings for 2005 were $1,426,692 more than the prior year due to rising investment yields available for short term idle cash investment during the year.

For the most part, expense increases closely paralleled inflation and growth in the demand for services. For 2005, overall governmental activity expenses increased by $26,659,317 (19.9 percent) as compared to 2004. About 70.7 percent of this increase or $18,859,505 was within the public safety activities of the City, which include fire protection and police protection. Of the $18,859,505 total increase in public safety activities, an increase of $12,660,435 can be attributed to police activities associated with the unincorporated areas of Chatham County in accordance with the merger agreement. Expenses for the Police activity increased $15,793,233 or 44 percent in 2005 as compared to 2004. Again, the increase can be attributed to the recent merger of the Chatham County police department with the City of Savannah police force. Significant increases in expenditures across the governmental functions could be seen in group medical costs ($1.25 million), regular salaries and wages ($7.65 million), contributions to the City pension fund ($730,474) and fuel costs ($875,704).

Business-type activities. Business-type activities increased the City's net assets by $22,458,176, accounting for 43.1 percent of the total growth in the government's net assets. Key elements of this increase are as follows:

- Charges for services for business-type activities increased by $3,073,684 or 3.3 percent. Of the increase, $471,706 is attributable to water and sewer activities while $1,353,412 is attributable to sanitation. Parking activities experienced an increase of $557,040, or 9.32 percent.
- Unrestricted grants and contributions to the business-type activities increased by $8,182,450 in 2005 over 2004. The increase consisted mainly of contributions of water and sewer infrastructure by developers to the City.
- Investment earnings increased by $1,722,716 for business-type activities because of higher investment yields available in the market.

Overall, expenses for business-type activities decreased in 2005 by 3.7 percent. This was the result of slightly lower expenses for the golf course, down 15% or $27,257, for the sanitation activity amounting to $5,558,049 and for the civic center of $135,488. The sanitation activity saw marked expense decreases for both depreciation (reduced $1.2 million) and closure/post closure care for the landfill (reduced $5.8 million). Other business-type activities experienced increases in expenses in 2005 compared to 2004. The increase in the water and sewer activity was the largest at $997,438. Most of this increase can be attributed to increases in contractual services and personnel costs. The other business-type activities (parking facilities and resource recovery) experienced increases in line with inflation and the demand for additional production.

Financial Analysis of the Government's Funds

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

Government funds. The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the 2005 fiscal year, the City's governmental funds reported combined ending fund balances of $99,070,883, a decrease of $181,743 in comparison with the prior year. Approximately 52% of the fund balance ($51,573,740) is classified as unreserved. Of this total amount, only $17,113,820 is available for spending in future years without restrictions. Other unrestricted portions of fund balance are also available for spending in future years but are earmarked (although not legally restricted) for capital projects ($32,368,748), debt service ($775,459), public safety purposes ($38,508), and property redevelopment ($1,277,205). The remainder of the fund balance is reserved to indicate that it is not available for future spending because it has already been committed to: 1) liquidate contracts and purchase orders of prior periods ($8,098,670), 2) pay for authorized capital projects as specified in special purpose sales tax referenda ($34,504,197), 3) generate income to pay for the perpetual care of the municipal cemeteries ($3,909,091), or 4) for a variety of other restricted purposes ($985,185).

The general fund is the chief operating fund of the City. At the end of the current fiscal year, unreserved fund balance of the general fund was $17,113,820. As a measure of the general fund's liquidity, it is be useful to compare unreserved fund balance to total fund expenditures. Unreserved fund balance represents 11.6 percent of total general fund expenditures plus transfers-out.

The fund balance of the City's general fund increased by $131,264 during the current fiscal year. Key factors in this growth are as follows:

- Property tax revenues increased by $4,328,556 (10.7%) over the prior year. As mentioned earlier, this increase was due to increases in the real

property digest resulting from recent annexations and increases in the values of non-homestead properties. The City of Savannah has also experienced the development of several new residential communities that have increased tax values within the City.

- Revenues from business taxes increased by $495,127 over the prior year. Most of this increase ($469,679) is attributable to the insurance premium tax remitted to the City by the State of Georgia. This tax is collected by the Georgia Insurance Commissioner and then remitted to local governments based on relative population figures. In 2005, total insurance premium revenue was $6,660,352.
- General sales tax revenues increased $2,814,191 (8.1%) over the prior year. This increase is due to improvement in the overall economy of the area, which boosted retail sales during 2005.
- Charges for services were higher in 2005 by $11,329,629 compared to 2004. This increase can be attributed to the recent merger of Chatham County police department with the City of Savannah police department. In 2005 for the first time, the City of Savannah charged Chatham County for policing the unincorporated areas of the County and the charges amounted to $12,660,435.

Overall total expenditures (and transfers out) of the general fund increased $23,841,432 (19.3%) for 2005 compared to the prior year. Increases in general fund expenditures reflect an increase of $14,171,836 in the police department. Other significant increases were experienced in the facilities maintenance department ($1,304,901) and the fire department ($1,685,833). These departments, as was experienced virtually city-wide, experienced increases in salaries and benefits that account for most of the year-to-year increases.

The capital improvement fund is used by the city to account for the construction of general government, capital improvement projects. The Fund has a total fund balance of $44,774,507, all of which is reserved for the construction of future capital assets. The fund balance for the capital improvement fund increased by $2,473,595 in 2005 as revenues and other financing sources exceeded expenditures for the year. The also maintains the drainage improvement fund for construction of major drainage improvements. This fund accumulated revenues from several sources including local monies, bond issues and special purpose local option sales taxes. In 2005, the fund expended $19,140,633 on drainage improvements and collected $402,872 in current year revenues leaving the fund with a year end fund balance of $2,126,671. The SPLOST 2003-2008 fund is used to account for special purpose local option sales tax (SPLOST) revenues paid to the City by Chatham County. These funds are used to construct capital projects as specified in the latest SPLOST 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 assets of the water and sewer fund at the end of the year amounted to $83,885,209 which was an increase from the prior year of $1,747,838. These assets are earmarked (but not legally restricted) for capital improvements needed for the water and sewer system in future years. Unrestricted sanitation fund net assets at year end were $7,493,693, an increase from 2004 of $4,592,755. This increase in unrestricted net assets resulted from a reduction in the liability previously recorded for closure-post closure care costs associated with the City's landfill. The liability was reduced for the 2005 because the capacity of the landfill was increased recently and therefore the life of the landfill extended. Unrestricted parking services net assets increased by $2,753,544. In 2005, the parking services fund received capital contributions of $2,135,518 and also experienced increased revenues of $751,178. Unrestricted net assets for the non-major enterprise funds were $2,745,401 which is $780,367 (39.7%) higher than the prior year.

General Fund Budgetary Highlights

The difference between the original budget appropriations and the final amended budget appropriation for expenditures and transfers reflects an increase of $13,377,523 which is 9.9%. The major budget change was an increase in the appropriation for transfers to the capital improvement fund, which was supported by higher revenues than originally estimated. No significant budgetary variances between the final amended budget and actual results were experienced during the current year.

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, 2005, amounted to $572,488,826 (net of accumulated depreciation). The investment in capital assets includes land; plants and buildings; improvements other than buildings; machinery, equipment and fixtures; streets and drainage; and construction in progress. The total increase in the City's investment in capital assets for the current fiscal year was $54,584,136 (a $33,885,689 increase for governmental activities and a $20,698,447 increase for business-type activities).

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

- Various governmental capital asset projects with a total value of $27,675,172 were completed or acquired during the year. The total value of governmental capital assets of all types still under construction at year end was $74,140,771.
- A variety of street and drainage construction projects with a total value of $13,708,702 were completed or acquired during the year. Machinery and other rolling stock valued at $7,217,449 were placed into service during the year. Public buildings valued at $1,576,842 were completed during the year.
- Various business-type plant capital asset projects with a total value of $29,840,638 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 $35,201,192.

The following table summarizes the City's governmental activity and business-type activity capital assets by major category as of the end of 2005 and 2004:

City of Savannah - Capital Assets ($000)

	Governmental Activities		Business-type Activities		Total	
	2005	2004	2005	2004	2005	2004
Land	$ 21,955	$ 17,959	$ 6,383	$ 5,752	$ 28,338	$ 23,711
Plants and Buildings	31,041	29,464	372,846	345,087	403,887	374,551
Improvements other than buildings	26,635	25,251	49,246	49,144	75,881	74,395
Machinery, equipment and fixtures	61,773	58,472	26,734	25,451	88,507	83,923
Streets and drainage	198,172	184,463			198,172	184,463
Construction in progress	74,141	53,901	35,201	30,946	109,342	84,847
Less accumulated depreciation	(141,424)	(131,103)	(190,214)	(176,882)	(331,638)	(307,985)
Total	$272,293	$238,407	$300,196	$279,498	$572,489	$517,905

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

Long-term debt. At the end of year 2005, the City had total bonded debt (excluding special assessment debt) outstanding of $95,558,371 (net of unamortized discounts). In addition to bonded debt, the City also had outstanding notes of $18,456,318, and contractual obligations that secured bonds issued by certain public authorities (which are not part of the City entity) totaling $62,970,499. All three types of debt obligations totaled $176,985,188. Of

this amount, $39,746,318 comprises debt backed by the full faith and credit of the City and $137,238,870 represents bonds secured by specified revenue sources.

The following table summarizes outstanding debt of the City as of the end of 2005 and 2004:

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

	Governmental Activities		Business-type Activities		Total	
	2005	2004	2005	2004	2005	2004
Revenue bonds			95,558	109,474	95,558	109,474
Contractual obligations	21,290	21,290	41,681	18,788	62,971	40,078
Notes	1,655	1,755	16,801	17,914	18,456	19,669
Total	$ 22,945	$ 23,045	$ 154,040	$ 146,176	$ 176,985	$ 169,221

* Excluding special assessment debt.

The City's total debt increased in 2005 by $7,764,516 (4.5%). This increase resulted from the City entering into a new contractual obligation with the Downtown Savannah Authority to issue bonds that will be used to finance the construction of a new underground parking facility.

The City's general obligation credit rating is "AA" by Standard & Poor's, and "Aa3" by Moody's. The credit rating assigned to water and sewer revenue debt of the City is "AA+" by Standard & Poor's, and "Aa3" by Moody's.

State statutes limit the amount of general obligation bonded debt a governmental entity may issue up to 10 percent of its total assessed valuation. The current debt limitation for the City is $359,355,708. As of December 31, 2005 the City had no outstanding general obligation bonded debt.

Additional information on the City's long-term debt can be found in the Notes to the Financial Statements Note 6 - Long-Term Liabilities on pages 50 - 61 of this report.

Economic Factors and Next Year's Budgets and Rates

- Georgia's economy continued to expand through late 2005. The civilian labor force in Georgia grew by 157,814 workers in 2005. Though more workers were available, the unemployment rate for the state dropped from 5.3% at the beginning of 2005 to 4.9% for December of 2005. The unemployment rate for the Savannah MSA for 2005 was 3.9% compared to 4.5% for 2004. Unemployment rates for the Savannah MSA continue to track below both the state average and the national average, which was 4.9% for December 2005. For 2005, there were 162,093 workers employed in the Savannah MSA as compared to 155,476 for 2004. Recent data shows that the majority of job growth in the Savannah area has occurred in the industries of logistics and professional/business services.

- Residential construction has been a major component of Savannah's strong economy. Residential construction in the City continued to trend upward throughout 2005 as annexations have brought new areas of development into the City. The number of residential construction permits issued in 2005 was 650 versus 544 issued in 2004.
- Tourism in Savannah continued its trend of annual increases in 2005. With over six million visitors each year, Savannah is the most popular tourist destination in the State of Georgia. As the number of tourists has grown, tourism related revenues have increased. This is demonstrated by the 9.7% increase in hotel/motel tax revenues for 2005 over 2004 ($8,934,218 in 2005 compared to $8,136,968 in 2004). New hotels continue to be built in the National Historic District and construction is underway on new tourist attractions such as the new Battlefield Park historic stie.

All of these factors were considered in preparing the City of Savannah's budget for the 2006 fiscal year. The 2006 adopted budget is balanced with current revenues covering current expenditures. No draw on the fund balance is planned. The property tax millage rate tentatively set in the 2006 budget is 12.9 mills, unchanged from the 2005 rate.

Rates for water and sewer service for 2006 are increased from 2005. The base charges will remain the same; however, consumption charges will increase for the median inside City customer by $1.20 or 4.93%. The increase is necessary to fund anticipated increases in the operation and maintenance cost of the system and to fund the water and sewer system capital improvement/capital maintenance plan. Sanitation fees are also higher in 2006 and the increased fees are expected to bring in additional revenues totaling $429,442. While the residential refuse fee will remain the same at $23.50 per month, the commercial collection fees will increase 5%. The commercial disposal fee will increase to $3.90 per cubic yard from $3.70 per cubic yard. The sanitation fee increase is needed to fund landfill expansion and to fund the Resource Recovery Facility.

Requests for Information

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

CITY OF SAVANNAH
STATEMENT OF NET ASSETS
DECEMBER 31, 2005

	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
ASSETS			
Cash and investments	$ 79,553,767	$ 100,735,693	$ 180,289,460
Receivables (net)	18,740,235	10,333,080	29,073,315
Internal balances	(65,597)	65,597	
Inventories	496,862	48,538	545,400
Prepaid items	452,264		452,264
Restricted assets:			
Cash and investments	46,416,342	36,927,044	83,343,386
Accounts receivable	267,612	20,264	287,876
Net pension asset	64,273		64,273
Notes receivable, due within one year			
Notes receivable, long term	9,985,496		9,985,496
Notes receivable:			
Due within one year		15,300,000	15,300,000
Due in more than one year			
Capital assets:			
Land and construction in progress	96,095,569	41,584,239	137,679,808
Other capital assets, net of depreciation	176,197,060	258,611,958	434,809,018
Total assets	$ 428,203,883	$ 463,626,413	$ 891,830,296
LIABILITIES			
Liabilities:			
Accounts payable and accrued liabilities	$ 9,147,475	$ 4,748,628	$ 13,896,103
Interest payable	433,049	1,109,659	1,542,708
Payable from restricted assets:			
Deposits	3,549,444	2,025,011	5,574,455
Interest payable	48,847	148,156	197,003
Current portion of debt payable		423,750	423,750
Long-term liabilities:			
Due within one year	7,072,157	23,746,406	30,818,563
Due in more than one year	39,945,939	136,524,021	176,469,960
Total liabilities	60,196,911	168,725,631	228,922,542
NET ASSETS			
Invested in capital assets, net of related debt	244,200,129	192,485,028	436,685,157
Restricted for:			
Sales Tax Capital projects	34,504,197		34,504,197
Community Development projects	13,125,431		13,125,431
HUD Section 108 projects	548,111		548,111
Nonexpendable Perpetual Care	4,024,129		4,024,129
Debt service	6,099	225,798	231,897
Wireless communications	827,248		827,248
Other grants	292,627		292,627
Unrestricted	70,479,001	102,189,956	172,668,957
Total net assets	368,006,972	294,900,782	662,907,754
Total liabilities and net assets	$ 428,203,883	$ 463,626,413	$ 891,830,296

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

CITY OF SAVANNAH, GEORGIA
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2005

			PROGRAM REVENUES			NET (EXPENSE) REVENUE AND CHANGES IN NET ASSETS		
FUNCTIONS/PROGRAMS	**EXPENSES**	**INDIRECT COSTS**	**Charges for Services**	**Operating Grants and Contributions**	**Capital Grants and Contributions**	**Governmental Activities**	**Business-type Activities**	**Total**
Governmental activities:								
General administration	$ 2,159,296					$ (2,159,296)		$ (2,159,296)
Management and financial services	9,019,614	$ (3,945,343)	$ 2,795,310	$ 62		(2,278,899)		(2,278,899)
Facilities maintenance	25,174,723		1,068,152		$ 26,632,925	2,526,354		2,526,354
Police	50,839,053	134,516	16,928,537	94,192		(33,950,840)		(33,950,840)
Recorder's court	1,809,584		3,577,833			1,768,249		1,768,249
Fire	19,099,602	20,082	222,643	1,189,754	313,162	(17,394,125)		(17,394,125)
Leisure services	13,244,593		640,776	225,320		(12,378,497)		(12,378,497)
Social and cultural	2,014,569					(2,014,569)		(2,014,569)
Public development	4,638,844		2,678,218			(1,960,626)		(1,960,626)
Other governmental services	14,279,996		1,550,301			(12,729,695)		(12,729,695)
Grant program and administration	9,377,908	62,499	9,979	5,589,862		(3,840,566)		(3,840,566)
Community development program and administration	10,796,086	321,422	221,522	5,288,722		(5,607,264)		(5,607,264)
Interest on long-term debt	1,135,741					(1,135,741)		(1,135,741)
Interest on capital leases	298,585					(298,585)		(298,585)
Total governmental activities	163,888,194	(3,406,824)	29,693,271	12,387,912	26,946,087	(91,454,100)		(91,454,100)
Business-type activities:								
Water and sewer	41,303,898	2,299,822	46,543,582				$ 2,939,862	2,939,862
Sanitation	25,908,715	677,513	27,450,304				864,076	864,076
Parking facilities	5,143,091	333,210	6,532,036				1,055,735	1,055,735
Civic Center	2,728,813	96,279	1,375,759				(1,449,333)	(1,449,333)
Golf Course	152,062		166,000				13,938	13,938
Resource Recovery	14,979,509		14,972,364				(7,145)	(7,145)
Total business-type activities	90,216,088	3,406,824	97,040,045				3,417,133	3,417,133
Total	$ 254,104,282	$ -	$ 126,733,316	$ 12,387,912	$ 26,946,087	(91,454,100)	3,417,133	(88,036,967)
		General Revenues:						
		Taxes:						
		Property taxes				43,683,530		43,683,530
		Intangible, transfer and franchise taxes				15,479,341		15,479,341
		General sales taxes				37,635,685		37,635,685
		Selective sales taxes				13,745,743		13,745,743
		Business taxes				7,248,220		7,248,220
		Penalties and interest on delinquent taxes				861,693		861,693
		Grants and contributions not restricted to specific programs				2,075,327	11,106,314	13,181,641
		Investment earnings, unrestricted				2,916,715	3,307,628	6,224,343
		Miscellaneous revenue				1,177,681	729,718	1,907,399
		Contributions to Cemetery Perpetual Care				179,292		179,292
		Transfers				(3,897,383)	3,897,383	
		Total general revenues, contributions and transfers				121,105,844	19,041,043	140,146,887
		Change in net assets				29,651,744	22,458,176	52,109,920
		Net assets, beginning				338,355,228	272,442,606	610,797,834
		Net assets, ending				$ 368,006,972	$ 294,900,782	$ 662,907,754

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

CITY OF SAVANNAH
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2005

	GENERAL	COMMUNITY DEVELOPMENT	CAPITAL IMPROVEMENT	DRAINAGE IMPROVEMENT	SPLOST 2003-2008	NONMAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
ASSETS							
Cash and investments	$ 54,130,391	$ 2,300,731	$ 1,042,796	$ 1,117,000		$ 2,202,376	$ 60,793,294
Receivables, net	9,994,432					754,029	10,748,461
Due from other funds	2,334,046		37,354,088				39,688,134
Due from other governments	40,009					2,954,487	2,994,496
Prepaid items	4,873						4,873
Restricted assets:							
Cash and investments	2,777,069	658,915	7,102,507	3,780,335	$ 26,436,547	5,660,969	46,416,342
Special assessment receivable, net						154,153	154,153
Due from other governments		113,460					113,460
Notes receivable, long-term		10,852,384				548,111	11,400,495
Total assets	$ 69,280,820	$ 13,925,490	$ 45,499,391	$ 4,897,335	$ 26,436,547	$ 12,274,125	$ 172,313,708
LIABILITIES AND FUND BALANCE							
Liabilities:							
Accounts payable	$ 2,421,961	$ 27,684	$ 724,884			$ 1,012,412	$ 4,186,941
Accrued liabilities	1,868,661						1,868,661
Due to other funds	37,354,088					2,399,643	39,753,731
Payable from restricted assets:							
Escrow deposits	2,777,069	772,375					3,549,444
Contracts payable				$ 2,770,664	$ 91,300		2,861,964
Deferred revenue	6,786,724	13,125,431				1,109,929	21,022,084
Total liabilities	51,208,503	13,925,490	724,884	2,770,664	91,300	4,521,984	73,242,825
Fund balances:							
Reserved for:							
Encumbrances	953,624		5,303,252	1,117,000		724,794	8,098,670
Prepaid items	4,873						4,873
Section 108 activities						146,965	146,965
Perpetual care						3,909,091	3,909,091
Debt service						6,099	6,099
Sales Tax Capital Projects			7,102,507	1,009,671	26,345,247	46,772	34,504,197
Wireless communication						827,248	827,248
Unreserved, reported in:							
General Fund	17,113,820						17,113,820
Special revenue funds						1,315,713	1,315,713
Debt service fund						775,459	775,459
Capital project funds			32,368,748				32,368,748
Total fund balances	18,072,317	-	44,774,507	2,126,671	26,345,247	7,752,141	99,070,883
Total liabilities and fund balances	$ 69,280,820	$ 13,925,490	$ 45,499,391	$ 4,897,335	$ 26,436,547	$ 12,274,125	$ 172,313,708

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

CITY OF SAVANNAH
RECONCILIATION OF THE BALANCE SHEET FOR GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET ASSETS
DECEMBER 31, 2005

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

Total fund balances for Governmental Funds (page 16)	$	99,070,883
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		251,676,040
Additional assets shown in governmental activities that are not shown in the funds due to differences in revenue recognition criteria		3,642,855
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.		21,022,084
Internal service funds are used by management to charge costs of fleet management, information services, engineering, real property services, and risk management to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets.		27,044,384
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds		(34,449,274)
Net assets of governmental activities (page 14)	$	368,006,972

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

CITY OF SAVANNAH
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2005

	GENERAL	COMMUNITY DEVELOPMENT	CAPITAL IMPROVEMENT	DRAINAGE IMPROVEMENT	SPLOST 2003-2008	NONMAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
REVENUES:							
Property taxes	$ 44,527,561						$ 44,527,561
Intangible, transfer and franchise taxes	15,479,341						15,479,341
General sales tax	37,406,858						37,406,858
Selective sales taxes	3,394,660					$ 10,351,083	13,745,743
Business taxes	7,248,220						7,248,220
Penalties and interest on delinquent taxes	861,693						861,693
Licenses and permits	1,467,954						1,467,954
Inspection fees	2,237,004						2,237,004
Intergovernmental revenue	2,370,194	$ 5,288,722	$ 940,492			5,820,981	14,420,389
Special purpose local option sales tax from Chatham County					$ 22,670,654		22,670,654
Charges for services	16,287,691	2,881,201				4,092,147	23,261,039
Indirect cost allocations	4,684,094						4,684,094
Special assessments						21,315	21,315
Fines and forfeitures	3,868,679						3,868,679
Investment income	1,498,939	34,865	293,956	$ 402,872	562,483	115,560	2,908,675
Miscellaneous revenue	1,148,634	147,697	65,863			3,417	1,365,611
Total revenues	142,481,522	8,352,485	1,300,311	402,872	23,233,137	20,404,503	196,174,830
EXPENDITURES:							
Current:							
General administration	1,995,124						1,995,124
Management and financial services	8,456,073						8,456,073
Facilities maintenance	20,059,555						20,059,555
Police	47,116,817					4,238,849	51,355,666
Recorder's court	1,819,667						1,819,667
Fire	17,336,088					314,513	17,650,601
Leisure services	12,131,645						12,131,645
Social and cultural	2,014,569						2,014,569
Public development	4,541,803						4,541,803
Other governmental services	9,867,234					4,467,109	14,334,343
Grant program and administration						5,981,635	5,981,635
Community development program and administration		9,844,471				1,134,095	10,978,566
Debt Service:							
Principal						167,393	167,393
Interest and fiscal charges						1,139,398	1,139,398
Capital outlay			10,059,890	2,845			10,062,735
Capital outlay - SPLOST funded			3,411,246	19,140,633	7,055,761	162,777	29,770,417
Total expenditures	125,338,575	9,844,471	13,471,136	19,143,478	7,055,761	17,605,769	192,459,190
Excess (deficiency) of revenues over (under) expenditures	17,142,947	(1,491,986)	(12,170,825)	(18,740,606)	16,177,376	2,798,734	3,715,640
OTHER FINANCING SOURCES (USES):							
Transfers in	4,821,325	1,491,986	14,644,420			2,861,868	23,819,599
Transfers out	(21,833,008)					(5,883,974)	(27,716,982)
Total other financing sources (uses)	(17,011,683)	1,491,986	14,644,420			(3,022,106)	(3,897,383)
Net change in fund balances	131,264	-	2,473,595	(18,740,606)	16,177,376	(223,372)	(181,743)
Fund balances, beginning of year	17,941,053		42,300,912	20,867,277	10,167,871	7,975,513	99,252,626
Fund balances, end of year	$ 18,072,317	$ -	$ 44,774,507	$ 2,126,671	$ 26,345,247	$ 7,752,141	$ 99,070,883

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

CITY OF SAVANNAH
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2005

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)	$	(181,743)
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.		29,289,987
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to increase net assets.		3,020,656
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds		(3,475,213)
The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is net effect of these differences in the treatment of long-term debt and related items.		167,393
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds		(2,639,951)
Internal service funds are used by management to charge costs of fleet management, information services, engineering, real property services, and risk management to individual funds.		2,665,530
The net revenue of certain activities of internal service funds is reported with governmental activities.		805,085
Change in net assets of governmental activities (page 15)	$	29,651,744

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

CITY OF SAVANNAH
STATEMENT OF FUND NET ASSETS
PROPRIETARY FUNDS
DECEMBER 31, 2005

	ENTERPRISE FUNDS						
	WATER AND SEWER	SANITATION	RESOURCE RECOVERY	PARKING SERVICES	NONMAJOR ENTERPRISE FUNDS	TOTALS	INTERNAL SERVICE FUNDS
ASSETS							
Current assets:							
Cash and investments	$ 78,492,503	$ 9,583,064	$ 426,045	$ 9,309,190	$ 2,924,890	$ 100,735,692	$ 18,760,474
Receivables, net	6,576,974	3,695,281	43,350	17,475		10,333,080	309,712
Due from other funds		419,388			65,597	484,985	
Current portion of notes receivable			15,300,000			15,300,000	141,374
Inventories	31,134				17,404	48,538	496,862
Total current assets	85,100,611	13,697,733	15,769,395	9,326,665	3,007,891	126,902,295	19,708,422
Noncurrent assets:							
Restricted assets:							
Cash and investments	3,856,034	8,226,866		24,421,001	423,143	36,927,044	
Accounts receivable					20,264	20,264	
Advances to other funds							
Capital assets:							
Land	855,928	1,910,772	1,592,559	1,417,251	606,537	6,383,047	
Plant, buildings, stations, reservoirs, etc	325,654,722	197,953		30,029,629	16,963,855	372,846,159	2,412,182
Improvements, other than buildings	34,560,979	10,855,021		214,438	3,615,383	49,245,821	419,908
Machinery and equipment	5,574,744	17,729,706		1,361,735	1,176,545	25,842,730	45,512,609
Machinery and equipment under capital lease							3,215,652
Other capital assets					891,718	891,718	
Less accumulated depreciation	(143,997,662)	(15,933,872)		(13,268,876)	(17,014,060)	(190,214,470)	(32,528,506)
Construction in progress	20,527,728	10,515,282		3,290,199	867,983	35,201,192	1,584,744
Notes receivable - long term							
Total noncurrent assets	247,032,473	33,501,728	1,592,559	47,465,377	7,551,368	337,143,505	20,616,589
Total assets	$ 332,133,084	$ 47,199,461	$ 17,361,954	$ 56,792,042	$ 10,559,259	$ 464,045,800	$ 40,325,011
LIABILITIES AND NET ASSETS							
LIABILITIES							
Current liabilities:							
Accounts payable	$ 2,913,539	$ 923,982	$ 6,496	$ 809,286	$ 95,325	$ 4,748,628	$ 229,909
Interest payable	116,200	609,395	43,350	289,593	51,120	1,109,658	12,057
Due to other funds			419,388			419,388	
Current portion of contractual obligations				845,000		845,000	
Current portion of notes and bonds payable	5,834,966	810,000	15,300,000			21,944,966	
Current portion of compensated absences	509,487	307,473		88,156	51,324	956,440	219,869
Current portion of claims and judgments payable							1,635,941
Current obligation under capital leases							1,369,119
Total current liabilities	9,374,192	2,650,850	15,769,234	2,032,035	197,769	30,024,080	3,466,895
Noncurrent liabilities:							
Payable from restricted assets:							
Accounts payable							
Customer deposits	1,581,604				443,407	2,025,011	
Interest payable	148,156					148,156	
Current portion of revenue bonds payable	423,750					423,750	
Contractual obligations				37,156,632	3,678,867	40,835,499	
Notes payable	15,627,602					15,627,602	
Revenue bonds payable, net of discount	41,488,028	32,875,343				74,363,371	
Compensated absences	439,619	402,818		11,665	72,133	926,235	326,726
Accrued landfill closure costs		4,771,314				4,771,314	
Claims and judgments							7,640,473
Obligations under capital leases							1,846,533
Total noncurrent liabilities	59,708,759	38,049,475		37,168,297	4,194,407	139,120,938	9,813,732
Total liabilities	69,082,951	40,700,325	15,769,234	39,200,332	4,392,176	169,145,018	13,280,627
NET ASSETS							
Invested in capital assets, net of related debt	178,939,126	(994,557)	1,592,559	8,760,486	3,421,682	191,719,296	17,400,937
Restricted for:							
Sinking Fund	225,798					225,798	
Unrestricted	83,885,209	7,493,693	161	8,831,224	2,745,401	102,955,688	9,643,447
Total net assets	263,050,133	6,499,136	1,592,720	17,591,710	6,167,083	294,900,782	27,044,384
Total liabilities and net assets	$ 332,133,084	$ 47,199,461	$ 17,361,954	$ 56,792,042	$ 10,559,259	$ 464,045,800	$ 40,325,011

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

CITY OF SAVANNAH
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
YEAR ENDED DECEMBER 31, 2005

	ENTERPRISE FUNDS						
	WATER AND SEWER	SANITATION	RESOURCE RECOVERY	PARKING SERVICES	NONMAJOR ENTERPRISE FUNDS	TOTALS	INTERNAL SERVICE FUNDS
OPERATING REVENUES:							
Metered sales	$ 39,049,027					$ 39,049,027	
Charges for services	7,353,962	$ 27,385,643	$ 14,204,444			48,944,049	$ 16,438,662
Rental fees	113,934			$ 6,753,080	$ 1,117,826	7,984,840	
Recreation fees					423,933	423,933	
Risk management fees							24,168,233
Miscellaneous	659,714	64,661		131,968		856,343	
Total operating revenues	47,176,637	27,450,304	14,204,444	6,885,048	1,541,759	97,258,192	40,606,895
OPERATING EXPENSES:							
Personal services	12,964,778	7,606,590		2,217,735	1,197,998	23,987,101	
Contractual services	10,360,242	15,993,046	14,217,625	1,113,975	757,376	42,442,264	
Commodities	3,647,943	1,090,812		181,665	92,268	5,012,688	
Internal service	4,291,096	2,702,367		572,020	268,740	7,834,223	
Landfill closure and post closure care		(3,756,745)				(3,756,745)	
Depreciation	10,015,643	1,623,215		1,222,180	528,126	13,389,164	4,430,129
Central garage							4,437,185
Information services							3,567,211
Engineering							1,147,088
Real property services							427,492
Risk management							23,897,479
Total operating expenses	41,279,702	25,259,285	14,217,625	5,307,575	2,844,508	88,908,695	37,941,365
Operating Income (Loss)	5,896,935	2,191,019	(13,181)	1,577,473	(1,302,749)	8,349,497	2,665,530
NONOPERATING REVENUES (EXPENSES):							
Interest earned	2,398,207	531,094	767,920	301,138	77,183	4,075,542	681,182
Interest expense	(2,135,907)	(1,277,034)	(761,884)	(425,077)	(132,646)	(4,732,548)	(298,585)
Gain (loss) on disposal of assets							422,488
Amortization	(188,109)	(49,903)				(238,012)	
Total nonoperating revenues (expenses)	74,191	(795,843)	6,036	(123,939)	(55,463)	(895,018)	805,085
Income (loss) before contributions and transfers	5,971,126	1,395,176	(7,145)	1,453,534	(1,358,212)	7,454,479	3,470,615
CAPITAL CONTRIBUTIONS	8,627,210	281,175		2,135,518	62,411	11,106,314	597,971
TRANSFERS IN		2,534,826			1,362,557	3,897,383	
Change in net assets	14,598,336	4,211,177	(7,145)	3,589,052	66,756	22,458,176	4,068,586
Total net assets - beginning	248,451,797	2,287,959	1,599,865	14,002,658	6,100,327	272,442,606	22,975,798
Total net assets - ending	$ 263,050,133	$ 6,499,136	$ 1,592,720	$ 17,591,710	$ 6,167,083	$ 294,900,782	$ 27,044,384

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

CITY OF SAVANNAH, GEORGIA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
YEAR ENDED DECEMBER 31, 2005

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS						
	WATER AND SEWER	SANITATION	RESOURCE RECOVERY	PARKING SERVICES	OTHER ENTERPRISE FUNDS	TOTALS	INTERNAL SERVICE FUNDS
CASH FLOWS FROM OPERATING ACTIVITIES:							
Cash received from customers	45,676,581	$ 22,671,935	$ 14,271,380	$ 6,456,551	$ 1,641,952	$ 90,718,399	
Cash received from other funds for services	652,476	4,093,489		413,410	-	5,159,375	$ 16,442,789
Customer deposits received	609,544				3,623,942	4,233,486	
Customer deposits returned	(612,954)				(3,504,848)	(4,117,802)	
Cash received for services and fees						-	24,162,218
Cash paid to suppliers	(14,789,058)	(16,552,949)	(14,220,111)	(1,979,939)	(879,454)	(48,421,511)	(3,893,256)
Cash paid to other funds for services	(4,291,096)	(2,702,367)		(572,020)	(268,740)	(7,834,223)	(775,117)
Cash paid to employees	(12,964,778)	(7,665,700)		(2,202,343)	(1,190,609)	(24,023,430)	(5,023,476)
Cash paid for supplies and insurance						-	(23,832,142)
Net cash provided (used) by operating activities	14,280,715	(155,592)	51,269	2,115,659	(577,757)	15,714,294	7,081,016
CASH FLOWS FROM NON CAPITAL FINANCING ACTIVITIES:							
Repayment of advance to (from) other funds	105,798	(66,935)			(63,760)	(24,897)	
Transfers in		2,534,826			1,362,557	3,897,383	
Net cash provided (used) by non capital financing activities	105,798	2,467,891	-	-	1,298,797	3,872,486	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:							
Proceeds from issuance of long-term debt						-	1,392,416
Principal payments received on note receivable			8,370,000			8,370,000	
Bond proceeds used to finance capital improvement projects				24,820,000			
Issuance costs, premiums and discounts on issuance of bonds				(438,089)			
Interest received			761,884			761,884	
Principal paid on long-term debt	(6,105,964)	(790,000)	(8,370,000)	(1,545,000)	-	(16,810,964)	(1,293,623)
Interest paid	(2,153,456)	(1,285,049)	(761,884)	(498,079)	(126,083)	(4,824,551)	(292,186)
Proceeds from sale of equipment						-	543,981
Acquisition and construction of capital assets	(10,603,051)	(5,334,193)		(4,084,687)	(510,642)	(20,532,573)	(5,813,503)
Net cash provided (used) by capital and related financing activities	(18,862,471)	(7,409,242)	-	18,254,145	(636,725)	(33,036,204)	(5,462,915)
CASH FLOWS FROM INVESTING ACTIVITIES:							
Investment income	2,398,210	531,094	6,036	301,138	77,183	3,313,661	681,182
Net cash provided by investing activities	2,398,210	531,094	6,036	301,138	77,183	3,313,661	681,182
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(2,077,748)	(4,565,849)	57,305	20,670,942	161,498	(10,135,763)	2,299,283
CASH AND CASH EQUIVALENTS, JANUARY 1 (INCLUDING RESTRICTED ACCOUNTS OF $24,723,794 IN 2004	84,426,285	22,375,779	368,740	13,059,250	3,186,535	123,416,589	16,461,191
CASH AND CASH EQUIVALENTS, DECEMBER 31 (INCLUDING RESTRICTED ACCOUNTS OF $36,927,044 IN 2005	$ 82,348,537	$ 17,809,930	$ 426,045	$ 33,730,192	$ 3,348,033	$ 113,280,826	$ 18,760,474
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES:							
Operating income (loss)	$ 5,857,905	$ 2,191,019	$ (13,181)	$ 1,577,473	$ (1,302,749)	$ 8,310,467	2,665,530
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:							
Depreciation	10,015,643	1,623,215	-	1,222,180	528,126	13,389,164	4,430,129
Change in assets and liabilities:							
(Increase) decrease in receivables	(808,550)	(684,880)	66,935	(15,087)	100,193	(1,341,389)	(1,888)
(Increase) decrease in prepaid items and inventories	1,985	-	-	-	790	2,775	(55,705)
Increase (decrease) in accounts and other payables	(786,268)	(3,284,946)	(2,485)	(668,907)	95,883	(4,646,723)	42,950
Net cash provided (used) by operating activities	$ 14,280,715	$ (155,592)	$ 51,269	$ 2,115,659	$ (577,757)	$ 15,714,294	$ 7,081,016

NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES:

1. During the year, commercial developers and other funds of the City of Savannah, Georgia, contributed property, plant and equipment of $8,627,210 to the Water and Sewer Fund, and $281,175 to the Sanitation Fund, In accordance with GASB 33, amounts contributed by developers were recognized as non-operating revenues.
2. Parking Services fund received $2,135,518 of contributed property, plant and equipment from other funds of the City.
3. During the year, other enterprise funds received $62,411 of contributed property, plant and equipment from various sources.
4. During the year, the internal service funds received $597,971 of contributed property, plant and equipment from other funds of the City and other governmental agencies.

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

CITY OF SAVANNAH
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
DECEMBER 31, 2005

	PENSION TRUST FUNDS	AGENCY FUNDS
ASSETS		
Cash and cash equivalents	$ 6,669,552	$ 249,675
Accrued income	711,818	
Accounts receivable:		
From employer	39,352	
From participants		1,938
Investments, at fair value:		
U.S. government obligations	49,895,470	
Foreign corporate bonds	647,209	
Corporate bonds	9,189,564	
Domestic stocks	104,474,611	
Foreign stocks	2,192,577	
International stock mutual fund	25,345,035	
Real estate fund	23,259,544	
Total investments	215,004,010	-
Total assets	222,424,732	$ 251,613
LIABILITIES AND NET ASSETS		
Liabilities:		
Payable from restricted assets:		
Accounts payable	183,377	$ 80,937
Employee benefits payable		27,032
Benefit plan surplus		143,644
Total liabilities	183,377	$ 251,613
Net assets:		
Held in trust for:		
Employee pension benefits	$ 222,241,355	

(See schedule of funding progress on page 71.)

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

CITY OF SAVANNAH
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
YEAR ENDED DECEMBER 31, 2005

	PENSION TRUST FUNDS
ADDITIONS	
Contributions	
Employer	$ 5,313,000
Plan members	5,285,745
Total contributions	10,598,745
Investment income	
Interest	2,742,801
Dividends	997,195
Real estate net income	4,056,166
Net appreciation (depreciation) in fair value of investments	3,639,171
Total investment income	11,435,333
Less investment expense	776,595
Net investment income (loss)	10,658,738
Total additions	21,257,483
DEDUCTIONS	
Benefits	10,429,214
Refunds of contributions	1,320,754
Administrative expense	111,741
Total deductions	11,861,709
Change in net assets	9,395,774
Net assets:	
Beginning of year - January 1	212,845,581
End of year - December 31	$ 222,241,355

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

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, 2005. They include all the activities controlled by the City Council of Savannah, Georgia. The financial statements have been prepared in conformance with generally accepted accounting principles (GAAP) as applied to government units. This summary of the City of Savannah's more significant accounting policies is presented to assist the reader in interpreting the financial statements and other data in this report. These policies, as presented herein, should be viewed as an integral part of the accompanying financial statements.

(A) Reporting Entity

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

Blended component units, although legally separate entities are, in substance, part of the City's operations and data from these units are combined with the data of the City of Savannah. The Resource Recovery Development Authority ("Authority") is a blended component unit of the City of Savannah. The Authority is controlled and managed by a board of five members appointed by the Mayor and Alderman of the City. The Authority provides services almost entirely to the City in that 97.25% of the Authority's operating revenue came from 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. Complete financial statements for the Resource Recovery Development Authority may be obtained from the City.

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 Georgia Regional Development Center (RDC), and is required to pay annual dues thereto. Membership in an RDC is required by the Official Code of Georgia Annotated

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(OCGA) Section 50-8-34, which provides for the organizational structure of the RDC in Georgia. The RDC 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 Georgia Regional Development Center
P.O. Box 1917
Brunswick, GA 31521

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

The Housing Authority of Savannah, created by an act of the Georgia legislature, is not a part of the City's reporting entity. While the Mayor of Savannah appoints a voting majority of commissioners for the Housing Authority of Savannah, the commissioners can not be city or county employees or officers. Thus, the City can not impose its will on the Housing Authority. Nor does the City provide financial support to the Housing Authority as the Authority derives its revenues from federal funds and resident rents. During 2005, the City received payments in lieu of taxes of $66,989 from the Housing Authority.

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

(B) Measurement Focus and Basis of Accounting

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

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

- All governmental funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present sources/increases (i.e., revenues and other financing sources) and uses/decreases (i.e., expenditures and other financing uses) of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period.

- All proprietary funds utilize a flow of economic resources measurement focus. All assets and liabilities associated with the operation of these funds are included on the balance sheet using this measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net assets, financial position, and cash flow. Proprietary fund equity is classified as net assets. Proprietary Fund type operating statements present increases (e.g., revenues) and decreases (e.g., expenses) in net total assets.

- All trust funds utilize the flow of economic resources measurement focus. Agency funds are not involved in the measurement of results of operations so no measurement focus is applied to agency funds.

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

In the fund financial statements, governmental funds are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized in the accounting period when they become “measurable and available”. Measurable means knowing or being able to reasonably estimate the amount. Available means collectible within the current period or within 30 days after year end and available to pay obligations of the current period. Revenues considered susceptible to accrual are sales taxes, property taxes, charges for services, grants, and investment income. In applying the “susceptible to accrual” concept to intergovernmental revenues, the provider should recognize liabilities and expenses and the recipient should recognize receivables and revenue when the applicable eligibility requirements including time requirements, are met. Resources transmitted before the eligibility requirements are met should, under most circumstances, be reported as advances by the provider and deferred revenue by the recipient. Revenue from property taxes is usually not accrued since it is not collected soon enough after year-end to be used to pay liabilities of the current period. 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.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

(C) Basis of Presentation

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

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

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

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

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

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

(D) Columnar Headings and Description of Funds

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

(1) Major Governmental Funds

The City's major governmental funds are the General Fund, the Community Development Fund, the Capital Improvements Fund, and the Drainage Improvement 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. This fund also accounts for revenues received from the Georgia Department of Human Resources under the Title XX program. All revenues received by this fund are used in implementing the Community Development program.

(c) Capital Improvement Fund - The Capital Improvement Fund accounts for financial resources to be used for construction or acquisition of major capital projects. Non-drainage SPLOST funds and their related projects are also recorded in the Capital Improvement Fund. SPLOST funds were previously collected over a five-year period beginning October 1998 and ending September 2003. A new SPLOST referendum was passed during 2003 extending the life of the SPLOST tax to 2008.

(d) Drainage Improvement Fund - The Drainage Improvement Fund accounts for resources devoted to construction of capital improvements to the stormwater drainage system. Special purpose local option sales tax (SPLOST) revenue for drainage projects is accounted for in this fund. SPLOST funds were previously collected over a five-year period beginning October 1998 and ending September 2003.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(e) SPLOST 2003 – 2008 Fund – This fund accounts for special purpose local option sales tax resources provided to the City by Chatham County in accordance with a 2003 Special Purpose Local Option Sales Tax referendum, which was passed on a county-wide basis. The current SPLOST commenced on October 1, 2003 and will expire on September 30, 2008. These funds are used by the City to design and construct major capital improvements that will benefit the entire county. Projects planned 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, the Resource Recovery 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) Resource Recovery Fund - The Resource Recovery Fund accounts for the operation of 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.

(d) 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. The City accounts for its data processing, engineering, real property acquisition, 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 agency funds report 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 the Flexible Benefits Plan Fund, which accounts for the Section 125 Flexible Benefits Plan administered by the City for its employees.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

(E) Cash and Cash Equivalents

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

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

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

(F) Receivables

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

In the fund financial statements, material receivables in governmental funds are often offset by deferred revenue accounts. Therefore, in these statements, revenues for property taxes are recognized only when collection occurs or funds are received. Significant property tax revenues were not available during the City's normal 30-day payment cycle following year-end, and accordingly, the City's basis of recognition agrees with the modified accrual basis revenue recognition method prescribed by NCGA Interpretation No. 3 as adopted by GASB.

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(H) Inventories

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

(I) Prepaid Items

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

(J) Restricted Assets & Flow Assumption for Restricted Resources

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

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

(K) Net Pension Asset

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

(L) Capital Assets

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 constructed by the City, such as streets and drainage, have been capitalized since 1977. Although the City has recorded many of its infrastructure capital assets, the City is currently reviewing its infrastructure, especially in relation to donated assets, to ensure that all such assets are recorded before the phase-in date for retroactive general infrastructure reporting under Governmental Accounting Standards Board Statement No. 34. Any contributed assets are recorded at the fair market value at the time of the contribution.

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:

Assets	Years
Buildings	5 - 40
Building improvements	5 - 40
Public domain infrastructure	5 - 40
Vehicles	3 - 7
Machinery and Equipment	3 - 20

(M) Compensated Absences

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

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

(N) Long-term Obligations

In the government-wide financial statements, long-term debt and other liabilities are reported as liabilities of governmental activities or business-type activities. They are also reported as liabilities in the proprietary fund financial statements. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the interest method. Bond discounts are presented as a reduction of the face amount of the bonds payable.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 payment of principal and interest are reported as expenditures. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from actual debt proceeds received, are reported as debt service expenditures.

(O) Equity Classifications

1) Government-wide statements – Equity is classified as net assets, and displayed in three components:

   (a) Invested in capital assets, net of related debt – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes or other debt attributable to the acquisition, construction or improvement of those assets.
   (b) Restricted net assets – Consists of net assets with constraints placed on the use either by (a) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (b) law through constitutional provisions or enabling legislation.
   (c) Unrestricted net assets – All other net assets that do not meet the definition of “restricted” or “invested in capital assets, net of related debt”.

2) Fund financial statements – Governmental fund equity is classified as fund balance. Fund balance can be reserved or unreserved. Reserved fund balance represents funds that are not available for appropriation or are legally segregated for a future use. Unreserved fund balance can be divided to designated and undesignated classifications. Designated fund balance represents funds which have tentatively been set aside for future use. Proprietary fund equity is classified the same as in the government-wide statements.

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

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

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

(1) The addition of capital assets, net of accumulated depreciation, to the government-wide financial statements. This reconciling item is needed since the fund financial statements under the modified accrual basis of accounting do not recognize capital assets but, instead, show expenditures for any capital item purchased. Governmental net capital assets of $251,676,040 were added to the government-wide statements.

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

(2) Other assets added to the Statement of Net Assets that result from differences in recognition criteria between the modified accrual basis and the accrual basis of accounting include $3,578,582 in additional local option sales tax and $64,273 for the net pension asset.

(3) Amounts shown as a liability in the fund financial statements for deferred revenues are reclassified on the entity-wide statements. Amounts shown as deferred revenue on the fund financial statements included $6,786,724 related to property taxes, $154,153 related to special assessment receivables, $115,038 related to cemetery receivables and $13,966,169 related to loan receivables and program receipts that will be used in grant programs in future periods.

(4) Governmental long term liabilities were added to governmental activities on the entity-wide statements as follows:

Type of Long-term Liability	Amount
Contractual obligations payable	$21,290,000
Compensated absences payable	10,934,742
Special assessment debt payable	99,693
Section 108 notes payable	1,655,000
Accrued interest payable	469,839
	$34,449,274

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

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

(1) Items expensed in governmental funds during the year as capital outlay but shown as assets on the entity-wide statements totaled $38,738,685.
(2) Depreciation expense during the year recorded on the government-wide statements but not on the fund financial statements was $9,448,698.
(3) Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. The details of this $3,475,213 difference are as follows:

Deferred revenue	$4,014,843
Local option sales tax revenue	(228,827)
Donated capital assets	(313,162)
Interest on net pension asset	2,359
	$3,475,213

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

(4) Repayment of long-term debt consumes the current financial resources of governmental funds; however, this transaction has no effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. The details of this $167,393 difference are as follows:

Principal repayments:

HUD Section 108 Note	100,000
Special assessment debt	67,393
	$ 167,393

(5) Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. The details of this $2,639,951 are as follows:

Compensated absences	$ 2,643,608
Accrued interest	(3,657)
	$ 2,639,951

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 Enterprise Funds, the Pension Fund, Special Assessment Bond Investments and Resource Recovery Fund. Various restrictions on deposits and investments are imposed by statutes. These restrictions are summarized below.

Deposits. Custodial Credit Risk for deposits is the risk that, in the event of bank failure, a government's deposits may not be returned to it. At December 31, 2005 all of the City's deposits were either covered by federal depository insurance or collateralized by pledged collateral.

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.

Authorized security for deposits enumerated under law includes surety bonds, FDIC insurance, obligations of the United States or the State of Georgia, obligation 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.

NOTE 3 - DEPOSITS AND INVESTMENTS (CONTINUED)

Investments. In its investment of both public and pension trust funds, the City follows state statutes and adopted investment policies. As of December 31, 2005 the investments of the Primary Government and the City of Savannah Employees Retirement Plan were:

Type of Investment	Average Credit Rating	Fair Value	Maturities in Years			
			Less than 1	1-3	4-5	Greater than 5
Primary Government:						
Georgia Fund I	Aaa	$99,501,618	$99,501,618	$0	$0	$0
Mutual Funds	NR	652,745	652,745			
US Government/Agency Securities	Aaa	80,422,567	80,421,221	1,346		
Repurchase Agreement	NR	1,356,295	1,356,295			
City of Savannah Special Assessment Bonds	NR	99,694	67,393	27,345	4,956	
Pension Trust Fund:						
US Government/Agency Securities	Aaa	49,895,470	1,271,509	24,823,519	8,052,980	15,747,461
Corporate Bonds						
Various	A	2,743,387	2,244,732	46,058		452,596
Various	Aa	2,116,004	1,600,797			515,207
Various	Aaa	684,644				684,644
Various	Baa	3,698,819	2,827,555	37,129		834,135
Private Placement Bonds	NR	593,919	245,324			348,595
Domestic Stock	NR	104,474,611	104,474,611			
Real Estate Investment Trust	NR	23,259,544	23,259,544			
International Equity Funds	NR	27,537,612	27,537,612			
Mutual Funds	Aaa	6,669,552	6,669,552			
Total Investments		$ 403,706,482	$ 352,130,510	$ 24,935,397	$ 8,057,936	$ 18,582,638

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

State law also governs the investment of retirement fund (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.

NOTE 3 - DEPOSITS AND INVESTMENTS (CONTINUED)

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

Policies of the City of Savannah Employees Retirement Plan limit short-term investments to a maximum of 1.8% of the total portfolio, with a target amount of less than one percent. As of December 31, 2005, the City of Savannah Employees Retirement Plan had 3.04% of its portfolio in short-term investments.

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

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

Foreign currency risk is the risk that exchange rates may affect the valuation of an investment. The Pension Plan has investments in international equity funds and individual foreign corporate bonds of $27,537,612 and $647,209 respectively. These investments are subject to foreign currency risk consisting of various currencies. Policies of the City of Savannah Employees Retirement Plan limit investment in international equities to 10% of the market value of the fund.

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

NOTE 3 - DEPOSITS AND INVESTMENTS (CONTINUED)

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.

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

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

Basic financial statements:	
Cash and investments	$ 180,289,460
Restricted cash	83,343,386
Pension and agency funds	221,923,237
Total	$ 485,556,083
Notes to financial statements:	
Cash on Hand	$ 28,885
Deposits	81,820,716
Investments	403,706,482
Total	$ 485,556,083

NOTE 4 - PENSION PLANS

(A) City of Savannah Employees' Retirement Plan

(1) Summary of Significant Accounting Policies

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

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

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

Contributions. The Plan is a defined benefit plan to which employees are required to contribute 6.65% of their pre-tax earnings, and the City contributes such additional amounts as are necessary, based on actuarial valuations, in order to provide the plan with assets sufficient to meet future benefits payable to plan members. The employer contribution as a percentage of payroll determined by the most recent actuarial valuation is 7.75%.

NOTE 4 - PENSION PLANS (CONTINUED)

Plan Description. As of January 1, 2005, employee membership data related to the pension plan was as follows:

Retirees and beneficiaries currently receiving benefits	855
Terminated employees entitled to benefits but not yet receiving them	78
	933
Active plan participants:	
Vested	1,375
Nonvested	868
Total	2,243

Under the Plan, pension benefits vest after five years of service. Normal retirement for general employees is age 57. Normal retirement for uniformed public safety employees (police officers and fire fighters) is age 55. The normal monthly benefit is calculated as follows:
Final average earnings times
- 2.1% for each year of service earned before January 1, 2000, plus 2.3% for each year of service earned after January 1, 2000 (to a maximum of 30 years of service) plus
- 1% of final average earnings times years of service in excess of 30 years to a maximum of 100%.

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

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

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

NOTE 4 - PENSION PLANS (CONTINUED)

Annual Pension Cost and Net Pension Obligation. The City's annual pension cost and net pension obligation for the year 2005 are as follows:

Annual required contribution	$5,211,200
Interest on net pension obligation (asset)	(5,331)
Adjustment to annual required contribution	9,492
Annual Pension Cost	$5,215,361
Contributions made	(5,213,000)
Increase (decrease) in net pension obligation	2,361
Net pension obligation (asset), beginning of year	(66,634)
Net pension obligation (asset), end of year	$ (64,273)

The annual required contribution was determined as part of a January 1, 2004 actuarial valuation using the projected unit credit actuarial method. The actuarial assumptions included (a) an 8% investment rate of return, net of investment and administrative expenses, and (b) projected future salary adjustments of between 4.67% and 6.36% per year, dependent of the age of the participant. An inflation component of 4.00% is included in the assumptions. The method for computing the actuarial value of plan assets was changed effective January 1, 2000 to a method that smoothes the effects of short-term volatility in the market value of investments over a four year period. The Plan's unfunded actuarial accrued liability is being amortized over 30 years as a level percentage of payroll costs on a closed basis. The remaining amortization period at December 31, 2005 was 22 years.

Upon the City's implementation of GASB Statements No. 25 and 27, the City had no pension liability since the City has historically always made the actuarially determined employer contribution.

NOTE 4 - PENSION PLANS (CONTINUED)

Three Year Trend Information.

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

Fiscal Year	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation (Asset)
2003	$3,730,018	100.27	($61,601)
2004	4,180,381	100.12	(66,634)
2005	5,215,361	100.00	(64,273)

(B) Old Pension Plan

In 1972, the old pension plan was terminated and replaced by the current City of Savannah Employees' Retirement Plan. A new fund was established in 1983 to fund the benefits payable to persons who were retired and/or vested under the old plan prior to 1972. The City contributed $1,619,320 in 1983, $471,692 in 1984, and $185,000 in 1985 to fund the actuarially expected future benefits beginning in July 1985. Old pension benefits until July 1985 were funded by the General Fund. As a result of these contributions, the Old Pension Fund became fully funded as of July 1985. There are no active employees covered by the Old Pension Plan. Accordingly, there were no employee contributions in 2005.

In 1993, the City granted a general increase to persons receiving benefits under the Old Pension Plan. This increase was not anticipated when the Old Pension Plan was considered fully funded. To offset the cost of this increase, the General Fund contributes an amount equal to the additional cost each year. For 2005, the contribution was $100,000.

NOTE 4 - PENSION PLANS (CONTINUED)

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

CITY OF SAVANNAH
STATEMENT OF FIDUCIARY NET ASSETS
PENSION TRUST FUNDS
DECEMBER 31, 2005

	PENSION TRUST	OLD PENSION TRUST	TOTAL
ASSETS			
Cash and cash equivalents	$ 6,358,075	$ 311,477	$ 6,669,552
Accrued income	710,395	1,423	711,818
Accounts receivable:			
From employers	39,352		39,352
Investments, at fair value:			
U.S. government obligations	49,895,470		49,895,470
Foreign corporate bonds	647,209		647,209
Domestic corporate bonds	9,189,564		9,189,564
Domestic stocks	104,474,611		104,474,611
Foreign stocks	2,192,577		2,192,577
International stock mutual fund	25,345,035		25,345,035
Real estate fund	23,259,544		23,259,544
Total investments	215,004,010		215,004,010
Total assets	222,111,832	312,900	222,424,732
LIABILITIES			
Liabilities:			
Payable from restricted assets:			
Accounts payable	183,377		183,377
Total liabilities	183,377		183,377
NET ASSETS			
Held in trust for:			
Employee pension benefits	$ 221,928,455	$ 312,900	$ 222,241,355

NOTE 4 - PENSION PLANS (CONTINUED)

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

CITY OF SAVANNAH
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
PENSION TRUST FUNDS
YEAR ENDED DECEMBER 31, 2005

	PENSION TRUST	OLD PENSION TRUST	TOTAL
ADDITIONS			
Contributions			
Employer	$ 5,213,000	$ 100,000	$ 5,313,000
Plan members	5,285,745		5,285,745
Total contributions	10,498,745	100,000	10,598,745
Investment income			
Interest	2,733,934	8,867	2,742,801
Dividends	997,195		997,195
Real estate net income	4,056,166		4,056,166
Net appreciation (depreciation) in fair value of investments	3,639,102	69	3,639,171
Total investment income	11,426,397	8,936	11,435,333
Less investment expense	776,595		776,595
Net investment income (loss)	10,649,802	8,936	10,658,738
Total additions	21,148,547	108,936	21,257,483
DEDUCTIONS			
Benefits	10,294,825	134,389	10,429,214
Refunds of contributions	1,320,754		1,320,754
Administrative expense	111,741		111,741
Total deductions	11,727,320	134,389	11,861,709
Change in net assets	9,421,227	(25,453)	9,395,774
Net assets:			
Beginning of year - January 1	212,507,228	338,353	212,845,581
End of year - December 31	$ 221,928,455	$ 312,900	$ 222,241,355

NOTE 5 – CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2005 was:

	Beginning Balance	Increases	Decrease	Ending Balance
Governmental activities				
Capital assets, not being depreciated:				
Land	$ 17,959,436	$ 3,995,362	$ -	$ 21,954,798
Construction in progress	53,901,473	38,655,694	18,416,396	74,140,771
Total capital assets, not being depreciated	71,860,909	42,651,056	18,416,396	96,095,569
Capital assets, being depreciated				
Plants and buildings	29,463,807	1,576,842		31,040,649
Improvements other than buildings	25,458,340	1,176,817		26,635,157
Machinery, equipment and vehicles	58,263,797	7,217,449	3,708,503	61,772,743
Streets and drainage	184,463,370	13,708,702		198,172,072
Total capital assets, being depreciated	297,649,314	23,679,810	3,708,503	317,620,621
Less: Accumulated Depreciation				
Plants and buildings	8,146,807	1,035,042		9,181,849
Improvements other than buildings	14,399,643	1,057,351		15,456,994
Machinery, equipment and vehicles	38,009,451	5,731,481	3,558,549	40,182,383
Streets and drainage	70,547,382	6,054,953		76,602,335
Total accumulated depreciation	131,103,283	13,878,827	3,558,549	141,423,561
Total capital assets, being depreciated, net	166,546,031	9,800,983	149,954	176,197,060
Governmental activities capital assets, net	$ 238,406,940	$ 52,452,039	$ 18,566,350	$ 272,292,629

NOTE 5 – CAPITAL ASSETS (CONTINUED)

	Beginning Balance	Increases	Decrease	Ending Balance
Business-type activities				
Capital assets, not being depreciated:				
Land	$ 5,751,605	$ 631,442	$ -	$ 6,383,047
Construction in progress	30,946,003	24,693,582	20,438,393	35,201,192
Total capital assets, not being depreciated	36,697,608	25,325,024	20,438,393	41,584,239
Capital assets, being depreciated				
Plants, buildings, stations and reservoirs	345,086,522	27,765,057	5,419	372,846,160
Improvements other than buildings	49,144,169	101,652		49,245,821
Machinery and equipment	25,451,043	1,342,487	59,082	26,734,448
Total capital assets, being depreciated	419,681,734	29,209,196	64,501	448,826,429
Less: Accumulated Depreciation				
Plants, buildings, stations and reservoirs	155,591,255	11,120,384		166,711,639
Improvements other than buildings	11,263,179	1,031,033		12,294,212
Machinery and equipment	10,027,158	1,237,747	56,285	11,208,620
Total accumulated depreciation	176,881,592	13,389,164	56,285	190,214,471
Total capital assets, being depreciated, net	242,800,142	15,820,032	8,216	258,611,958
Business-type activities capital assets, net	$ 279,497,750	$ 41,145,056	$ 20,446,609	$ 300,196,197

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, 2005 is $11,254,079.

NOTE 5 – CAPITAL ASSETS (CONTINUED)

During 2005, depreciation expense was charged to functions/programs of the City as follows:

Governmental activities:	
General administration	$ 141,681
Management and financial services	721,818
Facilities maintenance	6,492,862
Police	137,443
Fire	333,920
Leisure services	1,111,713
Public development	509,261
Total depreciation expense – governmental activities	9,448,698
Depreciation expenses on Internal Service Fund Capital Assets	4,430,129
Total depreciation expense allocated to governmental activities	$13,878,827
Business-type activities:	
Water and sewer	$ 10,015,643
Sanitation	1,623,215
Parking facilities	1,222,180
Civic Center	387,477
Golf course	140,649
Total depreciation expense – business-type activities	$ 13,389,164

NOTE 5 – CAPITAL ASSETS (CONTINUED)

As of December 31, 2005, the City had the following commitments with respect to unfinished capital projects:

Project by Type	Project Authorization	Expended at Year-end	Committed	Required Future Financing
Drainage	$63,768,023	$43,548,642	$20,219,382	NONE
Industrial and Domestic Water Supply System	2,403,520	2,060,394	343,126	NONE
Public Buildings	22,826,454	9,263,021	13,563,433	NONE
Recreation	7,583,625	3,656,951	3,926,674	NONE
Sanitation	18,375,087	10,515,360	7,859,727	NONE
Sewerage	30,761,065	11,571,668	19,189,397	NONE
Squares	2,596,353	663,013	1,933,340	NONE
Street Paving	3,932,899	1,302,945	2,629,954	NONE
Traffic Engineeering	1,918,624	1,123,459	795,165	NONE
Water	16,641,689	6,882,441	9,759,248	NONE
Other	51,775,277	18,754,070	33,021,207	NONE
Total	$222,582,616	$109,341,963	$113,240,653	

NOTE 6- LONG-TERM LIABILITIES

(A) The following shows the composition of bonds, notes, and contractual obligations payable at December 31, 2005 and the annual maturities of long-term liabilities:

	Lowest/ Highest Coupon Rate	Original Issue Amount	Unmatured Bond/Interest at 12/31/05	2006	2007	2008	2009	2010	2011-2015	2016-2020
GOVERNMENTAL ACTIVITES PRINCIPAL PORTION										
Contractual Obligations Related to:										
1998 Downtown Savannah Authority Bonds	4.50/5.00	$ 21,290,000	$ 21,290,000	$ -	$ 1,370,000	$ 1,430,000	$ 1,495,000	$ 1,560,000	$ 8,955,000	$ 6,480,000
Notes:										
2000-A Series HUD Section 108 Note	7.067/7.91	1,000,000	820,000	60,000	60,000	65,000	75,000	75,000	400,000	85,000
2001-A Series HUD Section 108 Note	3.66/6.67	1,000,000	835,000	40,000	40,000	40,000	40,000	40,000	220,000	415,000
Total Notes Payable		2,000,000	1,655,000	100,000	100,000	105,000	115,000	115,000	620,000	500,000
Special Assessment Bonds:										
1996 Series "A"	6.00	500,000	50,000	50,000						
1998 Series "A"	6.00	124,160	24,831	12,416	12,415					
1999 Series "A"	6.00	24,980	9,991	2,499	2,496	2,498	2,498			
2001 Series "A"	6.00	24,783	14,871	2,478	2,478	2,478	2,479	2,479	2,479	
Total Special Assessment Bonds		673,923	99,693	67,393	17,389	4,976	4,977	2,479	2,479	
Total Governmental Activities Principal Portion		$ 23,963,923	$ 23,044,693	$ 167,393	$ 1,487,389	$ 1,539,976	$ 1,614,977	$ 1,677,479	$ 9,577,479	$ 6,980,000
GOVERNMENTAL ACTIVITIES INTEREST PORTION										
Contractual Obligations			8,261,810	1,010,380	1,010,380	948,730	884,380	817,105	2,934,390	656,445
Section 108 Notes			890,996	113,046	106,689	100,225	93,321	85,654	292,162	99,900
Special Assessment Bonds			9,858	5,982	1,938	895	596	298	149	
Total Governmental Activities Interest Portion			9,162,664	1,129,408	1,119,007	1,049,850	978,297	903,057	3,226,701	756,345
Total Governmental Activities Debt Service Requirements			$ 32,207,357	$ 1,296,801	$ 2,606,396	$ 2,589,826	$ 2,593,274	$ 2,580,536	$ 12,804,180	$ 7,736,345

NOTE 6- LONG-TERM LIABILITIES (CONTINUED)

(A) DEBT SERVICE SUMMARY (CONTINUED)

	Lowest/Highest Coupon Rate	Original Issue Amount	Unmatured Bond/Interest at 12/31/05	2006	2007	2008	2009	2010	2011-2015	2016-2020	2021-2025	2026-2030	2031-2035
BUSINESS-TYPE ACTIVITES PRINCIPAL PORTION													
WATER AND SEWER SYSTEM													
1997 Water and Sewer Revenue Bonds	4.75/5.10%	$ 19,435,000	$ 16,610,000	$ 600,000	$ 1,300,000	$ 1,360,000	$ 1,485,000	$ 1,555,000	$ 10,310,000				
2003 Water and Sewer Revenue Bonds	2.0/4.0	42,210,000	30,490,000	4,485,000	3,900,000	4,005,000	4,040,000	4,155,000	6,300,000	$ 3,605,000			
SRF Notes	2.0/4.0	24,945,374	16,929,702	1,173,716	1,212,808	1,253,289	1,295,212	1,338,629	7,195,990	2,898,746	$ 561,312		
Total Water and Sewer Bonds and Notes		86,590,374	64,029,702	6,258,716	6,412,808	6,618,289	6,820,212	7,048,629	23,805,990	6,503,746	561,312	-	-
RESOURCE RECOVERY													
2001 Resource Recovery Bonds	2.20/3.40	40,265,000	15,300,000	15,300,000									
SANITATION													
1997 Resource Recovery Bonds	4.75/5.10	17,525,000	16,610,000	125,000	1,320,000	1,385,000	1,450,000	1,825,000	10,505,000				
2003 Resource Recovery Bonds	2.0/4.125	18,845,000	17,525,000	685,000	635,000	645,000	665,000	375,000	2,155,000	12,365,000			
Total Sanitation Bonds		36,370,000	34,135,000	810,000	1,955,000	2,030,000	2,115,000	2,200,000	12,660,000	12,365,000			
PARKING SERVICES													
Contractual Obligations Related to:													
2003 Downtown Savannah Authority Bonds	2.0/4.0	14,335,000	13,875,000	845,000	865,000	880,000	905,000	930,000	5,175,000	4,275,000			
2005 Downtown Savannah Authority Bonds	4.25/5.0	24,820,000	24,820,000							2,110,000	7,995,000	$ 10,020,000	$ 4,695,000
Total Parking Services Contractual Obligations		39,155,000	38,695,000	845,000	865,000	880,000	905,000	930,000	5,175,000	6,385,000	7,995,000	10,020,000	4,695,000
CIVIC CENTER													
Contractual Obligations Related to:													
2003 Downtown Savannah Authority Bonds	2.0/4.0	4,090,000	3,800,000	-	375,000	380,000	390,000	405,000	2,250,000				
Total Business-type Activities Principal Portion		$ 206,470,374	155,959,702	23,213,716	9,607,808	9,908,289	10,230,212	10,583,629	43,890,990	25,253,746	8,556,312	10,020,000	4,695,000
BUSINESS-TYPE ACTIVITIES INTEREST PORTION													
Water and Sewer Bonds			10,144,043	1,777,868	1,649,955	1,483,555	1,300,165	1,099,070	2,644,830	188,600			
Water and Sewer Notes			4,015,660	559,447	520,355	479,873	437,950	394,533	1,265,590	345,473	12,438		
Resource Recovery Bonds			520,200	520,200									
Sanitation Resource Recovery Bonds			12,362,870	1,462,546	1,442,909	1,365,921	1,284,009	1,196,121	4,340,614	1,270,750			
Parking Services Contractual Obligations			28,112,667	1,227,842	1,589,413	1,567,788	1,545,788	1,518,638	7,105,088	6,067,438	4,588,700	2,564,963	337,013
Civic Center Contractual Obligations			802,702	122,687	122,687	113,313	103,812	92,115	248,088				
Total Business-type Activities Interest Portion			55,958,142	5,670,589	5,325,319	5,010,450	4,671,724	4,300,477	15,604,209	7,872,261	4,601,138	2,564,963	337,013
Total Business-type Activities Debt Service Requirements			$ 211,917,844	$ 28,884,305	$ 14,933,127	$ 14,918,739	$ 14,901,936	$ 14,884,106	$ 59,495,199	$ 33,126,007	$ 13,157,450	$ 12,584,963	$ 5,032,013

NOTE 6 - LONG-TERM LIABILITIES (CONTINUED)

The following are changes in the long-term liabilities for the year ended December 31, 2005:

	Balance 12/31/04	2005 Issues	2005 Retirements	Balance 12/31/05	Unamortized Discounts	Balance 12/31/05	Amounts Due Within One Year
Governmental Activities							
Bonds and notes payable:							
Contractual Obligations relating to:							
Downtown Savannah Authority Bonds, 1998	$21,290,000	$ -	$ -	$21,290,000	$ -	$21,290,000	$ -
Series 2000-A HUD Section 108 Note	865,000		45,000	820,000		820,000	60,000
Series 2001-A HUD Section 108 Note	890,000		55,000	835,000		835,000	40,000
Special Assessment Bonds	167,086		67,393	99,693		99,693	67,393
Total bonds and notes payable	23,212,086	-	167,393	23,044,693	-	23,044,693	167,393
Other liabilities:							
GMA Capital Lease Pool	3,116,859	1,285,307	1,186,514	3,215,652		3,215,652	1,369,119
Compensated absences	8,765,892	6,806,525	4,091,080	11,481,337		11,481,337	3,899,704
Claims and judgments	9,262,408	23,911,485	23,897,479	9,276,414		9,276,414	1,635,941
Total other liabilities	21,145,159	32,003,317	29,175,073	23,973,403		23,973,403	6,904,764
Governmental Activities long-term liabilities	$ 44,357,245	$ 32,003,317	$ 29,342,466	$ 47,018,096	$ -	$ 47,018,096	$ 7,072,157
Business-type Activities:							
Bonds and notes payable:							
Water and Sewer Revenue Bonds 1997	$ 17,185,000	$ -	$ 575,000	$ 16,610,000	$ 80,592	$ 16,529,408	$ 600,000
Water and Sewer Revenue Bonds 2003	34,885,000		4,395,000	30,490,000	446,380	30,043,620	4,485,000
Sewer SRF Loan	18,065,666		1,135,964	16,929,702	128,384	16,801,318	1,173,716
Resource Recovery Bonds 1997	16,735,000		125,000	16,610,000	78,174	16,531,826	125,000
Resource Recovery Bonds 2001	23,670,000		8,370,000	15,300,000		15,300,000	15,300,000
Resource Recovery Bonds 2003	18,190,000		665,000	17,525,000	371,483	17,153,517	685,000
Contractual obligations relating to:							
Downtown Savannah Authority Bonds, 1985	1,225,000		1,225,000	-		-	-
Downtown Savannah Authority Bonds, 2003	17,995,000		320,000	17,675,000	378,140	17,296,860	845,000
Downtown Savannah Authority Bonds, 2005	-	24,820,000	-	24,820,000	436,361	24,383,639	-
Total bonds and notes payable	147,950,666	24,820,000	16,810,964	155,959,702	1,919,514	154,040,188	23,213,716
Other liabilities:							
Compensated absences	1,661,995	1,084,013	863,333	1,882,675		1,882,675	956,440
Closure and Postclosure Liability	8,528,059		3,756,745	4,771,314		4,771,314	
Total other liabilities	10,190,054	1,084,013	4,620,078	6,653,989		6,653,989	956,440
Business-type Activities long-term liabilities	$ 156,365,729	$ 25,904,013	$ 21,431,042	$162,613,691	$ 1,919,514	$ 160,694,177	$ 24,170,156

NOTE 6 - LONG-TERM LIABILITIES (CONTINUED)

Bond discounts are deferred and amortized over the term of the bonds using the interest method. Bond discounts are presented as a reduction of the face amount of the revenue bonds payable.

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

1) Compensated absences 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) Lease payments for the GMA Lease Pool are made by the Revolving Fund, an internal service fund that includes the City's vehicle maintenance, vehicle replacement and computer replacement programs.
4) Contractual obligations relating to Downtown Savannah Authority Bonds are liquidated by the General Obligation Bonds Debt Service Fund, a non-major fund.
5) Section 108 Notes are liquidated by the Community Development Fund.
6) Special assessment bonds are paid by the Special Assessment Debt Service fund, a non-major fund.

(B) Governmental Activities Bonds and Notes Payable

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

(1) General Obligation Bonds

The City is authorized to issue, under the provision of the Constitution of the State of Georgia, general obligation bonds for street and drainage improvements without a referendum, provided that (1) the issuance of such bonds is authorized at a public meeting held for such purpose and (2) not more than 10% of the total unused bond capacity of the City, and in no event more than $2,000,000 in the aggregate principal amount of such bonds, shall be issued in any fiscal year. The City did not issue any general obligation bonds during 2005, and as of December 31, 2005 had no general obligation debt outstanding.

(2) Contractual Obligations

In 1998 the City entered into a contractual obligation related to Downtown Savannah Authority Refunding Revenue Bonds (City of Savannah Stormwater Capital Improvements Project), Series 1998 issued in the principal amount of $21,290,000. The proceeds of the bond sale were used to currently refund the Downtown Savannah Authority Revenue Bonds (City of Savannah Stormwater Capital Improvements Project), Series 1990A, which had a principal balance of $20,640,000 at refunding, and to cover issuance costs.

NOTE 6- LONG-TERM LIABILITIES (CONTINUED)

The Authority's Series 1998 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.

The Authority's 1998 bonds bear interest at fixed rates between 4.5% and 5% depending on maturity. The bonds mature serially beginning in 2007 and ending in 2018. Bonds maturing on or after August 1, 2009 are subject to redemption prior to maturity at any time on or after August 1, 2008. Bonds maturing prior to August 1, 2009 are not callable. A maturity schedule for the 1998 Series bonds is shown on page 50.

(3) Notes

In 2001 the City issued a Section 108 Note in the principal amount of $1,000,000 guaranteed by the Secretary of Housing and Urban Development. This note followed the issuance in 2000 of a Section 108 Note, also in the principal amount of $1,000,000, with the same guarantee. Both notes are secured by the City's future CDBG obligations, and are part of a total loan commitment for the Section 108 guarantee of $3,000,000.

Proceeds of the notes can only be used in accordance with approved Section 108 activities as specified in the Contract for Loan Guarantee Assistance between the City and HUD. In summary, the approved activities are limited to the funding of certain business loans and to costs associated with renovations to a planned Entrepreneurial Center.

The outstanding balances of the notes are shown on the Statement of Net Assets in the governmental activities column. Principal and interest payments on the note are paid through the Economic Development Special Revenue Fund.

The 2000 Section 108 note bears interest at fixed rates between 7.066% and 7.908%, depending on maturity. The first maturity occurred in 2002 with the final maturity in 2017. The 2001 Section 108 note bears interest at fixed rates between 3.660% and 6.670%, depending on maturity. The first maturity of the 2001 note occurred in 2003 and the final maturity in 2020. A maturity schedule for the notes is shown on page 50.

(4) Special Assessments Bonds

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

NOTE 6- LONG-TERM LIABILITIES (CONTINUED)

(5) Capital Leases

The City leases certain capital equipment, from the Georgia Municipal Association's (GMA) Pool Bond Series 1990 Trust (the Trust). The equipment acquired under the leases represents the use of a portion of the City's share of the proceeds from GMA's issuance of Pool Bond Certificates of Participation, Series 1990 (the Certificates). The City's current total share of the pool is $9,127,782 of which $1,064,006 is restricted by the Trust as a lease payment reserve. At December 31, 2005, $3,215,652 was payable to the Trust by the City under Supplemental Lease Agreements. Under the terms of the program, the City is required to make lease payments in sufficient amounts to pay, when due, the principal of and interest on its pro rata share of outstanding certificates in each year as well as its portion of administrative expenses of the Trust and the related costs of issuance. The City's obligation to pay such lease payments is conditional on the annual appropriation of funds by the City Council.

Amounts drawn under the supplemental lease agreements bear interest at a variable rate determined weekly (not to exceed 15%) and payable monthly. Lease payments representing a repayment of principal on the Certificates are payable annually and become available to the City for further equipment lease purchases. The GMA lease program expires December 2020.

The following is a schedule of future minimum lease payments assuming a 5% interest rate under the executed supplemental lease agreements and the present value of the future minimum lease payments as of December 31, 2005:

Year	Amount
2006	$ 1,437,575
2007	1,094,733
2008	616,147
2009	390,575
Subtotal	3,539,030
Less amount representing interest	323,378
Present value of future minimum lease payments	$ 3,215,652

The gross amount of assets recorded under capital leases is presented below:

	Amount
Machinery and equipment	$ 9,871,069
Less accumulated depreciation	5,054,360
Net assets recorded under capital leases	$ 4,816,708

NOTE 6- LONG-TERM LIABILITIES (CONTINUED)

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

(C) Business-type Bonds and Notes Payable

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

(1) Water and Sewer Revenue Bonds

In 1997, the City issued $19,435,000 Water and Sewer Revenue Refunding Bonds Series 1997. The proceeds from this issue were used to defease City of Savannah Water and Sewer Revenue Refunding and Improvement Bonds, Series 1989, to fund construction of extensions, additions, and improvements to the City of Savannah Water and Sewer System, and to pay costs incidental to the bond issue. On December 1, 1997 all of the outstanding Series 1989 bonds were called for redemption. Thus, none of the 1989 bond series remain outstanding.

In 2003, the City issued $42,210,000 Water and Sewer Revenue Refunding and Improvement Bonds Series. The proceeds of this issue were used to (1) construct improvements to the Water and Sewer System, (2) refund all of the City's outstanding Water and Sewer Revenue Refunding and Improvements Bonds, Series 1993 Bonds, (3) pre-pay certain loans made to the City by the Georgia Environmental Facilities Authority, and (4) pay costs incidental to the bond issue.

The Series 1997 and the Series 2003 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, 2005 the debt service reserve requirement is calculated as 10% of the principal amount of the bonds outstanding in the Fund, which is $4,710,000. The debt service reserve requirement is met with a Debt Service Reserve Surety Bond. Monies in the debt service reserve or draws on the insurance policy can be used only to pay principal and interest on the bonds if there would otherwise be a default.

NOTE 6- LONG-TERM LIABILITIES (CONTINUED)

At December 31, 2005, the sinking fund requirements and actual balances were as follows:

Sinking Fund Requirements:	
Interest requirements (for June 1, 2006)	$ 148,156
Principal requirements (for December 1, 2006)	423,750
Debt Service Reserve	4,710,000
Total requirements at December 31, 2005	5,281,906
Sinking Fund Resources:	
Cash and investments in sinking fund at December 31, 2005	797,704
Debt Service Reserve Surety Bond	4,710,000
Total resources at December 31, 2005	5,507,704
Surplus	$ 225,798

A maturity schedule for the 1997 and 2003 Water and Sewer Revenue Bonds is shown on page 51.

(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 detail of the SRF loans at December 31, 2005.

Loan	Year of Project Description	Total Loan Commitment	Interest Rate (%)	Amortization Period (Years)	Amount Drawn	-As of December 31, 2005- Principal Retired	Loan Payable
1990	Georgetown Sewage Plant & Gateway Area Force Main	$ 6,719,514	2.00	20	$ 6,719,514	$ 3,193,439	$ 3,526,075
1996	President Street Plant	10,020,200	4.00	18	10,020,200	3,607,473	6,412,727
2000	I&D Plant Improvements	8,205,660	3.53	20	8,205,660	1,214,760	6,990,900
		$24,945,374			$24,945,374	$8,015,672	$16,929,702

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

NOTE 6- LONG-TERM LIABILITIES (CONTINUED)

(3) Parking Services Contractual Obligations

In 1985 the City entered into a contractual obligation related to Downtown Savannah Authority Adjustable/Fixed Rate Revenue Bonds (City of Savannah Parking Facilities Project), Series 1985 issued in the principal amount of $10,300,000. The proceeds from the bond sale were made available to the City to fund the construction of parking facilities in the City. The Authority's Series 1985 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, interest and all other fees related to the bonds when due.

The Series 1985 bonds were issued in six separate series designated by the year in which each series becomes due. The series are:

	Principal Due September 1
Series 1985-Due 1996	$1,000,000
Series 1985-Due 1997	1,000,000
Series 1985-Due 1998	1,000,000
Series 1985-Due 1999	1,000,000
Series 1985-Due 2000	1,000,000
Series 1985-Due 2005	5,300,000

The bonds of each series may bear interest in one of four interest "modes": a weekly rate, an annual rate, a three-year rate and a fixed rate. All bonds in each series must bear interest in the same mode; however, each series may bear interest in a different mode. Once a series is converted to the fixed rate mode, the mode may not be changed. The bonds were issued in the weekly rate mode and continue to bear interest at the weekly rate.

The Series 1985-Due 2005 are subject to mandatory sinking fund redemption in part prior to maturity, at a redemption price equal to the principal amount thereof plus accrued interest to the date of redemption. In 2005, the City redeemed $1,225,000 of the Series 1985-Due 2005 Bonds leaving no amount of principal outstanding as of December 31, 2005.

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

NOTE 6- LONG-TERM LIABILITIES (CONTINUED)

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

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 bonds are fixed rate bonds dated December 1, 2005, with maturity dates beginning on August 1, 2019. The bonds bear interest at rates ranging from 4.25% to 5.00%. A maturity schedule is presented on page 51. 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.

(4) Resource Recovery Fund Bonds

In 2001, the Resource Recovery Development Authority for the City of Savannah issued $40,265,000 of Revenue Refunding Bonds, (Savannah Waste-to-Energy Project) Series 2001, fixed rate bonds dated October 10, 2001, with maturity dates beginning on December 1, 2002. The bonds bear interest at rates ranging from 2.2% to 3.4%. A maturity schedule for this issue is presented on page 51. On December 1, 2001 all of the Series 1992 Revenue Refunding Bonds were called for redemption. Thus, none of the 1992 bond series remain outstanding.

The proceeds were used to (1) currently refund all of the outstanding Resource Recovery Development Authority Revenue Refunding Bonds, Series 1992 (Savannah Energy Systems Company Project), dated June 1, 1992, (2) fund a debt service reserve fund equal to 10% of the principal amount of the Bonds, and (3) pay cost of issuance of the Bonds. The Series 1992 Bonds had been issued to refund all of the Authority's outstanding Variable/Fixed Rate Revenue Bonds, Series 1984 (Savannah Energy Systems Company Project), which bonds were issued to finance, through the lending of the proceeds thereof to Savannah Energy Systems Company ("SESCO"), the acquisition and construction of a facility in Chatham County, Georgia designed to dispose of mixed residential, industrial, and commercial nonhazardous solid waste and to recover energy there from.

During 2002 SESCO transferred its interest in the Resource Recovery facility and the service agreement to a new joint partnership formed between it and affiliates of Montenay Power Corporation ("Montenay"). The joint partnership engaged an affiliate of Montenay to become the new operator of the facility effective April 29, 2002. However, this transaction did not relieve SESCO or KATY Industries, Inc., the parent corporation of SESCO ("Katy") of their obligations to the Authority under the loan agreement.

The Series 2001 Bonds are secured by contract with Montenay which includes, among other things, (1) obligations of the Authority and Montenay under a service agreement and obligations of the City under a waste disposal contract, (2) SESCO's obligation to repay the loan when due pursuant to a loan agreement, (3) a security interest in the waste recovery facility, (4) any waste disposal fees received by the Authority from waste collectors located within the County, and (5) revenues from the sale of energy to Kerr-McGee Pigments, Inc., a subsidiary of Kerr-McGee Holdings, Inc. pursuant to a steam agreement. Certain of Montenay's payment obligations under the service agreement are guaranteed by Katy.

NOTE 6- LONG-TERM LIABILITIES (CONTINUED)

The loan receivable from Montenay is also guaranteed by Katy. The payment of this loan receivable follows the bond maturities which are December 1, as set forth below. The loan receivable bears interest at the rates set forth below and is payable semi-annually on June 1 and December 1:

Maturity	Principal Amount	Interest Rate
2006	$15,300,000	3.40%
	15,300,000	
Current portion	15,300,000	
	$ 0	

(5) Sanitation Fund Resource Recovery Bonds

In 1997, the Resource Recovery Development Authority issued its Revenue Bonds, Series 1997 in the principal amount of $17,525,000. The bonds bear interest ranging from 4.75% to 5.10%, with due dates beginning August 1, 1998. A maturity schedule for this issue is presented on page 51.

In conjunction with the Series 1997 bond offering, the Authority and the City of Savannah entered into a contract. Under the terms of this contract the City will use the proceeds of the sale of the bonds to finance improvements to the Authority's existing landfill and the Resource Recovery facility. The contract also calls for the City to make payments to the Authority in amounts sufficient to pay, when due, the principal and interest on the bonds. The contract obligation is secured by the full faith and credit of the City.

In 2003, the Resource Recovery Development Authority issued it Revenue Bonds, Series 2003 in the principal amount of $18,845,000. In conjunction with the Series 2003 bond offering, the Authority and the City of Savannah entered into a contract. Under the terms of this contract the City will use the proceeds of the Series 2003 Bonds to (1) fund a portion of the cost of making improvements to the Authority's existing landfill, (2) refund all of the Authority's Series 1994 Bonds currently outstanding, (3) refund all of the Authority's Series 1995 Bonds currently outstanding, and (4) pay all expenses related to the issuance of the Bonds. The Bonds are limited obligations of the Authority, payable from payments made by the City to the Authority under the contract. The obligation of the City pursuant to the contract to make payments sufficient to pay the principal of and interest due on the Bonds is absolute and unconditional, and the City has covenanted to exercise its power of taxation to the extent necessary to make such payments. However, the Bonds do not constitute general obligations of the Authority or the City, and are not themselves secured by the general credit or taxing power of the City.

NOTE 6- LONG-TERM LIABILITIES (CONTINUED)

(6) Civic Center Fund Contractual Obligations

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

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

NOTE 7 - LANDFILL CLOSURE AND POSTCLOSURE CARE COSTS

State and federal laws and regulations require that the City place a final cover on its landfill when closed and perform certain maintenance and monitoring functions at the landfill site for thirty years after closure. In addition to operating expenses related to current activities of the landfill, an expense provision is being recognized based on the estimated future closure and postclosure care costs to be incurred near or after the date the landfill no longer accepts waste. The recognition of these landfill closure and postclosure care costs is based on the amount of landfill capacity utilized during the year. In 2005, the City recognized a postclosure expense reduction of $3,756,745, which is based on 34.056% usage (filled) of the landfill. The expense reduction resulted from the recent expansion of the landfill, which increased its capacity. It is estimated that an additional $9,238,882 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 ($14,010,196) 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, 2005. Based on landfill capacity, the estimated remaining useful life of the landfill is approximately 21.3 years. The actual cost of closure and postclosure care may fluctuate annually due to inflation, changes in technology, or changes in environmental laws and regulations.

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

At December 31, 2005, the City had accrued $4,771,314 in landfill closure and postclosure costs. This amount was determined as follows:

Estimated total cost of closure and postclosure care	$14,010,196
Percent utilized at 12/31/05	34.056
Total postclosure and closure liability at 12/31/05	4,771,314
Less amount recognized in prior years	8,528,059
Current year closure/postclosure expense (credit)	$ (3,756,745)

The City will fund the closure and postclosure care costs with user fees and subsidies from the General Fund. As of December 31, 2005, no amount of assets had been restricted for the payment of closure and postclosure care costs. The landfill postclosure and closure liability of $3,756,745 is included in long-term liabilities on the Statement of Net Assets.

NOTE 8 - POST-EMPLOYMENT INSURANCE BENEFITS

Upon retirement from City service, in accordance with City policy, an employee is still eligible to receive certain health care benefits and life insurance coverage. These benefits are available to all City retirees regardless of the type of retirement (early, regular, disability).

Retiree health care benefits are partially funded by premiums paid by retirees enrolled in the health plan. At the end of 2005, the City had 1,017 retirees and beneficiaries enrolled in the health plan. The City reimburses 85 percent (after deductible) of the amount of validated claims for medical and hospitalization costs incurred by retirees and their dependents on Medicare. Non-Medicare retirees fall under the same benefit structure as City employees. Retirees paid premiums totaling $1,223,134 for 2005. The City reimbursed retiree medical claims of $3,856,024 and retiree prescription claims of $1,210,927 in 2005. Currently, the City is financing the post-employment retirement benefits on a pay-as-you-go basis, and expenditures for the costs are recorded in the Risk Management Internal Service Fund.

Varying amounts of life insurance protection are also available to retirees of the City; up to three times their final salary can be purchased through the plan. Life insurance benefits are provided through a contributory plan with all risk of claims being transferred by the City to a third-party provider. Only the retiree's life may be insured as coverage is not available for dependents or beneficiaries. Life insurance premiums are funded entirely by plan participants based on their level of coverage at a cost of $0.47 per $1,000 of protection. Retirees paid life insurance premiums totaling $125,291 for 2005. As of December 31, 2005 there were 541 retirees purchasing life insurance coverage through the plan.

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 each 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 2005 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 2005 premiums paid into the fund by both the City and its employees were exceeded by liabilities incurred for claims for workers compensation and medical insurance premiums. As a result, the amount available for catastrophic losses at December 31, 2005 had a total net liability balance of $4,005,120.

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

The claims liability of $9,276,414 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, 2005, $7,640,473 of those covered liabilities are considered to be long-term and $1,635,941 are 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
2005	$ 9,262,408	$ 23,911,485	$ (23,897,479)	$ 9,276,414
2004	8,533,626	18,127,327	(17,398,545)	9,262,408
2003	3,839,284	25,453,201	(20,758,859)	8,533,626

NOTE 10 - INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

Interfund receivable and payable balances as of December 31, 2005 are as follows:

Payable from:	Payable to:	Amount	Purpose
Nonmajor governmental fund	General Fund	$ 21,865	Auto rental taxes receivable at year end which are to be transfered to General Fund when received.
Nonmajor governmental fund	General Fund	1,739,229	Cash advance to be repaid upon receipt of amounts due from other governments as reimbusements for grant eligible expenditures.
Nonmajor governmental fund	General Fund	275,765	Hotel/motel taxes receivable at year end which are to be transfered to General Fund when received.
Nonmajor governmental fund	General Fund	36,000	Cash advance to be repaid upon receipt of hazardous materials fees due from other governments.
Nonmajor governmental fund	General Fund	261,187	Cash advance to be repaid upon receipt of emergency communications fees due from other governments.
General Fund	Capital Improvements Fund	37,354,088	Committed funds for capital projects. Cash is transferred only as project costs are paid. This balance may not be paid within one year.
Resource Recovery Fund	Sanitation Fund	419,388	Funds accumulated in Resource Recovery Fund in compliance with bond documents which can be released to the Sanitation Fund at year end.
Nonmajor governmental fund	Nonmajor business-type fund	65,597	Auto rental taxes receivable at year end which are to be transfered for use by Civic Center when received.
		$ 40,173,119	

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

Interfund transfers in (out) for the year ended December 31, 2005, are as follows:

Transfer From	Transfer To	Amount
General Fund	Nonmajor governmental funds	$ 2,861,867
General Fund	Community Development Fund	1,491,986
General Fund	Capital Improvement Fund	14,644,420
General Fund	Sanitation Fund	2,534,826
General Fund	Nonmajor business-type funds	299,909
Nonmajor governmental funds	Nonmajor business-type funds	1,062,649
Nonmajor governmental funds	General Fund	4,821,325
	Total	$27,716,982

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, (2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due, and (3) use unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds, including capital projects, in accordance with budgetary operations.

During 2005, the General Fund transferred $14,644,420 to the Capital Improvement Fund to pay expenditures related to various budgeted capital improvement projects. The General Fund also transferred $2,534,826 to the Sanitation Fund to fund operating expenses. The General Fund transferred $1,010,380 to the debt service fund to fund principal and interest payments on general obligation bonds.

NOTE 11 – RECEIVABLE AND PAYABLE BALANCES

Receivables at December 31, 2005 were as follows:

	Governmental Activities	Business-type Activities
Taxes Receivable	$13,805,578	
Due from other Governments	2,994,496	
Miscellaneous accounts receivable	1,962,292	$18,619,982
Less: Allowance for Uncollectibles	22,131	8,286,902
Total	$18,740,235	$10,333,080

NOTE 11 – RECEIVABLE AND PAYABLE BALANCES (CONTINUED)

Payables at December 31, 2005 consisted of:

	Governmental Activities	Business-type Activities
Due to vendors	$ 7,277,733	$ 4,664,268
Accrued payroll tax liabilities and withholdings	1,869,742	84,360
Total	$ 9,147,475	$ 4,748,628

NOTE 12 – FUND EQUITY AND RESERVED FUND BALANCE

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

Activity	**Restricted by**	**Amount**
Governmental Activities:		
Sales Tax Capital Projects	Law	$ 34,504,197
Community Development projects	Grantor agencies	13,125,431
HUD Section 108 projects	Creditor – U. S. Dept. of Housing & Urban Development	548,111
Nonexpendable Perpetual Care	Cemetery perpetual care	4,024,129
Debt service	Special assessment bonds	6,099
Wireless Communication	Law	827,248
Other grants	Grantor agencies	292,627
Business-Type Activities:		
Debt service	Bond covenants	225,798

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

Reserved for encumbrances – represents funds obligated for outstanding contracts and purchase orders at year end.
Reserved for Section 108 activities – denotes fund balance that is to be used only in relation to activities specified under a HUD Section 108 note.
Reserved for Perpetual Care – represents funds accumulated in the Cemetery fund for cemetery perpetual care.
Reserved for Debt Service – represents funds that will be used to repay special assessment bonds.
Reserved for Sales Tax Capital Projects – denotes fund balance reserved to pay for construction of capital projects that were approved by referendum. Sales tax is the funding source for these projects.
Reserved for Wireless Communication – represents funds collected from wireless communication providers under O.C.G.A. 46-5-133.

NOTE 13 - PROPERTY TAXES

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

The property tax calendar is as follows:

2005 (tentative) millage rate adopted by ordinance	December 31, 2004
Beginning of fiscal year for taxes	January 1, 2005
First installment real property tax bills rendered	April 11, 2005
First installment real property tax payment due	May 15, 2005
County Tax Digest approved by the State of Georgia	September 12, 2005
2005 final millage rate adopted by ordinance	July 25, 2005
Second installment real property tax bills rendered	October 4, 2005
Personal Property tax bills rendered	October 11, 2005
Second installment real property tax payment due	November 21, 2005
Personal property tax payment due	November 27, 2005
Delinquency date - real property taxes	November 22, 2005
Delinquency date - personal property taxes	November 28, 2005

NOTE 14 - SEGMENT INFORMATION

No further disclosure is needed for the City's defined segments, since each segment is also a major individual enterprise fund.

NOTE 15 - SIGNIFICANT COMMITMENTS

The City and affiliates of Montenay Power Corporation ("Montenay") have entered into agreements with the Resource Recovery Development Authority. Under these agreements, the City is to provide solid waste for disposal at the Resource Recovery facility, and Montenay is to operate a resource recovery facility. The agreement for the City also constitutes a modified take-or-pay contractual obligation payable on a parity with the outstanding general obligation debt. The obligation is in effect, however, only when the resource recovery facility is capable of operating at least at one-half of capacity. Energy revenue credits, penalties for energy purchase cancellation, and penalties for minimum operating results shortfall, reduce the service fee of the City under the agreement.

NOTE 16 - CONTINGENT LIABILITIES & VIOLATIONS OF FINANCE-RELATED LEGAL OR CONTRACTUAL PROVISIONS

The City participates in a number of Federal and State assisted grant programs, which are subject to financial and compliance audits. In accordance with the Single Audit Act Amendments of 1996 and OMB Circular A-133, June 1997 revision, the City will have a single audit performed for the year ended December 31, 2005. The City's compliance with applicable grant requirements will be established upon the completion of the single audit. The amount, if any, of expenditures which may be disallowed by the granting agencies can not be determined at this time although the City expects such amounts, if any, to be immaterial.

The City reviews all outstanding claims and judgments to determine if any estimated liabilities should be accrued at year end. Based on the review of the claims and past experience, it has been determined that there were no material claims and judgments outstanding at December 31, 2005. The City has been named as a potentially responsible party regarding environmental remediation of a closed landfill. A liability associated with the landfill remediation can not be estimated; however, the City expects such amounts, if any, to be immaterial.

There were no material violations of finance-related legal or contractual provisions by the City of Savannah in 2005.

NOTE 17 - CONDUIT DEBT OBLIGATIONS

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

As the Bonds are not an obligation of the City, and as the Savannah Airport Commission is not a component unit of the City, the bonds are not reported as liabilities in the accompanying financial statements. As of December 31, 2005, the Series 2001 Revenue Bonds outstanding were $27,155,000. At December 31, 2005, all Series 1992 bonds had been defeased.

CITY OF SAVANNAH
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
GENERAL FUND
YEAR ENDED DECEMBER 31, 2005

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
REVENUES:				
Property taxes	$ 42,207,580	$ 45,991,500	$ 44,527,561	$ (1,463,939)
Intangible, transfer and franchise taxes	13,262,904	14,625,020	15,479,341	854,321
General sales tax	33,860,000	36,600,000	37,406,858	806,858
Selective sales taxes	3,280,450	3,375,000	3,394,660	19,660
Business taxes	6,881,008	7,130,000	7,248,220	118,220
Penalties and interest on delinquent taxes	550,000	810,000	861,693	51,693
Licenses and permits	1,389,800	1,421,600	1,467,954	46,354
Inspection fees	1,867,000	2,278,400	2,237,004	(41,396)
Intergovernmental revenue	592,246	759,716	2,370,194	1,610,478
Charges for services	15,262,438	16,167,328	16,287,691	120,363
Indirect cost allocations	4,684,094	4,684,094	4,684,094	
Fines and forfeitures	3,925,000	3,675,000	3,868,679	193,679
Investment income	1,020,000	1,160,000	1,498,939	338,939
Miscellaneous revenue	622,804	746,600	1,148,634	402,034
Total revenues	129,405,324	139,424,258	142,481,522	3,057,264
EXPENDITURES:				
Current:				
General administration	2,124,496	2,011,640	1,995,124	16,516
Management and financial services	8,470,917	8,456,728	8,456,073	655
Facilities maintenance	20,124,299	20,064,548	20,059,555	4,993
Police	46,364,820	47,117,639	47,116,817	822
Recorder's court	1,892,027	1,835,496	1,819,667	15,829
Fire	17,333,569	17,340,376	17,336,088	4,288
Leisure services	12,477,456	12,139,944	12,131,645	8,299
Social and cultural	2,020,986	2,037,444	2,014,569	22,875
Public development	4,513,004	4,547,743	4,541,803	5,940
Other governmental services	9,472,452	9,869,332	9,867,234	2,098
Total expenditures	124,794,026	125,420,890	125,338,575	82,315
Excess (deficiency) of revenues over (under) expenditures	4,611,298	14,003,368	17,142,947	3,139,579
OTHER FINANCING SOURCES (USES):				
Transfers in	4,520,000	4,610,000	4,821,325	211,325
Transfers out	(9,131,298)	(21,881,957)	(21,833,008)	48,949
Total other financing sources (uses)	(4,611,298)	(17,271,957)	(17,011,683)	260,274
Net change in fund balance	$ -	$ (3,268,589)	131,264	$ 3,399,853
FUND BALANCE - JANUARY 1			17,941,053	
FUND BALANCE - DECEMBER 31			$ 18,072,317	

CITY OF SAVANNAH
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
COMMUNITY DEVELOPMENT FUND
YEAR ENDED DECEMBER 31, 2005

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
REVENUES:				
Intergovernmental Revenue	$ 13,420,818	$ 13,907,273	$ 5,288,722	$ (8,618,551)
Charges for services			2,881,201	2,881,201
Interest earned			34,865	34,865
Miscellaneous revenue			147,697	147,697
Total revenues	13,420,818	13,907,273	8,352,485	(5,554,788)
EXPENDITURES:				
Community development program and administration	14,912,033	15,398,488	9,844,471	5,554,017
Total expenditures	14,912,033	15,398,488	9,844,471	5,554,017
Excess (deficiency) of revenues over (under) expenditures	(1,491,215)	(1,491,215)	(1,491,986)	(771)
OTHER FINANCING SOURCES (USES):				
Transfers in	1,491,215	1,491,215	1,491,986	771
Total other financing sources (uses)	1,491,215	1,491,215	1,491,986	771
Net change in fund balance	$ -	$ -	-	$ -
FUND BALANCE - JANUARY 1				
FUND BALANCE - DECEMBER 31			$ -	

CITY OF SAVANNAH, GEORGIA
REQUIRED SUPPLEMENTARY INFORMATION
CITY OF SAVANNAH EMPLOYEES' RETIREMENT PLAN
SCHEDULE OF FUNDING PROGRESS
DECEMBER 31, 2005

Actuarial Valuation Date January 1		Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Projected Unit Credit (b)	Excess of Assets over AAL (a-b)	Funded Ratio (a/b)	Covered Payroll (c)	Excess as a Percentage of Covered Payroll ((a-b)/c)
1996		$103,682,700	$89,896,900	$13,785,800	115.34%	$54,122,000	25.47%
1997		116,918,051	115,723,200	1,194,851	101.03%	58,172,000	2.05%
1998		130,870,960	122,649,200	8,221,760	106.70%	59,585,700	13.80%
1999		143,560,998	129,792,900	13,768,098	110.61%	60,288,700	22.84%
2000	*	160,102,200	149,042,600	11,059,600	107.42%	62,789,700	17.61%
2001		176,039,500	169,378,300	6,661,200	103.93%	66,514,100	10.01%
2002		190,310,800	186,290,400	4,020,400	102.16%	70,377,800	5.71%
2003		189,976,800	196,360,000	(6,383,200)	96.75%	72,266,000	(8.83)%
2004		192,361,400	212,365,700	(20,004,300)	90.58%	75,720,800	(26.42)%
2005		197,300,627	227,073,996	(29,773,369)	86.89%	77,420,010	(38.46)%

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

CITY OF SAVANNAH, GEORGIA
REQUIRED SUPPLEMENTARY INFORMATION
CITY OF SAVANNAH EMPLOYEES' RETIREMENT PLAN
SCHEDULE OF EMPLOYER CONTRIBUTIONS
DECEMBER 31, 2005

Year Ended December 31	Annual Required Contribution	Percentage Contributed
1996	$3,273,500	101.97%
1997	2,875,000	103.60%
1998	3,037,638	100.03%
1999	2,904,402	100.54%
2000	2,709,275	100.65%
2001	2,650,900	100.17%
2002	3,394,300	100.00%
2003	3,728,100	100.32%
2004	4,177,400	100.19%
2005	5,211,200	100.03%

NOTE A - BUDGET

The City adopted annual budgets for the 2005 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.

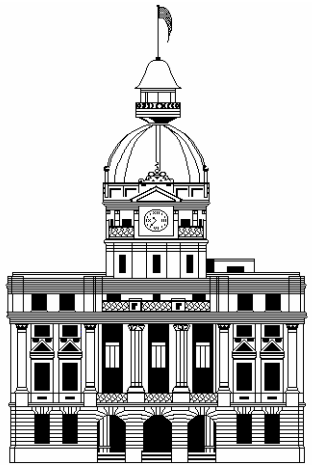
The City is organized into nine major departments which are called bureaus. The bureau is the legal level of control. The legal level of control is the level at which expenditures may not legally exceed the budget without approval by the City Council. The City Manager may approve changes below the legal 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 2005 is presented below:

Fund	Original Appropriation	Encumbered Appropriations Carried Forward From Prior Years	Budgetary Amendments	Final Appropriations
Major Funds:				
General	$ 133,925,354	$ 967,858	$12,409,635	$147,302,847
Community Development	14,912,033	9,840	476,615	15,398,488
Nonmajor Funds:				
Grant	3,995,000	513,207	1,527,145	6,035,352
Economic Development	1,500,000			1,500,000
Property Acquisition	500,000		2,200,000	2,700,000
Hazardous Materials Team	303,758	17,529	104,645	425,932
Public Safety Communications	4,306,097	14,379	360,465	4,680,941
Hotel/Motel Tax	8,400,000		1,000,000	9,400,000
Automobile Rental Tax	1,280,000		260,000	1,540,000
Confiscated Assets	16,500		28,500	45,000
General Obligation Bond Debt Service	6,228,275			6,228,275
Special Assessment Debt Service	199,316			199,316

In accordance with State law, new appropriations for projects for the capital project funds were adopted by ordinance and totaled $44,000,000 in 2005. During 2005, no individual fund's expenditures exceeded its authorized level of appropriations.

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 SCHEULES

NONMAJOR CITY FUNDS

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

Special Revenue Funds

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

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

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

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

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

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

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

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

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

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

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.

NONMAJOR CITY FUNDS (CONTINUED)

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.

Enterprise Funds

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

Non-major Enterprise Funds maintained by the City include:

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

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

CITY OF SAVANNAH
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2005

	SPECIAL REVENUE FUNDS									PERMANENT FUND
	GRANT	ECONOMIC DEVELOPMENT	PROPERTY ACQUISITION	HAZARDOUS MATERIALS TEAM	PUBLIC SAFETY COMMUNICATIONS	HOTEL/MOTEL TAX	AUTOMOBILE RENTAL	CONFISCATED ASSETS	TOTAL	CEMETERY
ASSETS										
Cash and investments			$ 1,277,205			$ 111,204		$ 38,508	$ 1,426,917	
Receivables, net						551,529	$ 87,462		638,991	$ 115,038
Due from other governments	$ 2,644,684			$ 36,000	$ 273,803				2,954,487	
Restricted assets:										
Cash and investments		$ 146,965			827,248				974,213	3,909,091
Special assessments receivable, net										
Notes receivable		548,111							548,111	
Total assets	$ 2,644,684	$ 695,076	$ 1,277,205	$ 36,000	$ 1,101,051	$ 662,733	$ 87,462	$ 38,508	$ 6,542,719	$ 4,024,129
LIABILITIES AND FUND EQUITY										
Liabilities:										
Accounts payable	$ 612,828				$ 12,616	$ 386,968			$ 1,012,412	
Due to other funds	1,739,229			$ 36,000	261,187	275,765	$ 87,462		2,399,643	
Deferred revenue - other	292,627	$ 548,111							840,738	$ 115,038
Total liabilities	2,644,684	548,111		36,000	273,803	662,733	87,462		4,252,793	115,038
Fund equity:										
Reserved for encumbrances										
Reserved for Section 108 activities		146,965							146,965	
Reserved for perpetual care										3,909,091
Reserved for debt service fund										
Reserved for Sales Tax Capital Projects										
Reserved for Wireless communication					827,248				827,248	
Unreserved			$ 1,277,205					$ 38,508	1,315,713	
Total fund equity	-	146,965	1,277,205	-	827,248	-	-	38,508	2,289,926	3,909,091
Total liabilities and fund equity	$ 2,644,684	$ 695,076	$ 1,277,205	$ 36,000	$ 1,101,051	$ 662,733	$ 87,462	$ 38,508	$ 6,542,719	$ 4,024,129

This statement is continued from the previous page.

CITY OF SAVANNAH
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2005

	DEBT SERVICE FUNDS			CIP FUNDS			
	GENERAL OBLIGATION BONDS	SPECIAL ASSESSMENTS	TOTAL	SALES TAX ROAD FUND I	SALES TAX ROAD FUND II	TOTAL	TOTAL NONMAJOR GOVERNMENTAL FUNDS
ASSETS							
Cash and investments	$ 775,459		$ 775,459				$ 2,202,376
Receivables, net							754,029
Due from other governments							2,954,487
Restricted assets:							
Cash and investments		$ 6,099	6,099	$ 244,165	$ 527,401	$ 771,566	5,660,969
Special assessments receivable, net		154,153	154,153				154,153
Notes receivable							548,111
Total assets	$ 775,459	$ 160,252	$ 935,711	$ 244,165	$ 527,401	$ 771,566	$ 12,274,125
LIABILITIES AND FUND EQUITY							
Liabilities:							
Accounts payable							$ 1,012,412
Due to other funds							2,399,643
Deferred revenue - other		$ 154,153	$ 154,153				1,109,929
Total liabilities		154,153	154,153				4,521,984
Fund equity:							
Reserved for encumbrances				$ 230,000	$ 494,794	$ 724,794	724,794
Reserved for Section 108 activities							146,965
Reserved for perpetual care							3,909,091
Reserved for debt service fund		6,099	6,099				6,099
Reserved for Sales Tax Capital Projects				14,165	32,607	46,772	46,772
Reserved for Wireless communication							827,248
Unreserved	$ 775,459		775,459				2,091,172
Total fund equity	775,459	6,099	781,558	244,165	527,401	771,566	7,752,141
Total liabilities and fund equity	$ 775,459	$ 160,252	$ 935,711	$ 244,165	$ 527,401	$ 771,566	$ 12,274,125

This statement is continued on the next page.

CITY OF SAVANNAH
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2005

	SPECIAL REVENUE FUNDS									PERMANENT FUND
	GRANT	ECONOMIC DEVELOPMENT	PROPERTY ACQUISITION	HAZARDOUS MATERIALS TEAM	PUBLIC SAFETY COMMUNICATIONS	HOTEL/MOTEL TAX	AUTOMOBILE RENTAL	CONFISCATED ASSETS	TOTAL	CEMETERY
REVENUES:										
Selective sales tax						$ 8,934,218	$ 1,416,865		$ 10,351,083	
Intergovernmental revenue	$ 5,796,336							$ 24,645	5,820,981	
Special purpose local option sales tax from Chatham County										
Charges for services		$ 190,985		171,400	$ 3,533,664				3,896,049	$ 196,098
Special assessments										
Investment income	6,561	6,818	37,849		15,973			1,055	68,256	
Miscellaneous revenue	3,417								3,417	
Total revenues	5,806,314	197,803	37,849	171,400	3,549,637	8,934,218	1,416,865	25,700	20,139,786	196,098
EXPENDITURES:										
Police					4,229,907			8,942	4,238,849	
Fire				314,513					314,513	
Other governmental services						4,467,109			4,467,109	
Grant program and administration	5,981,635								5,981,635	
Community development program and administration		105,099	1,028,996						1,134,095	
Debt Service:										
Principal		100,000							100,000	
Interest and fiscal charges		118,993							118,993	
Total expenditures	5,981,635	324,092	1,028,996	314,513	4,229,907	4,467,109		8,942	16,355,194	
Excess (deficiency) of revenues over (under) expenditures	(175,321)	(126,289)	(991,147)	(143,113)	(680,270)	4,467,109	1,416,865	16,758	3,784,592	196,098
OTHER FINANCING SOURCES (USES):										
Transfers in	175,321		500,000	143,113	1,033,054				1,851,488	
Transfers out						(4,467,109)	(1,416,865)		(5,883,974)	
Total other financing sources (uses)	175,321	-	500,000	143,113	1,033,054	(4,467,109)	(1,416,865)	-	(4,032,486)	-
Net change in fund balances		(126,289)	(491,147)		352,784			16,758	(247,894)	196,098
FUND BALANCE - JANUARY 1		273,254	1,768,352		474,464			21,750	2,537,820	3,712,993
FUND BALANCE - DECEMBER 31	$ -	$ 146,965	$ 1,277,205	$ -	$ 827,248	$ -	$ -	$ 38,508	$ 2,289,926	$ 3,909,091

This statement is continued from the previous page.

CITY OF SAVANNAH
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2005

	DEBT SERVICE FUNDS			CIP FUNDS			
	GENERAL OBLIGATION BONDS	SPECIAL ASSESSMENTS	TOTAL	SALES TAX ROAD FUND I	SALES TAX ROAD FUND II	TOTAL	TOTAL NONMAJOR GOVERNMENTAL FUNDS
REVENUES:							
Selective sales tax							$ 10,351,083
Intergovernmental revenue							5,820,981
Special purpose local option sales tax from Chatham County							
Charges for services							4,092,147
Special assessments		$ 21,315	$ 21,315				21,315
Investment income	$ 21,580	3,519	25,099	$ 6,795	$ 15,410	$ 22,205	115,560
Miscellaneous revenue							3,417
Total revenues	21,580	24,834	46,414	6,795	15,410	22,205	20,404,503
EXPENDITURES:							
Police							4,238,849
Fire							314,513
Other governmental services							4,467,109
Grant program and administration							5,981,635
Community development program and administration							1,134,095
Debt Service:							
Principal		67,393	67,393				167,393
Interest and fiscal charges	1,010,380	10,025	1,020,405				1,139,398
Capital outlay - SPLOST funded					162,777	162,777	162,777
Total expenditures	1,010,380	77,418	1,087,798		162,777	162,777	17,605,769
Excess (deficiency) of revenues over (under) expenditures	(988,800)	(52,584)	(1,041,384)	6,795	(147,367)	(140,572)	2,798,734
OTHER FINANCING SOURCES (USES):							
Transfers in	1,010,380		1,010,380				2,861,868
Transfers out							(5,883,974)
Total other financing sources (uses)	1,010,380	-	1,010,380	-	-	-	(3,022,106)
Net change in fund balances	21,580	(52,584)	(31,004)	6,795	(147,367)	(140,572)	(223,372)
FUND BALANCE - JANUARY 1	753,879	58,683	812,562	237,370	674,768	912,138	7,975,513
FUND BALANCE - DECEMBER 31	$ 775,459	$ 6,099	$ 781,558	$ 244,165	$ 527,401	$ 771,566	$ 7,752,141

This statement is continued on the next page.

CITY OF SAVANNAH
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
NONMAJOR SPECIAL REVENUE FUNDS AND DEBT SERVICE FUNDS
YEAR ENDED DECEMBER 31, 2005

	GRANT FUND				ECONOMIC DEVELOPMENT FUND			
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
REVENUES:								
Intergovernmental revenue	$ 3,995,000	$ 6,035,352	$ 5,796,336	$ (239,016)				
Charges for services					$ 1,500,000	$ 1,500,000	$ 190,985	$ (1,309,015)
Special assessments								
Investment income			6,561	6,561			6,818	6,818
Miscellaneous revenue			3,417	3,417				
Total revenues	3,995,000	6,035,352	5,806,314	(229,038)	1,500,000	1,500,000	197,803	(1,302,197)
EXPENDITURES:								
Police								
Fire								
Other governmental services								
Grant program and administration	3,995,000	6,035,352	5,981,635	53,717				
Community development program and administration					1,500,000	1,500,000	105,099	1,394,901
Debt Service:								
Principal							100,000	(100,000)
Interest and fiscal charges							118,993	(118,993)
Capital outlay - SPLOST funded								
Total expenditures	3,995,000	6,035,352	5,981,635	53,717	1,500,000	1,500,000	324,092	1,175,908
Excess (deficiency) of revenues over (under) expenditures	-	-	(175,321)	(175,321)	-	-	(126,289)	(126,289)
OTHER FINANCING SOURCES (USES):								
Transfers in			175,321	175,321				
Transfers out								
Total other financing sources (uses)			175,321	175,321				
Net change in fund balance	$ -	$ -		$ -	$ -	$ -	(126,289)	$ (126,289)
FUND BALANCE - JANUARY 1							273,254	
FUND BALANCE - DECEMBER 31			$ -				$ 146,965	

This statement is continued from the previous page.

CITY OF SAVANNAH
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
NONMAJOR SPECIAL REVENUE FUNDS AND DEBT SERVICE FUNDS
YEAR ENDED DECEMBER 31, 2005

	PROPERTY ACQUISITION FUND				HAZARDOUS MATERIALS TEAM			
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
REVENUES:								
Intergovernmental revenue					$ 303,758	$ 425,932		$ (425,932)
Charges for services		$ 2,200,000		$ (2,200,000)			171,400	171,400
Special assessments								
Investment income			37,849	37,849				
Miscellaneous revenue								
Total revenues		2,200,000	37,849	(2,162,151)	303,758	425,932	171,400	(254,532)
EXPENDITURES:								
Police								
Fire					303,758	425,932	314,513	111,419
Other governmental services								
Grant program and administration								
Community development program and administration	500,000	$ 2,700,000	1,028,996	1,671,004				
Debt Service:								
Principal								
Interest and fiscal charges								
Capital outlay - SPLOST funded								
Total expenditures	500,000	2,700,000	1,028,996	1,671,004	303,758	425,932	314,513	111,419
Excess (deficiency) of revenues over (under) expenditure	(500,000)	(500,000)	(991,147)	(491,147)	-	-	(143,113)	(143,113)
OTHER FINANCING SOURCES (USES):								
Transfers in	500,000	500,000	500,000				143,113	143,113
Transfers out								
Total other financing sources (uses)	500,000	500,000	500,000				143,113	143,113
Net change in fund balance	$ -	$ -	(491,147)	$ (491,147)	$ -	$ -		$ -
FUND BALANCE - JANUARY 1			1,768,352					
FUND BALANCE - DECEMBER 31			$ 1,277,205				$ -	

This statement is continued from the previous page.

CITY OF SAVANNAH
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
NONMAJOR SPECIAL REVENUE FUNDS AND DEBT SERVICE FUNDS
YEAR ENDED DECEMBER 31, 2005

	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 sale tax					$ 8,400,000	$ 9,400,000	$ 8,934,218	$ (465,782)
Intergovernmental revenue								
Charges for services	$ 4,306,097	$ 4,680,941	$ 3,533,664	$ (1,147,277)				
Special assessments								
Investment income			15,973	15,973				
Miscellaneous revenue								
Total revenues	4,306,097	4,680,941	3,549,637	(1,131,304)	8,400,000	9,400,000	8,934,218	(465,782)
EXPENDITURES:								
Police	4,306,097	4,680,941	4,229,907	451,034				
Fire								
Grant program and administration								
Community development program and administration					4,200,000	4,700,000	4,467,109	232,891
Other governmental services								
Debt Service:								
Principal								
Interest and fiscal charges								
Capital outlay - SPLOST funded								
Total expenditures	4,306,097	4,680,941	4,229,907	451,034	4,200,000	4,700,000	4,467,109	232,891
Excess (deficiency) of revenues over (under) expenditures	-	-	(680,270)	(680,270)	4,200,000	4,700,000	4,467,109	(232,891)
OTHER FINANCING SOURCES (USES):								
Transfers in			1,033,054	1,033,054				
Transfers out					(4,200,000)	(4,700,000)	(4,467,109)	232,891
Total other financing sources (uses)			1,033,054	1,033,054	(4,200,000)	(4,700,000)	(4,467,109)	232,891
Net change in fund balance	$ -	$ -	352,784	$ 352,784	$ -	$ -		$ -
FUND BALANCE - JANUARY 1			474,464					
FUND BALANCE - DECEMBER 31			$ 827,248				$ -	

This statement is continued from the previous page.

CITY OF SAVANNAH
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
NONMAJOR SPECIAL REVENUE FUNDS AND DEBT SERVICE FUNDS
YEAR ENDED DECEMBER 31, 2005

	AUTOMOBILE RENTAL				CONFISCATED ASSETS			
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
REVENUES:								
Selective sale tax	$ 1,280,000	$ 1,540,000	$ 1,416,865	$ (123,135)				
Intergovernmental revenue					$ 16,500	$ 45,000	$ 24,645	$ (20,355)
Charges for services								
Special assessments								
Investment income							1,055	1,055
Miscellaneous revenue								
Total revenues	1,280,000	1,540,000	1,416,865	(123,135)	16,500	45,000	25,700	(19,300)
EXPENDITURES:								
Police					16,500	45,000	8,942	36,058
Fire								
Other governmental services								
Grant program and administration								
Community development program and administration								
Debt Service:								
Principal								
Interest and fiscal charges								
Capital outlay - SPLOST funded								
Total expenditures					16,500	45,000	8,942	36,058
Excess (deficiency) of revenues over (under) expenditures	1,280,000	1,540,000	1,416,865	(123,135)	-	-	16,758	16,758
OTHER FINANCING SOURCES (USES):								
Transfers in								
Transfers out	(1,280,000)	(1,540,000)	(1,416,865)	123,135				
Total other financing sources (uses)	(1,280,000)	(1,540,000)	(1,416,865)	123,135				
Net change in fund balance	$ -	$ -		$ -	$ -	$ -	16,758	$ 16,758
FUND BALANCE - JANUARY 1							21,750	
FUND BALANCE - DECEMBER 31			$ -				$ 38,508	

This statement is continued from the previous page.

CITY OF SAVANNAH
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
NONMAJOR SPECIAL REVENUE FUNDS AND DEBT SERVICE FUNDS
YEAR ENDED DECEMBER 31, 2005

	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:								
Intergovernmental revenue								
Charges for services								
Special assessments					$ 199,316	$ 199,316	$ 21,315	$ (178,001)
Investment income			$ 21,580	$ 21,580			3,519	3,519
Miscellaneous revenue								
Total revenues			21,580	21,580	199,316	199,316	24,834	(174,482)
EXPENDITURES:								
Police								
Fire								
Other governmental services								
Grant program and administration								
Community development program and administration								
Debt Service:								
Principal	$ 1,700,000	$ 1,700,000		1,700,000	90,053	90,053	67,393	22,660
Interest and fiscal charges	4,528,275	4,528,275	1,010,380	3,517,895	109,263	109,263	10,025	99,238
Capital outlay - SPLOST funded								
Total expenditures	6,228,275	6,228,275	1,010,380	5,217,895	199,316	199,316	77,418	121,898
Excess (deficiency) of revenues over (under) expenditures	(6,228,275)	(6,228,275)	(988,800)	5,239,475	-	-	(52,584)	(52,584)
OTHER FINANCING SOURCES (USES):								
Transfers in	6,228,275	6,228,275	1,010,380	(5,217,895)				
Transfers out								
Total other financing sources (uses)	6,228,275	6,228,275	1,010,380	(5,217,895)				
Net change in fund balance	$ -	$ -	21,580	$ 21,580	$ -	$ -	(52,584)	$ (52,584)
FUND BALANCE - JANUARY 1			753,879				58,683	
FUND BALANCE - DECEMBER 31			$ 775,459				$ 6,099	

CITY OF SAVANNAH
COMBINING STATEMENT OF FUND NET ASSETS
NONMAJOR ENTERPRISE FUNDS
DECEMBER 31, 2005

	CIVIC CENTER	GOLF COURSE	TOTAL
ASSETS			
Current assets:			
Cash and investments	$ 2,776,240	$ 148,650	$ 2,924,890
Due from other funds	65,597		65,597
Inventories	17,404		17,404
Total current assets	2,859,241	148,650	3,007,891
Noncurrent assets:			
Restricted assets:			
Cash and investments	423,143		423,143
Accounts receivable	20,264		20,264
Capital assets:			
Land	606,537		606,537
Plant, buildings, stations, reservoirs, etc	16,734,772	229,083	16,963,855
Improvements, other than buildings	244,345	3,371,038	3,615,383
Machinery and equipment	1,122,102	54,443	1,176,545
Other capital assets	887,026	4,692	891,718
Less accumulated depreciation	(14,058,508)	(2,955,552)	(17,014,060)
Construction in progress	807,969	60,014	867,983
Total noncurrent assets	6,787,650	763,718	7,551,368
Total assets	$ 9,646,891	$ 912,368	$ 10,559,259
LIABILITIES AND NET ASSETS			
LIABILITIES			
Current liabilities:			
Accounts payable	$ 95,325		$ 95,325
Interest payable	51,120		51,120
Current portion of compensated absences	51,324		51,324
Total current liabilities	197,769		197,769
Noncurrent liabilities:			
Payable from restricted assets:			
Customer deposits	443,407		443,407
Contractual obligations	3,678,867		3,678,867
Compensated absences	72,133		72,133
Total noncurrent liabilities	4,194,407		4,194,407
Total liabilities	4,392,176		4,392,176
NET ASSETS			
Invested in capital assets, net of related debt	2,657,964	763,718	3,421,682
Restricted for:			
Unrestricted	2,596,751	148,650	2,745,401
Total net assets	5,254,715	912,368	6,167,083
Total liabilities and net assets	$ 9,646,891	$ 912,368	$ 10,559,259

CITY OF SAVANNAH, GEORGIA
COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS
NONMAJOR ENTERPRISE FUNDS
YEAR ENDED DECEMBER 31, 2005

	CIVIC CENTER	GOLF COURSE	TOTAL
OPERATING REVENUES:			
Rental fees	$ 951,826	$ 166,000	$ 1,117,826
Recreation fees	423,933		423,933
Total operating revenues	1,375,759	166,000	1,541,759
OPERATING EXPENSES:			
Personal services	1,197,998		1,197,998
Contractual services	752,640	4,736	757,376
Commodities	92,268		92,268
Internal service	268,740		268,740
Depreciation	387,477	140,649	528,126
Total operating expenses	2,699,123	145,385	2,844,508
Operating Income (Loss)	(1,323,364)	20,615	(1,302,749)
NONOPERATING REVENUES (EXPENSES):			
Interest earned	73,033	4,150	77,183
Interest expense	(125,969)	(6,677)	(132,646)
Gain (loss) on disposal of assets			
Total nonoperating revenues (expenses)	(52,936)	(2,527)	(55,463)
Income (loss) before contributions and transfers	(1,376,300)	18,088	(1,358,212)
CAPITAL CONTRIBUTIONS	62,411		62,411
TRANSFERS IN	1,362,557		1,362,557
Change in net assets	48,668	18,088	66,756
Total net assets - beginning	5,206,047	894,280	6,100,327
Total net assets - ending	$ 5,254,715	$ 912,368	$ 6,167,083

CITY OF SAVANNAH, GEORGIA
COMBINING STATEMENT OF CASH FLOWS
NONMAJOR ENTERPRISE FUNDS
YEAR ENDED DECEMBER 31, 2005

	CIVIC CENTER	GOLF COURSE	TOTALS
CASH FLOWS FROM OPERATING ACTIVITIES:			
Cash received from customers	$ 1,475,952	$ 166,000	$ 1,641,952
Customer deposits received	3,623,942		3,623,942
Customer deposits returned	(3,504,848)		(3,504,848)
Cash paid to suppliers	(874,718)	(4,736)	(879,454)
Cash paid to other funds for services	(268,740)		(268,740)
Cash paid to employees	(1,190,609)		(1,190,609)
Net cash provided (used) by operating activities	(739,021)	161,264	(577,757)
CASH FLOWS FROM NON CAPITAL FINANCING ACTIVITIES:			
Repayment of advance to (from) other funds	3,008	(66,768)	(63,760)
Transfers in	1,362,557		1,362,557
Net cash provided (used) by non capital financing activities	1,365,565	(66,768)	1,298,797
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Interest paid	(119,406)	(6,677)	(126,083)
Acquisition and construction of capital assets	(485,523)	(25,119)	(510,642)
Net cash provided (used) by capital and related financing activities	(604,929)	(31,796)	(636,725)
CASH FLOWS FROM INVESTING ACTIVITIES:			
Investment income	73,033	4,150	77,183
Net cash provided by investing activities	73,033	4,150	77,183
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	94,648	66,850	161,498
CASH AND CASH EQUIVALENTS, JANUARY 1 (INCLUDING RESTRICTED ACCOUNTS OF $942,405 IN 2004	3,104,735	81,800	3,186,535
CASH AND CASH EQUIVALENTS, DECEMBER 31 (INCLUDING RESTRICTED ACCOUNTS OF $423,143 IN 2005	$ 3,199,383	$ 148,650	$ 3,348,033
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES:			
Operating income (loss)	$ (1,323,364)	$ 20,615	$ (1,302,749)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:			
Depreciation	387,477	140,649	528,126
Change in assets and liabilities:			
(Increase) decrease in receivables	100,193		100,193
(Increase) decrease in prepaid items and inventories	790		790
Increase (decrease) in accounts and other payables	95,883		95,883
Net cash provided (used) by operating activities	$ (739,021)	$ 161,264	$ (577,757)

NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES:

1. Other funds of the City of Savannah contributed $62,411 of property, plant and equipment to the Civic Center Fund.

CITY OF SAVANNAH
COMBINING STATEMENT OF FUND NET ASSETS
INTERNAL SERVICE FUNDS
DECEMBER 31, 2005

	REVOLVING	RISK MANAGEMENT	TOTAL
ASSETS			
Current assets:			
Cash and investments	$ 13,697,927	$ 5,062,547	$ 18,760,474
Receivables, net	3,697	306,015	309,712
Prepaid expenses	141,374		141,374
Inventories	496,862		496,862
Total current assets	14,339,860	5,368,562	19,708,422
Capital assets:			
Plant, buildings, stations, reservoirs, etc	2,412,182		2,412,182
Improvements, other than buildings	419,908		419,908
Machinery and equipment	45,512,609		45,512,609
Machinery and equipment under capital lease	3,215,652		3,215,652
Less accumulated depreciation	(32,528,506)		(32,528,506)
Construction in progress	1,584,744		1,584,744
Total noncurrent assets	20,616,589		20,616,589
Total assets	$ 34,956,449	$ 5,368,562	$ 40,325,011
LIABILITIES AND NET ASSETS			
LIABILITIES			
Current liabilities:			
Accounts payable	$ 132,641	$ 97,268	$ 229,909
Interest payable	12,057		12,057
Current portion of compensated absences	219,869		219,869
Current portion of claims and judgments payable		1,635,941	1,635,941
Current obligation under capital leases	1,369,119		1,369,119
Total current liabilities	1,733,686	1,733,209	3,466,895
Noncurrent liabilities:			
Compensated absences	326,726		326,726
Claims and judgments		7,640,473	7,640,473
Obligations under capital leases	1,846,533		1,846,533
Total noncurrent liabilities	2,173,259	7,640,473	9,813,732
Total liabilities	3,906,945	9,373,682	13,280,627
NET ASSETS			
Invested in capital assets, net of related debt	17,400,937		17,400,937
Unrestricted	13,648,567	(4,005,120)	9,643,447
Total net assets	31,049,504	(4,005,120)	27,044,384
Total liabilities and net assets	$ 34,956,449	$ 5,368,562	$ 40,325,011

CITY OF SAVANNAH
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
INTERNAL SERVICE FUNDS
YEAR ENDED DECEMBER 31, 2005

	REVOLVING	RISK MANAGEMENT	TOTAL
OPERATING REVENUES:			
Charges for services	$ 16,438,662		$ 16,438,662
Risk management fees		$ 24,168,233	24,168,233
Total operating revenues	16,438,662	24,168,233	40,606,895
OPERATING EXPENSES:			
Depreciation	4,430,129		4,430,129
Central garage	4,437,185		4,437,185
Tele-electronics	34,781		34,781
Information services	3,567,211		3,567,211
Engineering	1,147,088		1,147,088
Real property services	427,492		427,492
Risk management		23,897,479	23,897,479
Total operating expenses	14,043,886	23,897,479	37,941,365
Operating Income (Loss)	2,394,776	270,754	2,665,530
NONOPERATING REVENUES (EXPENSES):			
Interest earned	560,924	120,258	681,182
Interest expense	(298,585)		(298,585)
Gain (loss) on disposal of assets	422,488		422,488
Total nonoperating revenues (expenses)	684,827	120,258	805,085
Income (loss) before contributions	3,079,603	391,012	3,470,615
CAPITAL CONTRIBUTIONS	597,971		597,971
Change in net assets	3,677,574	391,012	4,068,586
Total net assets - beginning	27,371,930	(4,396,132)	22,975,798
Total net assets - ending	$ 31,049,504	$ (4,005,120)	$ 27,044,384

CITY OF SAVANNAH, GEORGIA
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
YEAR ENDED DECEMBER 31, 2005

	REVOLVING	RISK MANAGEMENT	TOTAL
CASH FLOWS FROM OPERATING ACTIVITIES:			
Cash received from other funds for services	$ 16,442,789		$ 16,442,789
Cash received for services and fees		$ 24,162,218	24,162,218
Cash paid to suppliers	(3,893,256)		(3,893,256)
Cash paid to other funds for services	(775,117)		(775,117)
Cash paid to employees	(5,023,476)		(5,023,476)
Cash paid for supplies and insurance		(23,832,142)	(23,832,142)
Net cash provided (used) by operating activities	6,750,940	330,076	7,081,016
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Proceeds from the issuance of long-term debt	1,392,416		1,392,416
Payments of obligations under capital lease	(1,293,623)		(1,293,623)
Interest paid	(292,186)		(292,186)
Proceeds from sale of equipment	543,981		543,981
Acquisition and construction of capital assets	(5,813,503)		(5,813,503)
Net cash provided (used) by capital and related financing activities	(5,462,915)		(5,462,915)
CASH FLOWS FROM INVESTING ACTIVITIES:			
Investment income	560,924	120,258	681,182
Net cash provided by investing activities	560,924	120,258	681,182
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	1,848,949	450,334	2,299,283
CASH AND CASH EQUIVALENTS, JANUARY 1	11,848,978	4,612,213	16,461,191
CASH AND CASH EQUIVALENTS, DECEMBER 31	$ 13,697,927	$ 5,062,547	$ 18,760,474
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES:			
Operating income (loss)	$ 2,394,776	$ 270,754	$ 2,665,530
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:			
Depreciation	4,430,129		4,430,129
Change in assets and liabilities:			
(Increase) decrease in receivables	4,127	(6,015)	(1,888)
(Increase) decrease in prepaid items	(32,033)		(32,033)
(Increase) decrease in inventories	(23,672)		(23,672)
Increase (decrease) in accounts and other payables	(22,387)	51,331	28,944
Increase (decrease) in claims and judgments payable		14,006	14,006
Net cash provided (used) by operating activities	$ 6,750,940	$ 330,076	$ 7,081,016

1. Revolving fund received $597,971 of contributed property, plant and equipment from other funds of the City and other governmental agencies.

CITY OF SAVANNAH
COMBINING STATEMENT OF FIDUCIARY NET ASSETS
PENSION TRUST FUNDS AND AGENCY FUNDS
DECEMBER 31, 2005

	EMPLOYEES' RETIREMENT			AGENCY FUNDS		
	PENSION TRUST	OLD PENSION TRUST	TOTAL	RECORDERS COURT	FLEXIBLE BENEFITS	TOTAL
ASSETS						
Cash and cash equivalents	$ 6,358,075	$ 311,477	$ 6,669,552	$ 80,344	$ 169,331	$ 249,675
Accrued income	710,395	1,423	711,818			
Accounts receivable:						
From employers	39,352		39,352			
From participants					1,938	1,938
Investments, at fair value:						
U.S. government obligations	49,895,470		49,895,470			
Foreign corporate bonds	647,209		647,209			
Domestic corporate bonds	9,189,564		9,189,564			
Domestic stocks	104,474,611		104,474,611			
Foreign stocks	2,192,577		2,192,577			
International stock mutual fund	25,345,035		25,345,035			
Real estate fund	23,259,544		23,259,544			
Total investments	215,004,010		215,004,010			
Total assets	222,111,832	312,900	222,424,732	$ 80,344	$ 171,269	$ 251,613
LIABILITIES						
Liabilities:						
Payable from restricted assets:						
Accounts payable	183,377		183,377	$ 80,344	$ 593	$ 80,937
Employee benefits payable					27,032	27,032
Benefit plan surplus					143,644	143,644
Total liabilities	183,377		183,377	$ 80,344	$ 171,269	$ 251,613
NET ASSETS						
Held in trust for:						
Employee pension benefits	$ 221,928,455	$ 312,900	$ 222,241,355			

CITY OF SAVANNAH
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
PENSION TRUST FUNDS
YEAR ENDED DECEMBER 31, 2005

	EMPLOYEES' RETIREMENT		
	PENSION TRUST	OLD PENSION TRUST	TOTAL
ADDITIONS			
Contributions			
Employer	$ 5,213,000	$ 100,000	$ 5,313,000
Plan members	5,285,745		5,285,745
Total contributions	10,498,745	100,000	10,598,745
Investment income			
Interest	2,733,934	8,867	2,742,801
Dividends	997,195		997,195
Real estate net income	4,056,166		4,056,166
Net appreciation (depreciation) in fair value of investments	3,639,102	69	3,639,171
Total investment income	11,426,397	8,936	11,435,333
Less investment expense	776,595		776,595
Net investment income (loss)	10,649,802	8,936	10,658,738
Total additions	21,148,547	108,936	21,257,483
DEDUCTIONS			
Benefits	10,294,825	134,389	10,429,214
Refunds of contributions	1,320,754		1,320,754
Administrative expense	111,741		111,741
Total deductions	11,727,320	134,389	11,861,709
Change in net assets	9,421,227	(25,453)	9,395,774
Net assets:			
Beginning of year - January 1	212,507,228	338,353	212,845,581
End of year - December 31	$ 221,928,455	$ 312,900	$ 222,241,355

CITY OF SAVANNAH, GEORGIA
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES - AGENCY FUNDS
YEAR ENDED DECEMBER 31, 2005

	JANUARY 1, 2005	ADDITIONS	DEDUCTIONS	DECEMBER 31, 2005
		RECORDER'S COURT		
ASSETS				
Restricted assets:				
Cash and investments	$ 102,404	$ 6,144,694	$ 6,166,754	$ 80,344
Total assets	$ 102,404	$ 6,144,694	$ 6,166,754	$ 80,344
LIABILITIES				
Payable from restricted assets:				
Accounts payable	$ 102,404	$ 6,144,694	$ 6,166,754	$ 80,344
Total liabilities	$ 102,404	$ 6,144,694	$ 6,166,754	$ 80,344
		FLEXIBLE BENEFITS PLAN		
ASSETS				
Restricted assets:				
Cash and investments	$ 144,212	$ 444,892	$ 419,773	$ 169,331
Accounts receivable		1,938		1,938
Total assets	$ 144,212	$ 446,830	$ 419,773	$ 171,269
LIABILITIES				
Payable from restricted assets:				
Accounts payable		$ 593		$ 593
Benefits payable	$ 18,605	409,312	$ 400,885	27,032
Benefit plan surplus	125,607	18,037		143,644
Total liabilities	$ 144,212	$ 427,942	$ 400,885	$ 171,269
		TOTAL		
ASSETS				
Restricted assets:				
Cash and investments	$ 246,616	$ 6,589,586	$ 6,586,527	$ 249,675
Accounts receivable		1,938		1,938
Total assets	$ 246,616	$ 6,591,524	$ 6,586,527	$ 251,613
LIABILITIES				
Payable from restricted assets:				
Accounts payable	$ 102,404	$ 6,145,287	$ 6,166,754	$ 80,937
Benefits payable	18,605	409,312	400,885	27,032
Benefit plan surplus	125,607	18,037		143,644
Total liabilities	$ 246,616	$ 6,572,636	$ 6,567,639	$ 251,613

CITY OF SAVANNAH, GEORGIA
SCHEDULE OF PROJECTS FUNDED WITH SPECIAL SALES TAX PROCEEDS
FOR THE YEAR ENDED DECEMBER 31, 2005

PROJECT NUMBER		Total Estimated Cost to be Funded from All Sources	Original Sales Tax Funding per Referendum Resolution	Current Estimated Cost to be Funded by Sales Tax	Sales Tax Funded Expenditures			
					PRIOR YEARS	CURRENT YEAR	TOTAL	Remaining Balance
SALES TAX FUND I:								
	Local Road, Sidewalk and Drainage Projects		$10,875,470					
DR208	Broughton Street Cave-In	$708,820		$27,953	$27,953		$27,953	
OP204	Forsyth & Daffin Sidewalk Replacement	107,655		10,000	10,000		10,000	
OP301	LARP Paving Project	136,309		42,000	42,000		42,000	
OP305	Liberty Parkway Sidewalk	350,355		295,033	295,033		295,033	
OP306	School Sidewalks-Phase 1	28,842		28,842	28,842		28,842	
OP307	Windsor Forest School Sidewalks	19,690		19,690	19,690		19,690	
OP308	Juliette Lowe School Sidewalks	23,690		23,690	23,690		23,690	
OP309	Spencer, Bartow, Hodge School Sidewalks	26,118		26,118	26,118		26,118	
OP310	Heard, Smith School Sidewalks	6,204		6,204	6,204		6,204	
OP311	Haven, Pulaski School Sidewalks	96		96	96		96	
OP312	Largo-Tibet School Sidewalks	31,948		31,948	31,948		31,948	
OP608	Habersham Street Widewalks	69,209		69,209	69,209		69,209	
OP609	Whitebluff Sidewalks	69,305		69,305	69,305		69,305	
OP610	Daffin Park Perimeter	88,517		88,517	88,517		88,517	
OP611	Eastside Sidewalks	500,778		483,510	483,510		483,510	
OP612	WB Elementary Sidewalks	83,535		82,864	82,864		82,864	
OP614	Thomas Square Sidewalks	55,831		907	907		907	
OP615	Richards Street Sidewalks	116,034		1,534	1,534		1,534	
OP617	Stillwood & Butler Sidewalks	57,514		57,514	57,514		57,514	
OP621	Forsyth Sidewalks-Phase II	11,766		11,766	11,766		11,766	
OP903	Gwinnett St. Underpass	440,062		94,887	94,887		94,887	
PD801	West 57th St. Blvd.	1,100,000		230,000				$230,000
RE503	Daffin Jogging Path	42,826		22,000	22,000		22,000	
SP111	Hazardous Sidewalk Repair	1,164,506		358	358		358	
SP200	Twickenham Area Paving	1,308,131		387,672	387,672		387,672	
SP201	Atlantic Paving	2,312,628		814,120	814,120		814,120	
SP202	Bon-Air, Riviera, Rogers & Lehward Paving	762,206		295,920	295,920		295,920	
SP213	Hamilton Court	275,405		81,235	81,235		81,235	
SP300	Alta, Halsey, Industry & Ware Paving	596,002		514,940	514,940		514,940	
SP301	Gordonston Area Paving	1,144,800		971,542	971,542		971,542	
SP302	Adirondak, Bacon Park & Bruce Paving	336,908		257,815	257,815		257,815	
SP304	Felt Drive Paving	42,534		21,034	21,034		21,034	
SP305	Ohio Avenue Paving	396,255		190,268	190,268		190,268	
SP306	Charlton, DeRenne, Pierpont & 34th Paving	679,279		472,922	472,922		472,922	
SP307	Robin & Rendant Paving	771,141		527,433	527,433		527,433	
SP309	Laurel Grove Paving	247,813		203,720	203,720		203,720	
SP310	Ripley, Sheffield, Scott & Whitman	445,575		336,768	336,768		336,768	
SP311	Avondale Area Paving	598,015		510,416	510,416		510,416	
SP313	Semken Plant, Battey, Nunez & Waters Paving	555,610		468,158	468,158		468,158	
SP400	Columbia, Heard, Lloyd & Fayette Paving	954,319		98,023	98,023		98,023	
SP401	36th, Kinzie, Galway, Gunter, 50th, Gunnie, Corinth & Baudry Park Paving	327,831		14,100	14,100		14,100	
SP402	Central Avenue Paving	53,788		30,986	30,986		30,986	
SP501	Honeybee Area Paving	1,210,895		16,000	16,000		16,000	
SP502	Liberty City Paving	1,168,729		155,479	155,479		155,479	
SP504	Fulton Road Extension Paving	530,954		33,255	33,255		33,255	
SP602	1994 Street Paving-Phase II	414,133		12,422	12,422		12,422	
SP702	44th, 48th, Clifford, Barrington, Desoto, Etc.	514,322		166,702	166,702		166,702	
SP703	Archer, Bates, Blossum, Cliwald & Elmdale	1,108,423		8,000	8,000		8,000	
SP704	49th, 56th, Latimer, Costa Rica, Cedar, Etc.	1,539,782		67,000	67,000		67,000	
SP705	Felt & Waubun Paving	1,462,546		936,508	936,508		936,508	
SP903	Deiter, Riverwalk & MLK Paving	466,599		27,000	27,000		27,000	
SP905	Stuart, Barry & 57th Paving	531,206		82,000	82,000		82,000	
SW312	Hoover Creek Sewer & Paving	1,215,062		400,000	400,000		400,000	
	TOTALS-SALES TAX FUND I	**$27,210,501**	**$10,875,470**	**$9,825,383**	**$9,595,383**		**$9,595,383**	**$230,000**

NOTE: (1) This schedule discloses projects that are funded by sales tax revenue. Projects may have additional funding sources.
(2) The Prior Years total for this schedule differs from the 2004 Total Expenditures because of corrections made to the following projects on the 2005 schedule.
- OP306 $ 28,842
- SP804 ($150,000)

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, 2005

Project Number		Total Estimated Cost to be Funded from All Sources	Original Sales Tax Funding per Referendum Resolution	Current Estimated Cost to be Funded by Sales Tax	Sales Tax Funded Expenditures			
					Prior Years	Current Year	Total	Remaining Balance
SALES TAX FUND II:								
	Savannah Roads, Sidewalks and Drainage		$5,691,151					
DR129	Local Match GEMA Grants	$5,838,706		$29,982		$29,982	$29,982	
DR208	Broughton Street Cave-In	708,820		13,850	$13,850		$13,850	
OP305	Liberty Parkway Sidewalk	350,355		48,322	48,322		48,322	
OP810	Beacon Light	225,207		36	36		36	
PD801	West 57th Street Boulevard	1,100,000		470,000				$470,000
SP111	Hazardous Sidewalk Repair	1,164,506		7,251	7,251		7,251	
SP213	Hamilton Court	275,405		98,005	98,005		98,005	
SP303	Cuyler-Brownsville Kline	78,383		1,211	1,211		1,211	
SP312	Dennis, Eugene & Mosley Paving	377,958		207,845	207,845		207,845	
SP318	Repair-Install Curbs	172,211		7,700	7,700		7,700	
SP415	Kimball, McLaws, Desoto Paving	707,483		178,056	20,467	$132,795	153,262	24,794
SP501	Honeybee Area Paving	1,210,895		29,579	29,579		29,579	
SP502	Liberty City Paving	1,168,729		38,135	38,135		38,135	
SP504	Fulton Road Extension Paving	530,954		84,967	84,967		84,967	
SP507	Bridge Maintenance	327,856		7,760	7,760		7,760	
SP601	1994 Street Paving-Phase I	330,049		279,242	279,242		279,242	
SP602	1994 Street Paving-Phase II	414,133		198,595	198,595		198,595	
SP603	1994 Street Paving-Phase III	1,188,965		910,276	910,276		910,276	
SP605	Adams, Kimbell & Mild Paving	29,394		29,394	29,394		29,394	
SP702	44th, 48th, Clifford, Barrington, Desoto, Etc.	514,322		258,345	258,345		258,345	
SP703	Archer, Bates, Blossum, Cliwald & Elmdale	1,108,423		786,255	786,255		786,255	
SP704	49th, 56th, Latimer, Costa Rica, Cedar, Etc.	1,539,782		1,140,303	1,140,303		1,140,303	
SP705	Felt & Waubun Paving	1,462,546		160,719	160,719		160,719	
SP706	41st, Gwinnett Lane, Dieter, Entleman, Etc.	86,088		47,804	47,804		47,804	
SP707	Carver Village Street Improvements	751,202		751,202	751,202		751,202	
SP708	Holland Drive Improvements	185,929		146,821	146,821		146,821	
SP802	Abercorn-62nd-65th Paving	511,850		122,545	122,545		122,545	
SP903	Deiter, Riverwalk & MLK Paving	466,599		435,567	435,567		435,567	
	TOTALS SALES TX FUND II	**$22,826,750**	**$5,691,151**	**$6,489,767**	**$5,832,196**	**$162,777**	**$5,994,973**	**$494,794**

NOTE: This schedule discloses projects that are funded by sales tax revenue. Projects may have additional funding sources.

This schedule is continued from the previous page.

CITY OF SAVANNAH, GEORGIA
SCHEDULE OF PROJECTS FUNDED WITH SPECIAL SALES TAX PROCEEDS
FOR THE YEAR ENDED DECEMBER 31, 2005

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
DRAINAGE IMPROVEMENT FUND:								
	Savannah Drainage Projects		$3,000,000					
DR129	Local Match GEMA Grants			$167,357		$90,833	$90,833	$76,524
DR301	Springfield Canal Study			3,366,016				3,366,016
	Savannah Drainage Projects 1998-2003		71,000,000					
DR111	Kayton Pump Station Phase 2	$1,219,860		987,471	$987,471		$987,471	
DR112	Harman Canal Drainage Improvements	1,255,554		1,219,554	1,219,554		1,219,554	
DR113	Kayton Canal Equipment Purchase	948,947		948,947	948,947		948,947	
DR114	Kayton Railroad Bridge Replacement	513,231		513,231	513,231		513,231	
DR115	Montgomery Crossroads Bridge	30,000		30,000	12,912	2,775	15,687	14,313
DR116	Montgomery Crossroads Equipment Purchase	1,413,719		1,409,619	1,409,619		1,409,619	
DR117	Springfield Canal Bridges	157,966		156,166	156,166		156,166	
DR118	Williams Ward Detention	370,094		370,094	370,094		370,094	
DR119	Springfield Canal 2-Year Storm	2,966,599		2,966,555	2,966,555		2,966,555	
DR120	Westside Equipment Purchase	2,226,160		283,900	145,214	138,686	283,900	
DR121	Westside Detention	895,997		112	112		112	
DR122	Westside Pump Station & Line	12,833,710	3,500,000	9,189,054	6,484,614	5,244,301	11,728,915	(2,539,861)
DR123	Westside Interceptor	9,230,669		3,171,712	3,171,712		3,171,712	
DR124	Montgomery Crossroads Pump Station	10,297,402		10,222,850	10,218,873	2,058	10,220,931	1,919
DR125	Wilshire Canal	2,848,286		2,848,286	2,848,286		2,848,286	
DR126	Holland Canal	3,139,533		3,137,685	3,137,685		3,137,685	
DR127	Windsor Canal	1,667,473		1,659,473	1,364,486	267,520	1,632,006	27,467
DR129	Local Match GEMA Grants	5,838,706		2,231,710	2,187,387	570,914	2,758,301	(526,591) ******
DR201	DeRenne Pump Station	15,848,251		970,000	970,000		970,000	
DR204	63rd Street System	22,596,436		21,563,191	8,637,351	11,450,696	20,088,047	1,475,144
DR205	Demere Ward Detention	75,751		75,751	75,751		75,751	
DR206	Springfield Canal Roads	336,095		292,380	274,475	10,539	285,014	7,366
DR207	Nicholson Woods-White Bluff	112,152		48,657	48,657		48,657	
DR211	Windsor Sub-Basin	50,926		50,926	50,926		50,926	
DR212	SCADA I	52,833		17,330	17,330		17,330	
DR301	Springfield Canal Study	12,144,945		4,286,953	4,286,953		4,286,953	
DR304	SCADA II	94,817		36,446	36,446		36,446	
DR305	Bilbo Basin	4,623,000		150,000	150,000		150,000	
DR501	Cranman Drive Culvert Replacement	336,133		336,133	336,133		336,133	
DR503	Wilshire Basin Study	8,367,691		1,746,691	407,312	994,454	1,401,766	344,925
DR601	City Lot Drainage Improvements	277,975		23,475		23,475	23,475	
DR800	Westside Flooding Remediation	1,740,616		640,616	640,616		640,616	
DR803	Jackson Woods Drainage-Phase 2	617,741		43,878		182,112	182,112	(138,234)
DR805	Nicholson Woods-Phase 2	130,000		130,000	29,381	12,150	41,531	88,469
DR901	Windsor-Wilshire Basin	525,668		525,668	525,668		525,668	
DR907	West Back Street Outfall	107,200		99,211		99,211	99,211	
DR912	Emergency Cave-in Repairs	600,000		50,909		50,909	50,909	
WT510	Extension to Unsesrved Areas	115,854		58,437	58,437		58,437	
	TOTALS DRAINAGE IMPROVEMENT FUND	**$126,607,990**	**$77,500,000**	**$76,026,444**	**$54,688,354**	**$19,140,633**	**$73,828,987**	**$2,197,457**
CAPITAL IMPROVEMENT FUND:								
	Other Capital Outlay Projects 1998-2003		$16,292,341					
OP120	RR Roundhouse Batlefield Park	$1,528,258		$190,000	$153,288	$36,712	$190,000	
OP327	Electric Street Cars	579,300		170,000	16,603	973	17,576	152,424
OP611	Eastside Sidewalks	500,778		17,268	$17,268		17,268	
OP638	Railroad Property Acquisition	6,300,000		3,500,551	3,500,551		3,500,551	
PB310	History Museum Bldg Repair	635,877		15,000	15,000		15,000	
PB621	Ellis Square Parking Garage	2,219,500		1,691,000		1,691,000	1,691,000	
PD801	West 57th Street Boulevard	1,100,000		400,000		146,326	146,326	253,674
PD901	Meding Street Curve	637,468		361,176		102,600	102,600	258,576
RE412	Boaen Tract Open Space	22,812		22,000	22,000		22,000	
RE805	Daffin Park Master Plan	3,939,422		3,495,000	1,573,383	955,960	2,529,343	965,657
SP212	1% Sidewalk Construction	675,220		674,423	546,951	127,472	674,423	
SP214	Wheelchair Access Ramps	321,384		735	735		735	
SP308	Cuyler-Brownsville Sidewalk	28,665		23,265	23,265		23,265	
SP910	1% Sidewalk Construction	486,577		458,309		2,737	2,737	455,572
SQ411	MLK Median Landscaping	833,130		322,000	322,000		322,000	
SQ502	Elbert Square Acquisition	828,635		828,635	828,635		828,635	
SQ701	Liberty Square Reconstruction	280,000		280,000				280,000
TE502	MLK Median Installation	330,616		48,000	48,000		48,000	
OP827	Cuyler-Brownsville Buffer @Ironworks Business							
	Open Space Acquisition 1998-2003		3,339,424					
PB820	Crusader Neighborhood Center	422,198		110,746		110,246	110,246	500
PD803	CB-Buffer@Ironworks Business	10,872		872				872
RE307	Windsor Forest Pond	121,979		121,979	121,979		121,979	
RE511	Cuyler-Brownsville Park	1,141,463		404,457	404,457		404,457	
RE512	Vernon River Park	357,056		194,254	90,344	22,198	112,542	81,712
RE611	Open Space Acquisition	491,896		489,613	23,479	17,363	40,842	448,771
RE612	Habersham Woods Park	183,543		183,543	183,543		183,543	
RE613	Stark-Clinch Greenspace	122,107		122,107	122,107		122,107	
RE615	Southside Park-Mohawk	595,735		595,735	595,735		595,735	
RE807	Largo-Windsor Area Lake	321,021		321,021	11,609	228,049	239,658	81,363
OP515	Fire Capital-SPLOST 98-03	172,566	250,000	172,566	163,046	(30,390)	132,656	39,910
RE604	Band Shell	791,000	787,500	787,500	7,560		7,560	779,940
	TOTALS CAPITAL IMPROVEMENT FUND	**$25,979,078**	**$20,669,265**	**$16,001,755**	**$8,791,538**	**$3,411,246**	**$12,202,784**	**$3,798,971**

NOTE: (1) This schedule discloses projects that are funded by sales tax revenue. Projects may have additional funding sources.
(2) The "Original Sales Tax Funding Per Referendum Resolution" amounts presented on this schedule were increased $6,261,924 for the year ended December 31, 2004. The change was necessary to fully reflect all amounts pertaining to the City of Savannah contained in the original referendum.

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, 2005

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 2003-2008 FUND:								
	Savannah Roads, Sidewalks and Drainage		$64,770,000					
DR122	Westside Pump Station & Line	$12,833,710		$143,000				$143,000
DR204	Casey South Phase 2	22,596,436		1,025,000				1,025,000
DR305	Bilbo Drainage Improvements	4,623,000		4,373,000	$64,488	$165,712	$230,200	4,142,800
DR503	Wilshire North Branch	8,367,691		6,621,000				6,621,000
DR802	Evergreen Drainage Improvements	250,000		250,000	23,423	128,654	152,077	97,923
DR803	Jackson Woods Drainage-Phase 2	617,741		564,798	32,169	281,982	314,151	250,647
DR804	Brick Linel Replacement	638,730		550,000		234,826	234,826	315,174
DR809	Bilbo Drainage Improvements	2,000		2,000	2,000		2,000	
DR902	DeRenne Avenue Drainage Improvements	1,790,000		1,790,000				1,790,000
DR904	Paradise Park Drainage Improvements	1,600,000		1,600,000		13,534	13,534	1,586,466
DR905	Springfield Drainage Improvements	1,000,000		1,000,000				1,000,000
DR906	Sylvan Terrace Sub-basin	656,202		656,202		17,553	17,553	638,649
DR911	45th Street Sub-basin Improvements	25,000		25,000				25,000
SP212	1% Sidewalk Construction	675,220						
SP413	Riverstreet Ramps Reconstruction	440,178		315,000				315,000
SP415	Street Paving	707,483		3,634	3,634	(1,575)	2,059	1,575
SP717	President Street-General McIntosh Sidewalk	43,097		43,097	43,097		43,097	
SP718	Bay Street Reconstruction Crosswalk	550,918		550,918	224	550,694	550,918	
SP804	1% Sidewalk Construction-Phase 2	275,000		275,000				275,000
SP904	Street Reconstruction	134,082		134,082				134,082
SP910	1% Sidewalk Construction	486,577		28,268				28,268
TE708	LaRoche-Delesseps Design	225,000		225,000	17,658	69,836	87,494	137,506
TE709	Gwinnett St. Widening Design	200,000		200,000	32,900	44,237	77,137	122,863
SQ411	MLK Median Landscaping	833,130		11,452	11,452		11,452	
SQ804	MLK Streetscape	1,144,708		1,144,548		21,498	21,498	1,123,050
	Parks, Recreation and Squares		22,231,471					
PB821	Cultural Arts Center	1,500,000		1,500,000	12,791		12,791	1,487,209
PB828	Westside Land Assemblage	1,779,500		1,759,500	575,934	115,970	691,904	1,067,596
PB831	Battlefield Park Roundhouse Roof	186,256		21,335		21,335	21,335	
OP832	Battlefield-RR Roundhouse SPLOST	4,968,665		4,968,665	574,766	3,364,319	3,939,085	1,029,580
PT803	Baker-Fell Street Park	175,000		175,000	6,484	12,004	18,488	156,512
PT905	Ellis Square Restoration	1,500,000		1,500,000		97,062	97,062	1,402,938
RE220	Bacon Park Athletic Field Rehab	787,802		576,896		576,896	576,896	
	Other Capital Outlay		9,339,424					
OP641	Hope 6 Infrastructure	4,310,397		2,000,000	890,320	219,341	1,109,661	890,339
OP816	Neighborhood Development							
OP825	Tree Lawns-Buffering							
OP826	Cuyler-Brownsville West 37th and Bullock Ctr-Pkg							
OP827	Cuyler-Brownsville Buffer at Ironworks Business							
OP828	Cuyler-Brownsville North Side 500 Block Kline							
OP829	Acquisition Moses Jackson							
OP830	Augusta Avenue Acquisition 5 BL							
OP831	Augusta Avenue Acquisition 2 LT							
OP834	West Savannah & Corridors	15,000		15,000	9,960	224	10,184	4,816
OP923	Gate Precast Property Acquisition	2,181,641		240,500		240,500	240,500	
PB621	Ellis Square Parking Garage	2,219,500		500,000		433,012	433,012	66,988
PB730	Bacon Park Tennis Courts Reconst.	721,027		376,104		376,104	376,104	
PB824	Moses Jackson-Phase 2	839,424		839,424	27,477	6,344	33,821	805,603
PD803	CB-Buffer@Ironworks Business	10,872		10,000				10,000
PD805	WS-Acquisition Moses Jackson Property	60,000		60,000				60,000
PD806	WS Augusta Avenue-5 Buildings	412,470		412,470				412,470
PD807	WS Augusta Avenue-2 Lots	45,000		45,000				45,000
PD808	WS-Tree Lawn & Buffering	57,530		57,530				57,530
PD901	Meding Street Curve	637,468		276,292				276,292
PD902	Montgomery-Meding-56th	361,176		361,176		788	788	360,388
PD903	Eastside Sidewalk Access	229,400		229,400		24,969	24,969	204,431
PD904	West 56th Street Rebricking	250,000		250,000				250,000
PD906	Midtown Acquisition	165,000		165,000				165,000
PD907	Kline Street Play Area	258,750		258,750		3,400	3,400	255,350
PD908	37th & Bulloch Greenspace	177,500		177,500				177,500
PD909	Historic Street Lighting CB	125,000		125,000		5,335	5,335	119,665
PD910	Rockwell Park	50,000		50,000				50,000
PD911	40th Street Lane Paving	50,000		50,000				50,000
PD912	Municipal Parking Lot	32,000		32,000				32,000
PD915	Right-of-Way Improvements	135,000		135,000		10,347	10,347	124,653
PD916	Edgemore-Sackvill Curbing	21,000		21,000		20,860	20,860	140
	Public Safety Equipment	1,300,000	1,300,000	1,300,000	1,241,500		1,241,500	58,500
	TOTALS SPLOST 2003-2008 FUND	**$86,278,281**	**$97,640,895**	**$40,019,541**	**$3,570,277**	**$7,055,761**	**$10,626,038**	**$29,393,503**

NOTE: This schedule discloses projects that are funded by sales tax revenue. Projects may have additional funding sources.

CITY OF SAVANNAH, GEORGIA
SCHEDULE OF HOTEL/MOTEL TAX
FOR THE YEAR ENDED DECEMBER 31, 2005

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 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, and the Georgia International & Maritime Trade Center.

	Amount	Amount as a Percentage of Revenue
Hotel/Motel tax cash receipts	$ 8,934,218	
Expenditures made to:		
Convention and Visitors Bureau	$ 2,977,775	33.33%
Georgia International & Maritime Trade Center	$ 1,489,334	16.67%

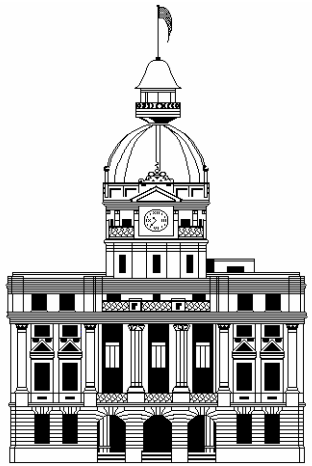
CITY OF SAVANNAH, GEORGIA
SCHEDULE OF REVENUES AND EXPENDITURES/EXPENSES - RENTAL MOTOR VEHICLE TAX
FOR THE YEAR ENDED DECEMBER 31, 2005

During 2005 the City collected rental motor vehicle excise tax as authorized in O.C.G.A. 48-13-93.

	Amount	Amount as a Percentage of Revenue
Rental motor vehicle tax	$ 1,416,865	-
Transfers made to:		
General Fund	$ 354,216	25.00%
Civic Center Fund	$ 1,062,649	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 nonaccounting data. These tables reflect social and economic data, financial trends and the fiscal capacity of the City.

CITY OF SAVANNAH, GEORGIA
GENERAL FUND EXPENDITURES AND OTHER USES FOR SELECTED FUNCTIONS
LAST TEN CALENDAR YEARS

(THOUSANDS OF DOLLARS)

Year	General Government	Public Safety	Public Services	Leisure Services	Debt Service	Total
1996	$4,451	$37,033	$34,002	$7,370	$6,968	$89,824
1997	7,213	35,765	30,264	7,940	7,190	88,372
1998	7,471	37,770	37,287	8,209	7,330	98,067
1999	7,658	38,349	41,106	9,145	6,147	102,405
2000	7,992	39,292	45,947	9,759	5,471	108,461
2001	8,351	41,910	42,355	10,633	4,698	107,947
2002	9,233	44,597	41,841	11,045	3,901	110,617
2003	9,374	47,491	42,561	11,417	3,203	114,046
2004	9,916	50,379	48,996	11,891	2,148	123,330
2005	10,451	66,273	57,306	12,132	1,010	147,172

CITY OF SAVANNAH, GEORGIA
GENERAL FUND REVENUES AND OTHER FINANCING SOURCES
LAST TEN CALENDAR YEARS

(THOUSANDS OF DOLLARS)

Year	Property Taxes	Taxes Other than Property Taxes	Licenses and Permits	Fines Forfeits & Penalties	Revenue From Use of Money and Property	Revenue From Other Agencies	Charges for Current Services	Misc. Other Revenue	Total
1996	$33,036	$37,364	$10,003	$1,944	$1,886	$1,643	$3,578	$943	$90,397
1997	34,855	32,455	10,517	1,858	1,135	1,248	5,481	1,161	88,710
1998	35,263	41,444	11,587	2,157	1,555	1,437	5,538	1,324	100,305
1999	35,558	42,923	12,150	2,414	1,749	450	6,134	2,295	103,673
2000	35,221	46,328	12,538	2,388	2,827	1,078	6,173	2,071	108,624
2001	35,485	46,058	13,611	2,494	2,372	510	5,947	1,804	108,281
2002	34,950	62,667	1,195	3,491	933	2,300	7,937	716	114,189
2003	38,316	58,284	1,355	4,396	527	2,329	8,776	958	114,941
2004	40,199	58,582	1,421	4,371	620	2,410	11,629	685	119,917
2005	44,528	63,529	1,468	4,730	1,499	2,370	23,209	1,149	142,482

CITY OF SAVANNAH, GEORGIA
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN CALENDAR YEARS

Year	Total Tax Levy*	Current Taxes Collected During Year	Percentage of Levy Collected During Year	Prior Year Taxes Collected During Year	Total Collections	Ratio of Collections to Tax Levy	Accumulated Delinquent Taxes	Ratio of Accumulated Delinquent to Current Tax Levy
1996	$32,847,204	$31,175,756	94.91%	$1,860,162	$33,035,918	100.57%	$3,875,814	11.80%
1997	34,723,752	31,637,525	91.11%	3,217,679	34,855,204	100.38%	3,144,757	9.06%
1998	34,908,893	32,003,961	91.68%	3,259,056	35,263,017	101.01%	4,287,455	12.28%
1999	35,294,210	33,230,032	94.15%	2,328,225	35,558,257	100.75%	3,998,110	11.33%
2000	35,851,233	33,741,041	94.11%	1,480,279	35,221,320	98.24%	4,377,460	12.21%
2001	36,570,321	34,146,452	93.37%	1,338,578	35,485,030	97.03%	5,014,010	13.71%
2002	35,597,373	32,317,361	90.79%	2,632,577	34,949,938	98.18%	5,040,340	14.16%
2003	37,696,759	34,555,246	91.67%	3,760,478	38,315,724	101.64%	4,173,640	11.07%
2004	40,619,278	37,230,666	91.66%	2,968,339	40,199,005	98.97%	4,234,601	10.43%
2005	44,725,663	40,829,059	91.29%	3,698,502	44,527,561	99.56%	3,566,995	7.98%

*Includes: Real Property
Industrial Area
Personal Property
Utility
Vehicles
Mobile Home Taxes

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

CITY OF SAVANNAH, GEORGIA
ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF ALL TAXABLE PROPERTY
LAST TEN CALENDAR YEARS

(THOUSANDS OF DOLLARS)

	Real Property		Personal Property		Utilities & Other Property		Total	
Year	Assessed Value	Estimated True Value	Assessed Value	Estimated True Value	Assessed Value	Estimated True Value	Assessed Value	Estimated True Value
1996	$1,338,951	$3,347,378	$431,007	$1,077,518	$182,916	$457,290	$1,952,874	$4,882,186
1997	1,448,796	3,621,990	453,951	1,134,878	176,720	441,800	2,079,467	5,198,668
1998	1,517,793	3,794,483	512,740	1,281,850	177,546	443,865	2,208,079	5,520,198
1999	1,697,231	4,243,078	540,793	1,351,983	179,807	449,518	2,417,831	6,044,579
2000	1,857,754	4,644,385	602,381	1,505,953	183,237	458,093	2,643,372	6,608,431
2001	1,937,406	4,824,300	615,008	1,537,520	188,451	471,128	2,740,865	6,832,949
2002	2,127,008	5,317,520	576,203	1,440,508	196,043	490,108	2,899,254	7,248,136
2003	2,275,009	5,687,523	554,473	1,386,183	198,369	495,923	3,027,851	7,569,628
2004	2,472,515	6,181,287	620,591	1,551,478	195,374	488,435	3,288,480	8,221,200
2005	2,803,935	7,009,838	677,225	1,693,063	112,397	280,993	3,593,557	8,983,893

CITY OF SAVANNAH, GEORGIA
PROPERTY TAX RATES - DIRECT AND ALL OVERLAPPING GOVERNMENTS
LAST TEN CALENDAR YEARS

(PER $1,000 OF ASSESSED VALUE)

Year	City	Schools	County	Chatham Area Transit Authority	County Special Service District (1)	State	Total (1)
1996	$17.46	$19.98	$11.88	$0.90	$3.76	$0.25	$50.47
1997	16.93	19.98	11.39	0.95	3.74	0.25	49.500
1998	16.50	19.14	11.64	0.95	3.74	0.25	48.480
1999	14.80	19.83	11.01	0.90	3.62	0.25	46.790
2000	13.70	18.84	10.44	0.858	3.49	0.25	44.088
2001	13.50	18.58	10.367	0.853	3.48	0.25	43.546
2002	13.30	17.55	10.367	0.82	3.48	0.25	42.287
2003	13.30	17.77	10.367	0.82	3.48	0.25	42.507
2004	13.10	17.60	10.367	0.82	3.48	0.25	42.137
2005	12.90	17.28	11.037	0.82	3.48	0.25	42.284

(1) This County Special Service District tax is levied only in unincorporated areas of the County, and is not included in the total paid by City of Savannah property owners.

CITY OF SAVANNAH, GEORGIA
SPECIAL ASSESSMENT BILLINGS AND COLLECTIONS

						Special Assessments Receivable at 12/31/05			2005 Installment			
Year	Total of Assessments Levied	Amount Paid in Year of Levy	Percent Paid in Year of Levy	Balance Placed on Ten-Year Installment Plan	Total of Assessments on Installments Paid or Abated as of 12/31/05	Due in Future	Delinquent	Percent of Assessments On Installments Delinquent	Adjusted Current Install-ment Due in 2005	Current Install-ment Paid in 2005	Balance of Installments Due at 12/31/05	Percent of Installment Unpaid as of 12/31/05
Prior to 1996						$207	$72,049					
1996	$500,000			$500,000	$500,000							
1997												
1998	155,173	$42,015	27.1%	113,158	94,363	7,525	11,270	7.3%	$3,979	$1,747	$2,232	56.1%
1999	31,458	6,478	20.6%	24,980	17,930	4,713	2,337	7.4%	1,254	715	539	43.0%
2000												
2001	40,684	15,902	39.1%	24,782	15,200	7,534	2,048	5.0%	1,303	788	515	39.5%
2002												
2003												
2004												
2005												
Interest and Penalties									2,901	649	2,252	77.6%
	$727,315	$64,395	8.85%	$662,920	$627,493	$19,979	$87,704	12.1%	$9,437	$3,899	$5,538	58.68%

Note: Special assessments are levied by the City of Savannah against properties which benefit from street and right-of-way improvements. Assessments not paid within (30) days of levy are placed on a ten-year installment plan. Annual installments, plus interest on the outstanding balance are due each September 1. Annual installments not paid by September 30 are executed, or declared delinquent and become liens against the property which bear interest at the rate of 1% per month. Of all assessments levied prior to 1996, $72,049 remain receivable at 12/31/05 in delinquent status.

CITY OF SAVANNAH, GEORGIA
RATIO OF NET GENERAL BONDED DEBT
TO ASSESSED VALUE AND NET BONDED DEBT PER CAPITA
LAST TEN CALENDAR YEARS

Year	Population	Assessed Value (Thousands of Dollars)	General Obligation Bonded Debt (Thousands of Dollars)	Ratio of Bonded Debt To Assessed Value (%)	General Obligation Bonded Debt Per Capita
1996	137,560	$1,952,875	$15,065	.77	$109.52
1997	137,560	2,044,415	13,040	.64	94.79
1998	137,560	2,208,079	10,175	.46	73.96
1999	137,560	2,417,831	7,160	.29	52.05
2000	137,560	2,643,372	3,995	.15	29.04
2001	132,985	2,733,179	2,650	.09	19.93
2002	132,985	2,899,254	2,325	.08	17.48
2003	132,985	3,027,851	1,700	.06	12.78
2004	132,985	3,288,480	0	.00	0.00
2005	132,985	3,593,557	0	.00	0.00

NOTE: All General Obligation Bonds mature serially. Population figures are based on the U.S. Census data.

CITY OF SAVANNAH, GEORGIA
STATEMENT OF LEGAL DEBT MARGIN
DECEMBER 31, 2005

Assessed Value 2005 Tax Roll		$3,593,557,075
General Bonded Debt Limit, 10% of Assessed Value		$359,355,708
Amount of Debt Applicable to Debt Limit:		
Total Bonded Debt	$47,100,000	
Less: Revenue Bonds	47,100,000	
Amount of Debt Applicable		0
Legal Unused Borrowing Margin		$359,355,708

NOTE: Excludes Special Assessment bonds that are not legally a part of the City's debt.

CITY OF SAVANNAH, GEORGIA
STATEMENT OF DIRECT AND OVERLAPPING
GENERAL OBLIGATION SUPPORTED BONDED DEBT
DECEMBER 31, 2005

	Amount Outstanding 12/31/05	Percentage Applicable to Savannah	Amount Applicable to Savannah
City of Savannah			
General Obligation Bonded Debt	$0	100.00%	$0
Contractual Obligations:			
Resource Recovery Development Authority	49,435,000	100.00%	49,435,000
Downtown Savannah Authority (Capital Improvement Project)	17,675,000	100.00%	17,675,000
Downtown Savannah Authority (Parking Improvements)	24,820,000	100.00%	24,820,000
Downtown Savannah Authority (Stormwater Improvements)	21,290,000	100.00%	21,290,000
Total Direct General Obligation Supported Bonded Debt	113,220,000		113,220,000
Chatham County			
Contractual Obligations:			
Downtown Savannah Authority (Detention Center/Old Courthouse Renovation)	29,055,000	44.78%	13,010,829
Chatham County Hospital Authority Revenue Bonds	1,280,000	44.78%	573,184
Downtown Savannah Authority (Chatham County Projects), Series 1999	7,810,000	44.78%	3,497,318
Chatham-Savannah School Board			
General Obligation Bonded Debt	116,085,000	44.78%	51,982,863
Contractual Obligations:			
Downtown Savannah Authority (School Improvement Project)	18,960,000	44.78%	8,490,288
Total Indirect General Obligation Supported Bonded Debt	173,190,000		77,554,482
Total Direct and Indirect General Obligation Supported Bonded Debt	$ 286,410,000		$ 190,774,482

CITY OF SAVANNAH, GEORGIA
RATIO OF ANNUAL DEBT SERVICE EXPENDITURES FOR
GENERAL BONDED DEBT TO TOTAL GENERAL EXPENDITURES
LAST TEN CALENDAR YEARS

(THOUSANDS OF DOLLARS)

Year	Principal	Interest	Total Debt Service	Total General Fund Expenditures and Other Financing Uses	Ratio of Debt Service To Total General Expenditures and Other Financing Uses
1996	$2,420	$878	$3,298	$89,824	.037
1997	4,505	2,685	7,190	88,372	.081
1998	4,815	2,515	7,330	98,066	.075
1999	4,224	1,923	6,147	102,405	.060
2000	3,698	1,773	5,471	108,461	.050
2001	3,091	1,607	4,698	107,947	.043
2002	2,439	1,440	3,879	110,617	.035
2003	1,937	1,264	3,201	114,046	.028
2004	1,066	1,082	2,148	123,330	.017
2005	0	1,010	1,010	147,172	.007

CITY OF SAVANNAH, GEORGIA
REVENUE BOND COVERAGE
WATER AND SEWER REVENUE BONDS
LAST TEN CALENDAR YEARS

(THOUSANDS OF DOLLARS)

Year	Gross Revenue (Including Transfers In) (1)	Total Expenses & Transfers Out (Excluding Depreciation)	Net Revenue Available for Debt Service	Current Revenue Bond Debt Service			
				Principal	Interest	Total	Coverage
1996	$38,921	$21,127	$17,794	$2,430	$2,578	$5,008	3.56
1997	39,737	21,555	18,182	1,155	2,557	3,712	4.90
1998	42,503	25,834	16,669	2,775	2,937	5,712	2.92
1999	43,071	26,714	16,357	2,910	2,797	5,707	2.87
2000	45,473	27,222	18,251	3,060	2,652	5,712	3.19
2001	48,210	30,001	18,209	3,215	2,500	5,715	3.19
2002	47,590	30,858	16,732	3,370	2,354	5,724	2.92
2003	45,109	28,388	16,721	3,545	2,019	5,564	3.01
2004	47,276	30,521	16,755	4,875	2,025	6,900	2.43
2005	49,575	29,950	19,625	4,970	1,903	6,873	2.86

(1) Excludes interest earned on construction funds.

CITY OF SAVANNAH, GEORGIA
DEMOGRAPHIC STATISTICS
LAST TEN CALENDAR YEARS

Year	Population (1)	Chatham County Estimated Household Income	Public School Enrollment (3)
1996	137,560	$24,698(5)	36,478
1997	137,560	25,139(5)	36,197
1998	137,560	26,431(2)	36,421
1999	137,560	27,710(2)	36,016
2000	137,560	28,364(2)	34,465
2001	132,985	29,033(5)	35,163
2002	132,985	29,920(5)	34,631
2003	132,985	32,119(5)	34,730
2004	132,985	33,747(4)	34,507
2005	132,985	35,192(4)	34,544

Sources:
(1) U.S. Census Bureau
(2) Bureau of Economic Analysis
(3) Savannah-Chatham Board of Public Education
(4) Savannah Area Chamber of Commerce
(5) Estimated by GEOSTATS, Inc., Savannah, GA

CITY OF SAVANNAH, GEORGIA
COMMERCIAL/INDUSTRIAL CONSTRUCTION, RESIDENTIAL CONSTRUCTION, RETAIL SALES AND OTHER ECONOMIC INDICATORS
LAST TEN CALENDAR YEARS

	Commercial/ Industrial Construction (2)		Residential Construction (2)		Chatham County Retail Sales		Chatham County Civilian Labor Force (4)		
Year	Number of Permits	Value (000's)	Number of Units	Value (000's)	(Millions)		Labor Force	Number Employed	Unemployment Rate(%)
1996	233	$53,675	79	$8,441	$3,046	(3)	130,742	124,418	4.8
1997	131	28,961	149	19,591	3,241	(3)	134,340	127,895	4.8
1998	113	30,767	140	23,720	3,566	(3)	135,881	129,880	4.4
1999	50	32,127	140	12,295	4,027	(3)	136,857	131,452	3.9
2000	85	81,856	125	21,668	4,386	(3)	139,114	134,359	3.4
2001	67	37,396	111	13,300	4,403	(3)	140,065	135,606	3.2
2002	97	81,863	113	14,024	4,511	(3)	143,741	138,254	3.8
2003	76	64,290	283	73,022	4,600	(3)	146,523	140,675	4.0
2004	109	114,509	544	76,098	5,078	(2)	149,402	143,520	3.9
2005	149	91,232	650	83,651	5,562	(2)	168,714	162,093	3.9

Sources:
(1) Georgia Department of Revenue
(2) City of Savannah
(3) Estimated by GEOSTATS, Inc., Savannah, Georgia
(4) U.S. Department of Labor
(5) Savannah Area Chamber of Commerce

CITY OF SAVANNAH, GEORGIA
PRINCIPAL TAXPAYERS
DECEMBER 31, 2005

Taxpayer	Type of Business	2005 Assessed Valuation	Percentage of Total Assessed Valuation
G A C Aircraft Company	Aircraft Manufacturer	$49,174,091	1.37%
Savannah Electric & Power Co.	Electric Utility	36,344,761	1.01%
Home Depot	Regional Distribution Center	33,906,033	0.94%
International Paper Co.	Paper Manufacturer	32,778,000	0.91%
Oglethorpe Mall, LLC	Regional Shopping Mall	27,903,600	0.78%
Bell South	Telephone Utility	25,140,024	0.70%
Teachers Properties, LLC	Regional Shopping Mall	19,426,920	0.54%
CS Hotels, LP	Marriott Hotel	15,878,800	0.44%
Savannah Harbor Resort	Westin Hotel	15,348,600	0.43%
Savannah LP AP/APMC	Hyatt Hotel	13,012,000	0.36%
Total Taxable Assessed Value for Principal Taxpayers		268,912,829	7.48%
Total Taxable Assessed Value for Other Taxpayers		3,324,644,246	92.52%
Total Taxable Assessed Value for All Taxpayers		$3,593,557,075	100.00%

CITY OF SAVANNAH, GEORGIA
MISCELLANEOUS STATISTICAL INFORMATION

Date of Incorporation	1789
Form of Government	Council - Manager
Area	90 Square Miles
Fire Protection	
Number of Stations	13
Number of Firefighters and support staff	285
Police Protection	
Number of Stations	7
Number of Policemen and support staff	777
Education (Public Only)	
Public School Buildings	49
Number of Teachers	2,300
Number of Students	34,544
Recreation and Culture	
Parks	460 acres
Number of Playgrounds	58
Number of Libraries	16
Number of Volumes	545,370

	2001	2002	2003	2004	2005
Full Time Authorized Employees					
General Fund	1,422	1,433	1,436	1,481	1,685
Sanitation Fund	185	187	186	189	189
Water & Sewer Fund	269	274	275	277	279
Revolving Fund	84	91	91	92	98
Other	158	167	140	177	223
Total	2,118	2,152	2,128	2,216	2,473

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

	Ground Water Production		Surface Water Production					
Year	Daily Average (MGD)		Peak Day (MGD)	Daily Average (MGD)		Peak Day (MGD)	Number of Water Accounts	Number of Sewer Accounts
1996	26.25		40.33	38.16		50.97	72,575	70,564
1997	24.75		37.04	44.67		56.23	73,111	71,071
1998	24.84		42.62	40.79		54.80	74,371	72,268
1999	23.82		35.87	27.11	*	33.39	75,351	73,165
2000	25.02	**	36.36	29.78	***	45.84	79,235	76,992
2001	25.16		31.83	36.59		46.70	79,923	77,650
2002	25.83		37.55	38.37		49.49	81,059	78,784
2003	24.66		33.76	35.52		43.43	82,714	80,456
2004	25.39		35.88	33.47		45.19	83,990	81,706
2005	23.99		31.02	31.53		45.70	85,430	83,122

* The decrease in 1999 resulted from the loss of a major industrial customer.
** The increase in 2000 was the result of extremely hot, dry weather.
*** The increase in 2000 was the result of a major industrial user resuming operations during the year's 3rd quarter.

CITY OF SAVANNAH, GEORGIA
SEWAGE TREATMENT PLANT FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2005

Sewage Treatment Facility	Capacity (MGD)	Average Flow (MGD)	Average Dry Weather Peak Flow (MGD)	Wet Weather Peak Flow (MGD)	Year of Last Upgrade	Treatment Process
President Street Plant	27.00	21.23	29.27	66.47	1995	Primary treatment, activated sludge, clarifier, chlorinator, gravity thickener, belt press, clarifiers, chlorination, sludge incineration: 2MGD reclaim water by filtration.
Wilshire Plant	4.50	3.26	4.84	9.00	1999	Activated sludge, clarifier, gravity thickeners chlorinator, belt press, sludge disposed at landfill.
Travis Field Plant	1.50	1.00	1.23	3.20	1996	Activated sludge, clarifiers, chlorinator, gravity thickener, centrifuge dewatering, sludge disposed at landfill.
Georgetown Plant	2.45	1.54	2.56	6.69	1991	Activated sludge, clarifiers, effluent filtration, ultra-violet disinfection, belt press, sludge disposed at landfill.
Total	35.45	27.03	37.90	85.36		

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

	Bi-Monthly Water Rates for Residential and Commercial Customers						Bi-Monthly Sewage Rates for Residential and Commercial Customers						
	Inside City			Outside City			Inside City			Outside City			Industrial Water Rate ($ per MG)
Year	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.	
1996	$11.05	$0.39	$0.57	$16.57	$0.58	$0.85	$8.79	$0.80	$1.13	$13.18	$1.20	$1.69	$464.29
1997	11.06	0.44	0.62	16.59	0.66	0.93	8.80	0.87	1.20	13.20	1.30	1.80	450.30
1998	11.06	0.46	0.64	16.59	0.69	0.96	8.80	0.94	1.27	13.20	1.41	1.90	442.07
1999	11.06	0.46	0.64	16.59	0.69	0.96	8.80	0.94	1.32	13.20	1.41	1.98	635.78
2000	11.06	0.46	0.64	16.59	0.69	0.96	8.80	1.00	1.38	13.20	1.50	2.07	590.15
2001	11.06	0.46	0.64	16.59	0.69	0.96	8.80	1.08	1.46	13.20	1.62	2.19	567.45
2002	11.06	0.46	0.64	16.59	0.69	0.96	8.80	1.14	1.52	13.20	1.71	2.28	566.62
2003	11.06	0.46	0.64	16.59	0.69	0.96	8.80	1.22	1.60	13.20	1.83	2.40	580.08
2004	11.06	0.48	0.66	16.59	0.72	0.99	8.80	1.32	1.70	13.20	1.98	2.55	602.04
2005	11.06	0.48	0.66	16.59	0.72	0.99	8.80	1.44	1.82	13.20	2.16	2.73	628.99

CITY OF SAVANNAH, GEORGIA
WATER AND SEWER CONNECTION FEES
EFFECTIVE FOR THE YEAR ENDED DECEMBER 31, 2005

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

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

	Tap-in Fee per ERU (2)	
	Inside City	**Outside City**
Water Tap-in	$600	$900
Sewer Tap-in	400	500

(2) Equivalent 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 1,080 per ERU. Sewer impact fees vary by geographic area from $345 to $2,200 per ERU.

CITY OF SAVANNAH, GEORGIA
MAJOR WATER AND SEWER CUSTOMERS
FOR THE YEAR ENDED DECEMBER 31, 2005

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

Customer	Product/Business	2005 Customer Revenue	Percent of 2005 Water and Sewer Fund Gross Revenue
Housing Authority of Savannah	Public housing	$949,936	1.92%
Memorial Medical Center	General hospital	326,366	0.66%
Chandler/St. Josephs Hospital	General hospital	271,936	0.55%
Coastal Correctional Institute	State prison	222,962	0.45%
Georgia Ports Authority	State port operator	190,359	0.38%
Chatham County Detention Center	County jail	162,884	0.33%
Indigo Point Apartments	Apartments	149,484	0.30%
Savannah Hotel Association LLC	Hotel	140,029	0.28%
Gulfstream Aerospace	Aircraft manufacturer	131,497	0.27%
Roger Wood Packaging Co	Meat packer	130,040	0.26%
		$2,675,493	5.40%

Major industrial customers of the water system:

Customer	Product/Business	2005 Customer Revenue	Percent of 2005 Water and Sewer Fund Gross Revenue	2005 Consumption (MG)
Weyerhaeuser	Bleached pulp	$3,047,556	6.15%	4,845
International Paper	Unbleached kraft products	1,622,062	3.27%	2,579
Kerr McGee	Titanium dioxide, sulfuric acid	1,038,957	2.10%	1,652
		$5,708,575	11.52%	9,076

RESOURCE RECOVERY DEVELOPMENT AUTHORITY
FACILITY PERFORMANCE
LAST TEN CALENDAR YEARS

Description	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
Total Waste Processed (Reference Tons)	204,773	183,038	179,983	176,109	167,545	174,611	168,875	169,926	176,496	174,821
Total Steam Produced (1000 pounds)	994,297	866,001	886,533	905,780	866,663	873,456	813,019	815,234	886,076	892,730
Steam Produced per Pound of Reference Waste (lbs-steam/lbs-reference waste)	2.43	2.37	2.46	2.57	2.59	2.50	2.41	2.40	2.51	2.55
Steam Produced as Percent of Guaranteed Exportable Steaming Rate (2.42 lbs-steam per pound of Reference Processible Waste)	100.4%	97.9%	101.7%	106.2%	107.0%	103.3%	99.6%	99.2%	103.7%	105.4%
Steam purchased by energy purchaser (MMBTUs)	843,017	786,082	754,735	701,977	693,544	668,607	628,657	586,927	578,523	480,050
Steam accepted as percent of energy purchaser's purchase obligation (582,500 MMBTUs if produced)	144.7%	134.9%	129.6%	120.5%	119.1%	114.8%	107.9%	100.8%	99.3%	82.4%
Average steam price ($/MMBTU)	$3.52	$3.48	$3.40	$3.44	$4.20	$6.65	$5.81	$6.50	$7.27	$7.13
Total Steam Sales ($000)	$2,964	$2,737	$2,565	$2,417	$2,915	$4,446	$3,654	$3,815	$4,205	$3,422
Total Electrical Production (kWHr)	13,746,204	6,626,000	9,958,319	15,768,766	10,344,000	12,982,000	9,035,000	6,902,000	14,393,000	22,050,278

Source: Montenay and City records

RESOURCE RECOVERY DEVELOPMENT AUTHORITY
FACILITY DISPOSAL FEE AND NET COST OF PROJECT TO CITY
LAST TEN CALENDAR YEARS
($000)

	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
Disposal Fee Credits:										
Steam Energy Sales	$2,964	$2,737	$2,565	$2,417	$2,915	$4,386	$3,654	$3,815	$4,205	$3,422
Back Pressure/Condensing Energy Sales	155	3	0	0	0	92	61	0	135	472
Interest Earnings	321	287	297	268	361	370	181	147	161	249
Steam agreement termination fee										211
Less: Montenay Share of Energy	(868)	(468)	(399)	(424)	(419)	(626)	(482)	(730)	(1,183)	(571)
Total Credits	2,572	2,559	2,463	2,261	2,857	4,222	3,414	3,232	3,318	3,783
Disposal Fee Debits:										
Operation and Maintenance Fee	2,440	2,507	2,556	2,605	2,715	2,732	2,764	2,789	3,100	2,937
Montenay Passthrough Costs	2,665	3,222	4,158	4,392	5,333	6,859	6,256	5,631	5,600	5,501
Debt Service	3,359	3,703	4,232	4,735	5,421	5,259	5,708	6,603	7,862	9,374
Total Debits	8,464	9,432	10,946	11,732	13,469	14,850	14,728	15,023	16,562	17,812
Authority Disposal Fee	5,892	6,873	8,483	9,471	10,612	10,628	11,314	11,791	13,244	14,029
Add: Authority Passthrough Costs	128	180	194	150	208	176	171	331	155	183
Less: Fees collected from private haulers	(1,188)	(1,907)	(1,081)	(578)	(295)	(317)	(363)	(319)	(352)	(419)
Less: Fees collected from commercial waste generators served by private haulers (a)	0	0	(1,787)	(3,008)	(3,438)	(3,784)	(3,993)	(4,002)	(4,871)	(5,391)
Less: Ash disposal fee paid to City included in Montenay Passthrough Costs	(1,420)	(2,015)	(2,106)	(2,088)	(2,269)	(2,963)	(3,265)	(2,083)	(2,289)	(2,142)
Net cost to City	$3,412	$3,131	$3,703	$3,947	$4,818	$3,740	$3,864	$5,718	$5,887	$6,260
Waste processed by Facility for City (Reference Tons)	156,544	161,399	156,399	157,539	155,745	156,532	151,160	156,530	161,071	160,883
Net disposal cost per ton for City waste	$21.80	$19.40	$23.68	$25.05	$30.94	$23.89	$25.56	$36.53	$36.55	$38.91

(a) Beginning in 1998, the City levied a commercial waste disposal fee directly on waste generators within the City. At the same time the tipping fee at the facility for commercial waste collected within the City by private haulers was reduced to a nominal $1 per ton.

Source: City Records

RESOURCE RECOVERY DEVELOPMENT AUTHORITY
WASTE PROCESSED
LAST TEN CALENDAR YEARS
(Reference Tons)

	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
City Waste	124,349	116,772	115,221	108,091	108,091	112,732	113,799	119,783	108,681	107,927
Private Hauler Waste (generated within City)(a)			48,199	60,644	64,338	66,051	65,048	63,436	66,497	70,489
Private Hauler Waste (generated outside of City but within Chatham County)	34,738	66,127	18,572	13,641	5,390	4,988	6,575	5,746	6,887	8,682
Montenay Recruited Waste	48,229	21,639	23,584	18,570	11,800	18,079	13,275	13,396	15,424	13,939
Total Available Waste	207,316	204,538	205,576	200,946	189,619	201,850	198,697	202,361	197,489	201,038
Less: Waste by-passed to landfill	2,543	21,500	25,593	24,837	22,074	27,239	29,822	32,435	20,993	26,216
Total Waste Processed by Facility	204,773	183,038	179,983	176,109	167,545	174,611	168,875	169,926	176,496	174,821
Waste Processed as Percent of Minimum Guaranteed Yearly Facility Capacity (156,000 Reference Tons/Year)	131.3%	117.3%	115.4%	112.9%	107.4%	111.9%	108.3%	108.9%	113.1%	112.1%
Waste Available as Percent of Minimum waste delivery requirement (131,000 Tons/Year)(b)	158.3%	156.1%	156.9%	153.4%	144.7%	154.1%	151.7%	154.5%	150.8%	153.5%

(a) In March 1998 the City implemented a commercial waste generator fee directly on commercial waste generators located within the City. Waste of such generators is accepted by the Facilty for a nominal $1 per ton.

(b) All waste, other than Montenay recruited waste from outside Chatham County, counts toward the City's minimum delivery obligation.

Source: Montenay scale data as reported by City