

COMPREHENSIVE ANNUAL  
FINANCIAL REPORT

YEARS ENDED  
DECEMBER 31, 2016 AND 2015

**SAVANNAH<sup>SM</sup>  
HILTON HEAD**  
INTERNATIONAL





## **SAVANNAH AIRPORT COMMISSION**

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### **Comprehensive Annual Financial Report** Years Ended December 31, 2016 and 2015

**Prepared By: Finance Department**  
**Savannah, Georgia**

**Airport Website: [www.savannahairport.com](http://www.savannahairport.com)**

# Savannah Airport Commission

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# Savannah Airport Commission

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- Letter of Transmittal
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- Principal Officials
- Organization Chart
- Certificate of Achievement for Excellence in Financial Reporting





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**TO:** Savannah Airport Commissioners  
Airport Attorney  
**DATE:** June 27, 2017  
**SUBJ:** Commission's Comprehensive Annual Financial Report

In accordance with state statutes and local charter provisions, we hereby submit the Comprehensive Annual Financial Report (CAFR) of the Savannah/Hilton Head International Airport for the year ended December 31, 2016. Responsibility for both the accuracy of the information contained in this report and the completeness and fairness of the presentation, including all disclosures, rests with the Savannah Airport Commission (Commission). To the best of our knowledge and belief, and as indicated by the opinion of our independent auditors, the report is accurate in all material aspects and presents the Commission's financial position, the results of operations and cash flows. It also includes disclosures necessary to enable the reader to gain the maximum understanding of the Commission's financial affairs. This report was prepared following the guidelines recommended by the Government Finance Officers Association of the United States and Canada (GFOA) and in conformity with generally accepted accounting principles (U.S. GAAP) promulgated by the Government Accounting Standards Board (GASB).

The independent audit of the financial statements is part of the broader mandated provisions of the Single Audit Act of 1984, as amended in 1996, and the U. S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, as it pertains to federal financial awards received from the U.S. Government and in conformity with the provisions of the November 1994 Audit Compliance and Reporting Guide for Public Agencies relative to the collection and use of Passenger Facility Charges. The independent auditor must not only report on the fair presentation of the financial statements but also on the Commission's internal controls and compliance with legal requirements, with special emphasis involving the administration of federal awards. See the independent auditor's reports presented in the compliance section of this report.

GASB requires that management provide a narrative introduction, overview and analysis to accompany the financial statements in the form of a Management Discussion and Analysis (MD&A). This letter of transmittal should be read in conjunction with the MD&A, which can be found immediately following the report of the independent auditor in the Financial Section of this report.



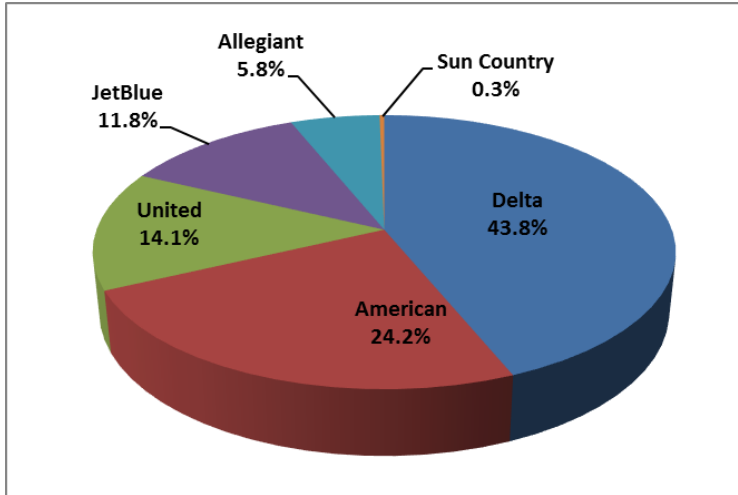
### **Description of Airport / Reporting Entity**

In 1940, the City of Savannah acquired a 600-acre tract to construct an airfield but before it was completed, the United States was drawn into WWII. The U.S. Army Air Corps took over construction and named the airfield Chatham Field. After WWII ended, the airfield was turned over to the Georgia Air National Guard and renamed Travis Field. In 1949, the City of Savannah received a quitclaim deed to Travis Field and that same year the Savannah Airport Commission was enacted by an act of the Georgia State Legislature. The Commission is a corporate body politic, operating as a stand-alone enterprise. The Commission is an agency of the City of Savannah. The Mayor and City Council of the City of Savannah appoint five Commissioners to serve five-year staggered terms. The financial reporting entity of the Commission includes all activities related to the operation and maintenance of the Savannah/Hilton Head International Airport.

### **Economic Condition / Airline Activity / Enplanements**

2016 was another favorable year for the airline industry with demand continuing to increase. A 6.3% increase in demand for global passenger traffic was seen in 2016 over 2015, which is most likely the result of lower airfares, more routes being offered, and a stronger economy. When looking at U.S. domestic traffic alone, there was a significant increase of 5.7% in air travel in 2016 over 2015. The U.S. domestic traffic load factor for 2016 was 82.2%. The Savannah/Hilton Head International Airport saw another significant increase in available seats, total passengers and enplanements for 2016 vs. 2015. The airlines offered 1,333,669 seats in 2016 vs. the 1,214,145 offered in 2015, an increase of 9.8%. The load factor was slightly lower at 82% in 2016 compared to a load factor of 84% in 2015. Total enplanements for 2016 were 1,089,222 vs. 1,017,067 for 2015, a significant increase of 7.1%. Total passengers for 2016 were 2,190,406 vs. 2,027,267 for 2015, also a significant increase of 8.0% compared to last year. As of December 31, 2016, the number of daily departures slightly decreased to 40 in 2016 compared to 41 during the same period in 2015. However, the number of daily departures reached as high as 49 during peak season from April through August. Also, several new weekly departures were added in 2016. The airlines serving the Savannah/Hilton Head International Airport in 2016 included Delta, American, United, JetBlue, Allegiant, and Sun Country.

The market share for the airlines serving the Airport in 2016 follows:



Delta Air Lines (Delta, Endeavor, Express Jet, GoJet, and Shuttle America) had a market share of 43.8% for the year, followed by American Airlines (American, Air Wisconsin, Envoy, Mesa, Piedmont, PSA, and Republic) with 24.2%; United (United, CommutAir, Express Jet, GoJet, Mesa, Republic, Sky West, and Trans States) captured 14.1%; JetBlue took 11.8% of the market share; Allegiant held 5.8%; Sun Country had the fewest enplanements with a market share of 0.3%.

The Savannah/Hilton Head International Airport has been diligently working to attract new airlines, add new destinations and more flights to existing destinations, and also lower fares to increase passenger traffic and continue the growth of the airport. As of December 31, 2016, enplanements were well above 2015, with a significant increase of 7.1% and available seats were up with an increase of 9.8% over 2015. 2016 set a new all-time high for enplanements in Savannah with a final total of 1,089,222 enplanements. The previous enplanement record was set in 2005 with total enplanements ending at 1,048,372. Our budgeted 2017 enplanements project an increase of 6.7% over 2016. Our first quarter 2017 enplanement results already show a remarkable increase of 14.8% over the first quarter of 2016. This is most likely a result of the continued effect of additional air carriers serving the airport, additional routes being offered, and lower airfares. Based on our first quarter 2017 load factor of 80.0% and our first quarter enplanements already ending ahead of target, we hope to see yet another large increase in enplanements over the previous year and even possibly surpassing the 2017 budgeted enplanement number of 1,162,000 enplanements.



## **Airport Highlights**

### **First Quarter:**

- **Stephen S. Green appointed Chairman of the Savannah Airport Commission**
- **Shirley B. James appointed Vice-Chairman of the Savannah Airport Commission**
- **SAV honors the United Service Organization's (USO) 75<sup>th</sup> anniversary**
- **SAV celebrates St. Patrick's Day in Savannah with the greening of the Flight Fountain**
- **SAV participates in the Savannah St. Patrick's Day Parade**

### **Second Quarter:**

- **Ted Kleisner appointed to Commission by the Mayor and Aldermen of the City of Savannah**
- **Beads on the Vine boutique kiosk opens in the concourse**

### **Third Quarter:**

- **Construction begins on the new runway 10 Instrument Landing System (ILS)**
- **Lyft launches service at SAV**
- **Delta Air Lines celebrates 75 years of uninterrupted service and continuous partnership with SAV**
- **New advertising kiosks are installed at SAV**

### **Fourth Quarter:**

- **20<sup>th</sup> Annual School Music Days kicks off with performances by local school music groups**
- **SAV brings home five service members for the Home for the Holidays promotion**
- **Snowball Express takes off from Savannah/Hilton Head International**
- **AirCanada announces it will begin seasonal service from Savannah to Toronto starting May 1, 2017**
- **Comfort Dog Lizzie of Savannah and Comfort Dog Sasha of Hilton Head volunteer their time at SAV, easing the stress of traveling**
- **SAC pays off all bond debt**
- **New VOIP phone system is installed at SAV**

## **Major Initiatives**

The **AIP-56 Entitlement Grant** was awarded on September 3, 2015 in the amount of \$3,767,889 of entitlement funds. The entitlement funds from the AIP-56 grant have been designated to reimburse the Savannah Airport Commission for the expenses incurred from several projects. These projects include Relocating Airfield Maintenance Road/Pipemaker's Canal, Taxiway C Light Replacement, Runway 1 Perimeter Road/Add 2 AOA Access Gates/RSA Improvements, and also RW 28 RSA improvements. Project closeout documentation is expected to be submitted to the FAA for the AIP-56 grant during the second quarter of 2017.

The **AIP-57 Entitlement Grant** was awarded on August 25, 2016 in the amount of \$3,942,141 of entitlement funds. The entitlement funds from the AIP-57 grant have been designated to reimburse the Savannah Airport Commission for the expenses incurred from several projects. These projects include Seal Coat RW 10/28 Asphalt Section & Apron Shoulders, Groove RW 1/19, Reconstruct Taxiway GA-3, and Reconstruct Taxiway E-1/Lighting/Signage Upgrades. Project closeout documentation is expected to be submitted to the FAA for the AIP-57 grant during the third quarter of 2017.

A schedule of the AIP projects that are currently open follows:

	PROJECTED COST	FAA GRANTS	PFC FUNDING	STATE FUNDING	AIRPORT FUNDING
<b><u>FAA AIP-56 (Awarded 9/3/15)</u></b>					
<b><u>2015 Entitlement Funds</u></b>					
Relocate Airfield Maint Road/Pipemaker's Canal	\$ 429,728	\$ 386,750	\$ 42,978	\$ 0	\$ 0
Taxiway C Light Replacement	\$ 327,158	\$ 294,440	\$ 32,718	\$ 0	\$ 0
RW 28 RSA Improvements	\$ 3,020,051	\$ 2,343,849	\$ 545,152	\$ 131,050	\$ 0
Runway 1 Perimeter Road/Add 2 AOA Access Gates/Runway Safety Area Improvements	\$ 1,637,660	\$ 1,442,850	\$ 122,942	\$ 71,868	\$ 0
<b><u>FAA AIP-57 (Awarded 8/25/16)</u></b>					
<b><u>2016 Entitlement Funds</u></b>					
Seal Coast RW 10/28	\$ 291,868	\$ 262,681	\$ 29,187	\$ 0	\$ 0
Groove R/W 1-19	\$ 374,277	\$ 336,849	\$ 20,962	\$ 16,466	\$ 0
Reconstruct Taxilane GA-3	\$ 1,246,012	\$ 1,121,410	\$ 124,602	\$ 0	\$ 0
Reconstruct Taxiway E-1/Lighting/Signage Upgrades	\$ 4,570,467	\$ 4,113,420	\$ 270,081	\$ 186,966	\$ 0
Total Cost	\$ 11,897,221	\$10,302,249	\$ 1,188,622	\$ 406,350	\$ 0

The costs detailed above include total projected costs, and the construction contract commitments (Note 8) in the auditor's report are authorized contractor project costs through December 31, 2016.

### **Financial Information**

In developing and evaluating the Commission's accounting system, consideration is given to the adequacy of internal accounting controls. Internal accounting controls are designed to provide reasonable, but not absolute, assurance regarding: (1) the safeguarding of assets against loss from unauthorized use or disposition; and (2) the reliability of financial records for preparing financial statements and maintaining accountability for assets. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the evaluation of costs and benefits requires estimates and judgments by management.

### **Airline Primary Rates and Charges**

Effective January 1, 2010, a new five-year Airline Use and Lease Agreement was adopted with a major change in the rates and charges. The Airline Use and Lease Agreement with the signatory and non-signatory airlines rates and charges section was simplified and fixed rates were established for the next five years. The fixed rates are based on our past residual rate-making methodology for the airfield (landing fee calculation) and a hybrid residual rental rate methodology for the terminal and apron (rental rate calculation) but with a discount. Airlines and the Airport agreed upon the fixed annual rates and charges for Primary and Affiliated airlines as stated in the table below. Under the new agreement, rates increase annually based on estimated increases in enplanements, with the enplanements of fiscal year 2009 as the base. If the total annual enplanements at any time during the contract period increase or decrease by twenty-five

(25%) percent or more, either the Airlines or Airport may request a renegotiation of the rates. This agreement was renewed effective January 1, 2015 for another five-year term.

Airline Rates	2015	2016	2017	2018	2019
Terminal	\$53.50	\$54.50	\$55.50	\$56.50	\$57.50
Landing Fee	\$2.70	\$2.80	\$2.90	\$3.00	\$3.10
Apron Fee	\$6,500	\$6,500	\$6,500	\$6,500	\$6,500
Fuel Flowage Fee	\$0.025	\$0.025	\$0.025	\$0.025	\$0.025

- 1) **Terminal Rental Rate:** This fee is for terminal square footage rental rate each year that will be applied to the space leased by airlines and other tenants who lease Airline space on a square foot basis.
- 2) **Landing Fee:** This fee is charged to each airline based on the airline's number of landings at the Airport times the maximum certified landing weight of each aircraft (per 1,000 pounds).
- 3) **Apron Fee:** This fee is charged to each airline based on the number of gates assigned to them for the use of parking of aircraft and support vehicles and the loading and unloading of their aircraft. It is based on a per gate/per year fee.
- 4) **Fuel Flowage Fee:** The Savannah/Hilton Head International Airport maintains the fuel farm, which is necessary for fueling commercial jet aircraft at the Airport. The fuel farm is operated by Airport Staff in accordance with state and local regulations and, additionally, in accordance with a standard operating agreement with each airline. The fuel farm flowage fees are established each year based on anticipated expenses divided by volume.

### **Capital Financial Planning**

The Savannah Airport Commission has a five-year Airport Capital Improvement Plan (Strategic Plan) for the years 2017 - 2021 totaling \$108 million. The plan consists of \$61 million for airside projects, \$41 million for terminal improvements, and \$6 million for miscellaneous projects and improvements. Many of the projects included are dependent on their eligibility for available Federal and State funding. Therefore, the projected timing for starting each project is dependent upon the Airport's growth and ability to obtain adequate funding. The remaining projects, if initiated, will require future Federal and State entitlement and discretionary funds, plus Passenger Facility Charges and Airport funds.

All the projects included in the five-year capital plan are designed to meet the objectives as set forth in the Airport's Master Plan and Safety Improvement Program. All projects have or will be subject to a Federal Environment Assessment (FEA) pursuant to the National Environmental Policy Act of 1969 (NEPA). Specific airfield-related projects eligible for Federal or State funding support will also be subject to Federal Aviation Administration review and approval.

The total effect any capital plan will have on future operating budgets is evaluated at the time a specific project is authorized by the Commission to be started unless a project is mandated for safety or health purposes. All other projects are undertaken based on a cost-benefit analysis. All capital projects completed in 2016, or scheduled for completion in 2017, have their projected additional operating costs and related revenues incorporated into the Commission's 2017 operating budget.

### **Operating Financial Planning**

As part of preparing its operating budget each year, the Commission prepares a multi-year projection of revenues and expenses covering the next five years. The projections normally include an annual compounded growth rate of 3% to 5% for enplanements and revenues, with operating expense projections ranging from 3% to 5% annually. For our 2017 budget, our enplanements are projected to increase from 2016 by 6.7%. Rent A Car, Gift Shop, Food & Beverage, Auto Parking, and Ground Transportation revenues are all expected to increase in 2017 as a result of the projected increase in passenger traffic from the anticipated additional enplanements. Our projected operating expenses are expected to increase by 10.3%. The above average increase in operating expenses is mainly due to an increase in expenditures on facilities projects projected for 2017, Marketing & Air Service Initiatives used to attract new airlines and also to entice current airlines to offer new routes, and rising labor resulting from cost of living adjustments, merit increases, promotions, and new positions. While our operating expenses are increasing, we still expect to see an increase in our net income resulting from the additional revenues we expect to see in 2017.

### **Financial Controls**

In 2010, the Commission and Airlines had negotiated and implemented a new Airline Agreement. In past years, the Airport-Airline Operating Agreements executed between the airlines and the Commission included a majority-in-interest (MII) provision, allowing airlines to approve or disapprove certain capital projects. Airline rates and charges were calculated with a residual rate-making methodology for the airfield and a hybrid residual methodology for the terminal and apron. The airport executed new Airline Operating Agreements which replaced "Signatory" airlines with "Primary" airlines. The new agreements eradicated the MII provision and instead structured new, five-year agreements with the Primary Airlines based on a fixed monthly rate and pre-established annual adjustments. In addition, new financial controls were added to the agreements requiring that the Primary airlines be responsible for any and all charges incurred by their respective affiliate airlines.

### **Debt Administration**

The financial reporting structure of the Commission includes the establishment of funds as outlined in the Bond Covenants for the 1992 Airport Revenue Bond Issue and as agreed between the Commission Staff and the Airport Affairs Committee. On October 4, 2001, the Commission concluded an advance refunding of the 1992 Series A & B Revenue Bonds. On June 29, 2011, the Commission issued \$15,010,000 in revenue bonds, Series 2011 A and Series 2011 B (AMT) to

advance refund the \$15,630,000 of outstanding Series 2001 A and 2001 B bonds. By refinancing the Series 2001 A and 2001 B bonds, the Airport was able to condense total expenses by \$1.1 million. The 2011 Revenue Bond Series A & B Issues have somewhat the same covenants as the 2001 Revenue Bond Issues A & B; however, new covenants replace the insurance policy with an additional Debt Service reserve account. A brief explanation of the funds follows:

- **Revenue Fund:** This fund requires a deposit of all gross income into the Revenue Fund. The monies in this fund are to be used for the following purposes and in the following order of priority. After making all the deposits described below, the remaining balance is to be transferred to the General Fund.
- **Operation & Maintenance Fund (O & M Account and O & M Reserve Account):** This fund requires a deposit equal to the anticipated annual expenditures on a periodic basis and an additional amount necessary to maintain three months or 25% reserve for ordinary expenses. Expenditures are made on monthly expenses with the balance maintained being sufficient to meet a three-month reserve requirement.
- **Debt Service Fund (Bond Principal & Interest Account and Debt Service Reserve Account):** This fund requires a deposit in an amount sufficient to pay annual principal and interest on the Airport Revenue Bonds in an amount equal to debt service as required in the Bond covenants. It also requires a reserve equal to 25% times the yearly Principal & Interest Bond payment due for the year. Payments on the 2011 Bonds are made semi-annually (June and December).
- **In addition, with the refunding of each Series 2001 Bonds, the segment on bond insurance policy secured from Financial Security Assurance, Inc. that was purchased by the Commission to guarantee the payment of principal and interest was deleted. With respect to the Series 2011 Bonds, the Airport had to create and establish a Debt Service Reserve Account 2011 to deposit \$1,501,000, 10% of total principal (\$15,010,000), into a reserve account on the date of issuance of 2011 bonds.**
- **Renewal & Replacement Fund:** As agreed upon by the Staff and the Airport Affairs Committee, the Renewal & Replacement Fund is set at \$2 million each year. Funds are deposited on an annual basis in an account to equal capital needs for the Airport for the period in question with payments for capital expenditures.
- **General Fund:** Deposits are made for all remaining revenues directly from the Revenue Fund and any other miscellaneous sources of revenue not covered in other funds operated by the Airport.

The final bond payment of \$2,907,675 was signed and mailed on December 12, 2016. Since the Commission had fulfilled all of their bond liabilities, the bond covenant fund reserve accounts were able to be cleared out by December 31, 2016.

## **Government Financial Policies**

The Governmental Accounting Standards Board (GASB) issued Statement No. 72 which addresses the methods used when reporting fair value measurements. This statement requires entities to use measurement techniques consistent with either the market, cost, or income approach. A hierarchy of inputs has also been defined in this statement ranging from Level 1 through Level 3. Statement No. 72 also requires an entity to disclose information about their fair value measurements, with regard to the measurement technique used and also the level of fair value hierarchy. This statement applies to all fiscal years beginning after June 15, 2015.

GASB also issued Statement No. 73, which also applies to all fiscal periods beginning after June 15, 2015. The purpose of this statement is to enhance and streamline the information disclosed about pensions. This statement mainly deals with defined pension plans that were not regulated by Statement No. 68 and also revises a few sections of Statement No. 67.

Another statement issued to be effective for all fiscal periods beginning after June 15, 2015, was GASB Statement No. 76. Statement No. 76 replaces the previously issued Statement No. 55, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. With the issuance of Statement No. 76, there are now only two categories of authoritative GAAP and there is also guidance for the use of literature when transaction treatment is not specified within authoritative GAAP.

GASB also issued Statement No. 77 dealing with tax abatement disclosures. This statement provides guidelines that require entities to disclose their own tax abatement agreements and also tax abatement agreements of other governments that have a tax revenue reduction effect on the reporting entity. The disclosures must include descriptive information, gross amount of taxes abated, and any other commitment made by the entity. This statement applies to all fiscal periods beginning after December 15, 2015.

## **Other Information**

### **Technological Advances:**

In 2016, eleven (11) Digital Advertising Kiosks were installed throughout the concourse. The kiosk installation is part of a continuing effort to upgrade and enhance the airport's ability to communicate information to passengers. The kiosks will be used to display high resolution marketing advertisements, community events, and other passenger related information. Each kiosk has (3) sides which provides several viewpoints while maximizing advertising space.

Also in 2016, the Airport upgraded its network systems. As part of the upgrade, the airport enhanced its existing network equipment to increase network speeds from 1GB to 10GB. The upgrade to a 10 GB network will ensure that the Airport's administrative network is equipped for future expansion and capable of providing the throughput necessary to process the data requirements of smarter software, applications, and content.

In 2016, the airport enhanced its disaster recovery capabilities with the installation of a Cloud Backup System. The Barracuda backup system provides a central repository for all data



backups, which improves management, performance, and recovery time to restore data. The backup system also includes a cloud subscription which transfers completed backups to offsite storage.

Finally, the airport transitioned to a Virtual Desktop Environment in 2016. Virtual desktop infrastructure or VDI is a computing model that adds a layer of virtualization between the server and the desktop PCs. The VDI environment will provide end users with ‘access anywhere’ capabilities and a familiar desktop experience, while simultaneously heightening data security throughout the network.

#### **Independent Audit:**

The Commission and State & Federal Regulations require an annual audit of the financial records of the Commission by an independent certified public accountant selected by the Commission. The accounting firm of Hancock Askew and Co., LLP, was selected to perform the audit. The audit was designed to meet the requirements of the Federal Single Audit Act of 1984, as amended in 1996, and related OMB Circular A-133. The auditor’s report on the basic financial statements and schedules is included in the financial section of this report. The auditor’s reports on compliance are found in the compliance section of this report.

#### **Awards:**

The Savannah/Hilton Head International Airport was selected as one of the Top Ten Best Airports in the U.S. by the 2016 Conde Nast Traveler’s Readers’ Choice Awards.

SAV received the Savannah Tree Foundation’s 2016 Page Hungerpillar Award.

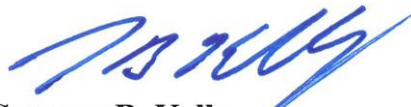
The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Savannah Airport Commission for its comprehensive annual financial report for the fiscal year ended December 31, 2015. This was the eighteenth consecutive year that the Commission has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government entity must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. 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 to determine its eligibility for another certificate.

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 and the marketing department as well as the independent auditors. We express appreciation to all Commission staff members who contributed to its preparation.

**In conclusion, the Savannah Airport Commission is in excellent financial condition. The Commission has sufficient funds on hand to provide for its day to day operating expenses and additionally to self-fund the majority of its internal capital needs for the next five-year strategic plan. The Commission is charged by the Federal Aviation Administration to be self-sufficient, and we believe with the current rate structure and the current condition of the economy and airline industry that we will generate sufficient revenue sources to maintain the self-sufficient status of the Savannah/Hilton Head International Airport.**

**Respectfully submitted,**



**Gregory B. Kelly  
Executive Director**

**SAVANNAH**  
**HILTON HEAD**  
INTERNATIONAL



# AIRLINES

## SERVING SAVANNAH IN 2016



**AKRON-CANTON CAK**

\*2 weekly nonstop departures  
Daily Number of Seats: **177**

**BALTIMORE BWI**

2 weekly nonstop departures  
Daily Number of Seats: **156**

**CINCINNATI CVG**

2 weekly nonstop departures  
Daily Number of Seats: **156**

**COLUMBUS LCK**

\*2 weekly nonstop departures  
Daily Number of Seats: **177**

**INDIANAPOLIS IND**

\*2 weekly nonstop departures  
Daily Number of Seats: **177**

**LEXINGTON LEX**

\*2 weekly nonstop departures  
Daily Number of Seats: **166**

**NEWARK EWR**

3 weekly nonstop departures  
Daily Number of Seats: **156**

**PITTSBURGH PIT**

\*2 weekly nonstop departures  
Daily Number of Seats: **166**

**CHARLOTTE CLT**

9 daily nonstop departures  
Daily Number of Seats: **675**

**DALLAS DFW**

2 daily nonstop departures  
Daily Number of Seats: **152**

**PHILADELPHIA PHL**

2 weekday nonstop departures  
Daily Number of Seats: **102**

**PHILADELPHIA PHL**

4 Saturday and 4 Sunday departures  
Daily Number of Seats: **200**

**WASHINGTON REAGAN DCA**

1 daily nonstop departure  
Daily Number of Seats: **50**

**WASHINGTON REAGAN DCA**

1 Saturday and 1 Sunday departure  
Daily Number of Seats: **100**

**ATLANTA ATL**

10 daily nonstop departures  
Daily Number of Seats: **1,320**

**NEW YORK LGA**

3 daily nonstop departures  
Daily Number of Seats: **195**

**NEW YORK JFK**

2 daily nonstop departures  
Daily Number of Seats: **152**

**DETROIT DTW**

1 daily nonstop departure  
Daily Number of Seats: **65**

**NEW YORK JFK**

2 daily nonstop departures  
Daily Number of Seats: **300**

**BOSTON BOS**

1 daily nonstop departure  
Daily Number of Seats: **150**

**MINNEAPOLIS MSP**

\*Weekly nonstop departures  
Daily Number of Seats: **162**

**NEWARK EWR**

2 daily nonstop departures  
Daily Number of Seats: **100**

**HOUSTON IAH**

1 daily nonstop departure  
Daily Number of Seats: **50**

**WASHINGTON IAD**

3 daily nonstop departures  
Daily Number of Seats: **170**

**CHICAGO O'HARE ORD**

3 daily nonstop departures  
Daily Number of Seats: **150**

*\*Indicates Seasonal Service*

# AIRLINES

SERVING SAVANNAH IN 2015







\*Weekly nonstop departures to  
**CINCINNATI**  
Daily Number of Seats: **177**

\*Weekly nonstop departures to  
**AKRON CANTON**  
Daily Number of Seats: **166**

\*Weekly nonstop departures to  
**COLUMBUS**  
Daily Number of Seats: **166**



**8** daily nonstop departures to  
**CHARLOTTE**  
Daily Number of Seats: **507**

**2** daily nonstop departures to  
**DALLAS/FORT WORTH**  
Daily Number of Seats: **158**

**1** daily Mon - Fri nonstop departure to  
**PHILADELPHIA**  
Daily Number of Seats: **74**

**2** Saturday and **2** Sunday departures to  
**PHILADELPHIA**  
Daily Number of Seats: **296**

**1** Saturday and **1** Sunday departure to  
**WASHINGTON REAGAN**  
Total Number of Seats: **100**



**11** daily nonstop departures to  
**ATLANTA**  
Daily Number of Seats: **1,419**

**3** daily nonstop departures to  
**NEW YORK LGA**  
Daily Number of Seats: **207**

**2** daily nonstop departures to  
**NEW YORK JFK**  
Daily Number of Seats: **132**

**1** daily nonstop departure to  
**DETROIT**  
Daily Number of Seats: **66**

\***1** Saturday nonstop departure to  
**MINNEAPOLIS/ST. PAUL**  
Daily Number of Seats: **76**



**2** daily nonstop departures to  
**NEW YORK JFK**  
Daily Number of Seats: **300**

**1** daily nonstop departure to  
**BOSTON**  
Daily Number of Seats: **100**



\*Weekly nonstop departures to  
**MINNEAPOLIS/ST. PAUL**  
Daily Number of Seats: **162**



**2** daily nonstop departures to  
**NEWARK**  
Daily Number of Seats: **100**

**2** daily nonstop departures to  
**HOUSTON**  
Daily Number of Seats: **100**

**3** daily nonstop departures to  
**WASHINGTON IAD**  
Daily Number of Seats: **150**

**3** daily nonstop departures to  
**CHICAGO O'HARE**  
Daily Number of Seats: **150**

\*Indicates Seasonal Service.





## **Principal Officials 2016**

### **Appointed Officials**

#### **Commissioners**

**Stephen S. Green, Chairman**  
**Shirley B. James, Vice-Chairman**  
**Sheldon Tenenbaum**  
**Lois Wooten**  
**Ted Kleisner**

### **Other Officials**

#### **Executive Director**

**Gregory B. Kelly, AAE**

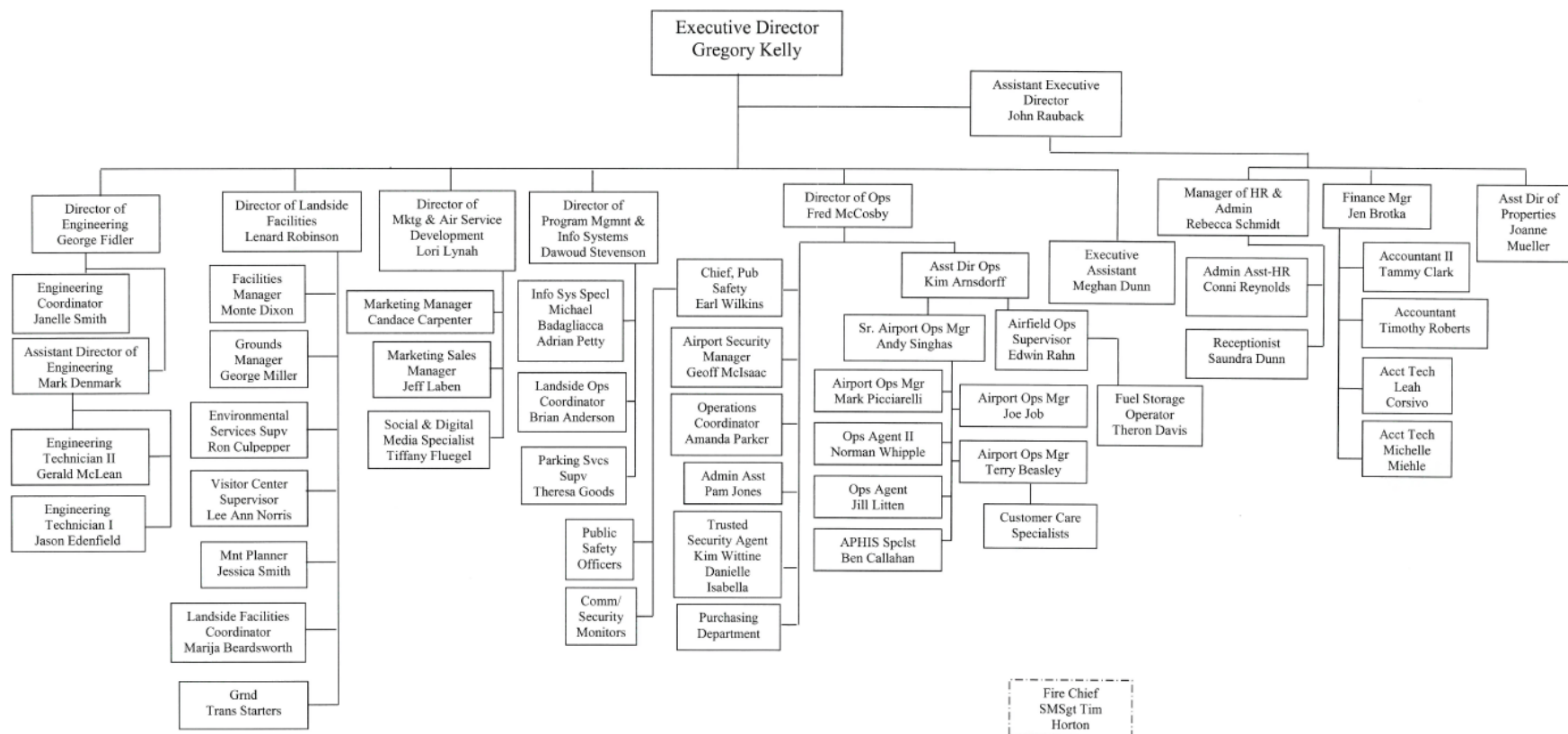
#### **Assistant Executive Director**

**John F. Rauback, MBA, AAE**

#### **Commission Attorney**

**James B. Blackburn - Airport Attorney**

## SAVANNAH AIRPORT COMMISSION ORGANIZATIONAL CHART





Government Finance Officers Association

**Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting**

Presented to

**Savannah Airport Commission  
Georgia**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**December 31, 2015**

A handwritten signature in black ink, reading "Jeffrey R. Emswiler". The signature is written in a cursive, flowing style.

Executive Director/CEO

- **Independent Auditor's Report**
- **Management's Discussion and Analysis of Financial Statements**
- **Basic Financial Statements**
- **Supplementary Information**





## **Independent Auditor's Report**

The Commissioners  
Savannah Airport Commission

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the Savannah Airport Commission (the Commission), as of and for the year ended December 31, 2016 and 2015, and the related notes to the financial statements, which collectively comprise Savannah Airport Commission's basic financial statements as listed in the table of contents.

#### ***Management's Responsibility for the Financial Statements***

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

#### ***Auditor's Responsibility***

Our responsibility is to express opinions on these financial statements based on our audits. We conducted our audits 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 audits to obtain reasonable assurance about whether the financial statements are free of material misstatement.

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

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

### ***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Commission, as of December 31, 2016 and 2015, and the respective changes in financial position and, where applicable, cash flows thereof for the years then ended in conformity with accounting principles generally accepted in the United States of America.

### ***Emphasis of Matter***

As discussed in Note 10, the City implemented Governmental Accounting Standards Board (GASB) statement No. 68, *Accounting and Financial Reporting for Pensions—an amendment of GASB Statement No. 27* and GASB statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date—an amendment of GASB Statement No. 68*. This standard significantly changed the accounting for the City's net pension liability and the related disclosures. Our opinions are not modified with respect to this matter.

### ***Other Matters***

The management's discussion and analysis on pages C1 through C16 are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. 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.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Savannah Airport Commission's financial statements. The introductory section, supplementary information, statistical section, and the Schedule of Expenditures of Federal Awards, required by the U.S. Office of Management and Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), are presented for purposes of additional analysis and are not a required part of the financial statements. The supplementary information, statistical section, and the Schedule of Expenditures of Federal Awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain other procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information and the Schedule of Expenditures of Federal Awards are fairly stated in all material respects in relation to the financial statements as a whole.

## **Report on Other Legal and Regulatory Requirements**

In accordance with *Government Auditing Standards*, we have also issued our report dated June 29, 2017 on our consideration of Savannah Airport Commission's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Respectfully submitted,

A handwritten signature in black ink that reads "Hancock Asken & Co., LLP". The signature is written in a cursive, flowing style.

Savannah, Georgia  
June 29, 2017



## MANAGEMENT'S DISCUSSION AND ANALYSIS

This Management's Discussion and Analysis (MD&A) of the Savannah/Hilton Head International Airport provides an introduction to the major activities affecting the operations of the airport and an introduction and overview to the financial performance and financial statements of the Savannah Airport Commission (Commission) for the fiscal year ended December 31, 2016. The information contained in this MD&A prepared by management should be considered in conjunction with the information contained in the Letter of Transmittal included in the Introduction Section and various historic summaries of activities and financial performance included in the Statistical and Compliance Sections of this report. Following this MD&A are the basic financial statements of the Commission together with the notes thereto, which are essential to a full understanding of the data contained in the financial statements.

The Savannah Airport Commission is self-sufficient using aircraft landing fees, fees from terminal and other rentals as well as revenues from concessions and non-aviation revenues such as hotels, a golf course, service stations/convenience stores, and restaurant establishments to fund daily operating expenses. The capital program is funded by a current bond, issued in 1992, as well as federal and state grants, Passenger Facility Charges (PFC), Customer Facility Charges (CFC), and net remaining revenues after O&M and debt service.

### AIRPORT ACTIVITIES & HIGHLIGHTS

The Savannah/Hilton Head International Airport entered 2016 with economic aviation conditions continuing to increase in several areas compared to 2015. Total airline activities during the past three years are as follows:

	<u>2016</u>	<u>2015</u>	<u>2014</u>
Enplanements - Scheduled and Non-Scheduled	1,089,222	1,017,067	963,385
% increase/decrease	7.1%	5.6%	17.0%
Aircraft Operations - All Types	92,680	88,691	85,090
% increase/decrease	4.5%	4.2%	0.2%
Landed Weight - Scheduled and Non-Scheduled	1,348,534	1,236,432	1,184,497
% increase/decrease	9.1%	4.4%	13.5%
Mail/Express/Freight Cargo (Tons)	8,182	7,668	7,891
% increase/decrease	6.7%	-2.8%	-0.3%
Airline Available Seats	1,333,669	1,214,145	1,172,334
% increase/decrease	9.8%	3.6%	12.5%

Two major factors affect airport revenues: operations, which generate landed weight fee revenues plus usage charges for apron; and enplanements, which generate concessions, parking and rental car revenues. While aircraft operations increased by 4.5% from 2015, there were several other factors that also contributed to the increase in activities during 2016. Total enplanements were up 7.1% and airline available seats were up 9.8%. The number of daily departures decreased by 1 in 2016 when compared to 2015, however, several new weekly departures were added in 2016. Landing weights increased by 9.1%, alongside an increase in total cargo of 6.7% over 2015.

## STATEMENT OF NET POSITION

The Statement of Net Position presents the financial position of the Commission at the end of the fiscal year. The Statement includes all assets and liabilities of the Commission. Net position is the difference between total assets and total liabilities and is an indicator of the current fiscal health of the Commission. A summarized comparison of the Commission's assets, liabilities and net assets at December 31, 2016, 2015 and 2014 follows:

	2016	2015	2014
<b>Current assets</b>			
Current assets	\$ 41,461,733	\$ 26,880,591	\$ 22,220,893
Current restricted assets	3,349,869	11,058,622	9,715,727
<b>Non-current assets</b>			
Capital assets, net	159,208,931	160,660,118	167,074,656
Other non-current assets	689,616	891,979	1,166,361
Long-term investments	21,173,000	24,293,000	22,667,000
Deferred outflows of resources	1,293,263	1,386,744	101,048
Total assets and deferred outflows	<u>\$ 227,176,412</u>	<u>\$ 225,171,054</u>	<u>\$ 222,945,685</u>
<b>Liabilities</b>			
Current liabilities	\$ 5,083,087	\$ 3,318,161	\$ 2,876,706
<b>Non-current liabilities</b>			
Long-term debt outstanding	-	2,981,380	9,839,166
Net pension/OPEB liability	13,442,879	12,170,921	-
Deferred inflows of resources	842,936	602,935	-
Total liabilities and deferred inflows	<u>\$ 19,368,902</u>	<u>\$ 19,073,397</u>	<u>\$ 12,715,872</u>
<b>Net position</b>			
Net investment in capital assets	\$ 159,208,931	\$ 157,729,262	\$ 161,352,944
Restricted	3,349,869	11,058,622	9,715,727
Unrestricted	45,248,710	37,309,773	39,161,142
Total net position	<u>\$ 207,807,510</u>	<u>\$ 206,097,657</u>	<u>\$ 210,229,813</u>

**The Commission's financial position remained strong through December 31, 2016 with total assets and deferred outflows of resources of \$227.2 million and total liabilities and deferred inflows of resources of \$19.4 million. Current assets increased by \$6.9 million while total assets and deferred outflows of resources increased by \$2.0 million.**

**Total net position, which represents the residual interest in the Commission's assets after liabilities are deducted, is \$207.8 million at December 31, 2016, an increase of \$1.7 million from 2015. As reflected in the above chart, the net investment in capital assets increased by \$1.5 million to \$159.2 million. The restricted and unrestricted remaining net assets are derived from the Commission's operations, customer facilities charges, general aviation funding, Savannah aviation facility charges, federal and state grants, and passenger facilities charge collections. The 2016 restricted assets of \$3.3 million are subject to internal and external restrictions on how they may be used. The remaining unrestricted current assets of \$41.5 million may be used to meet any of the Commission's ongoing operations, subject to approval by the Commission's Board.**

## SUMMARY OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

	<u>2016</u>	<u>2015</u>	<u>2014</u>
<b>Operating revenues</b>			
Airfield	\$ 4,092,314	\$ 3,430,523	\$ 3,257,492
Terminal One	13,225,485	12,378,721	11,965,612
Airport Business Center	4,200	146,878	212,094
Commercial Aviation	2,239,342	2,229,309	2,216,288
Apron	59,651	60,231	54,381
Parking	7,023,629	6,508,913	6,018,305
Non- Aviation	3,241,826	3,106,677	2,713,210
<b>Total operating revenues</b>	<u>29,886,447</u>	<u>27,861,252</u>	<u>26,437,382</u>
<b>Operating expenses</b>			
Airfield	(2,332,494)	(2,146,532)	(1,905,637)
Terminal One	(10,696,443)	(9,449,322)	(9,094,306)
Airport Business Center	(63,253)	(85,877)	(140,603)
Commercial Aviation	(258,360)	(158,716)	(261,441)
Apron	(14,664)	(26,691)	(24,547)
Parking	(1,535,639)	(1,337,464)	(1,369,561)
Non- Aviation	(1,167,691)	(1,028,223)	(1,110,988)
Administration	(7,221,902)	(7,664,600)	(5,751,582)
<b>Total operating expenses</b>	<u>(23,290,446)</u>	<u>(21,897,425)</u>	<u>(19,658,665)</u>
<b>Excess before depreciation and other non-operating income and expenses</b>	<u>6,596,001</u>	<u>5,963,827</u>	<u>6,778,717</u>
<b>Depreciation</b>	<u>(11,329,228)</u>	<u>(11,202,854)</u>	<u>(9,969,695)</u>
<b>Loss before other non-operating income and expenses</b>	<u>(4,733,227)</u>	<u>(5,239,027)</u>	<u>(3,190,978)</u>
<b>Other non-operating income net</b>	<u>5,583,905</u>	<u>4,910,668</u>	<u>4,369,258</u>
<b>Income (loss) before Capital contributions</b>	<u>850,678</u>	<u>(328,359)</u>	<u>1,178,280</u>
<b>Capital contributions</b>	<u>859,175</u>	<u>4,021,586</u>	<u>5,932,857</u>
<b>Increase in net position</b>	<u>1,709,853</u>	<u>3,693,227</u>	<u>7,111,137</u>
<b>Total net position, beginning of year</b>	<u>206,097,657</u>	<u>210,229,813</u>	<u>203,118,676</u>
<b>Prior period adjustment</b>	<u>-</u>	<u>(7,825,383)</u>	<u>-</u>
<b>Total net position, end of year</b>	<u>\$ 207,807,510</u>	<u>\$ 206,097,657</u>	<u>\$ 210,229,813</u>

## **SUMMARY OF OPERATIONS HIGHLIGHTS**

Total passenger traffic (enplaned + deplaned) increased significantly in 2016. In 2016, a total of 2.2 million passengers passed through the Airport, versus 2.0 million passengers in 2015 and 1.9 million passengers in 2014. Financially, the year was very favorable as well. The Airport was able to end the year 2016 with an increase in net position of \$1.7 million, versus an increase of \$3.7 million in 2015. Capital Contributions decreased from \$5.9 million in 2014 to \$4.0 million in 2015, and also decreased in 2016 to \$0.9 million. However, these decreases do not mean that the Commission awarded a decrease in funding. Instead, the decrease is caused by the timing of the expenditures on federally funded projects. The Commission will show an increase in capital contributions in 2017.

Significant items affecting the Summary of Revenue, Expenses and Changes in Net Position for 2016 follows:

- Following an increase from 2014 to 2015 of \$1.4 million, operating revenues increased 7.3%, or \$2.0 million, from \$27.9 million in 2015 to \$29.9 million in 2016 primarily due to the following:
  - In the Airfield cost center, revenues increased by \$661,791 or 19.3% over 2015, which is significantly higher than the growth from 2014 to 2015 of \$173,031 or 5.3%. This revenue growth is mainly attributable to the incentive period for JetBlue ending in February of 2016. After the end of the incentive period, the Commission was able to begin collecting monthly revenue from JetBlue Airways. An additional, small contributor to the revenue increase was the annual landing fee rate increase. Landing fees increased from \$2.70 per 1,000 pounds to \$2.80 per 1,000 pounds, which equates to a 3.7% increase.
  - The Terminal cost center experienced an increase in revenues of \$846,764 or 6.8% over 2015. This revenue growth is greater than the growth from 2014 to 2015 of \$413,109 or 3.5%. About 2% of this growth is a result of the airline SF rates increasing from \$53.50 per SF to \$54.50 per SF. The remaining growth is most likely due to the rise in enplanements which boosts up the revenues for the concessions and ground transportation and also the end of the incentive period for JetBlue Airways.
  - In the Parking cost center, revenues increased by \$514,716 or 7.9% over 2015, which is very similar to the increase we saw in 2015 which had an increase of \$490,608 or 8.2% over 2014. We believe that the continuous increase in parking revenues is directly correlated to the increase in enplanements.
  - In the Non-Aviation cost center, revenues increased by \$135,149 or 4.4% over 2015. This increase is lower than the growth we saw from 2014 to 2015 of \$393,467 or 14.5%. The significant increase in 2015 was due to hotel & restaurant revenues increasing, stimulated by the increase in enplanements and the rapid economic growth occurring within minutes of the airport and the hotels and restaurants located on airport property. The increase in 2016 is still a result of these factors, but the growth has stabilized somewhat.

- Slightly lower than the 11.4% increase of \$2.2 million from 2014 to 2015, operating expenses (less depreciation) increased by 6.4%, or \$1.4 million, from \$21.9 million in 2015 to \$23.3 million in 2016 due primarily to the following:
  - In the Airfield cost center, expenses increased by \$185,962 or 8.7% due to rising labor, maintenance, and security costs resulting from increased activity.
  - In the Terminal cost center, expenses increased by \$1,247,121 or 13.2% due to an increase in operating costs which includes but is not limited to rising labor costs and security costs due to the increase in enplanements and also the general costs associated with the maintenance of the facility.
  - In the Parking cost center, expenses increased by \$198,175 or 14.8%. This increase was also fueled by the increase in labor needed to accommodate the growth in activity at the airport and also the costs associated with the upkeep of the parking garage.
- The net result of the above was an operating gain before depreciation increased by \$0.6 million for 2016 as compared to 2015 which is more favorable than 2015 vs 2014 in which the Savannah Airport Commission saw an operating gain before depreciation decrease of \$0.8 million.
- Non-Operating Income increased 13.7% or \$0.7 million from a total of \$4.9 million in 2015 to \$5.6 million in 2016 and therefore experienced a substantial increase. A large factor resulting in the increase in non-operating income was the increase in enplanements, which led to an increase in PFC revenue. Interest revenue also grew as a result of an increase in investments and also increasing interest rates.
- In 2016, the Airport's capital contributions received were in the form of grants from the Federal and State governments totaling \$0.9 million. This was a decrease of \$3.2 million from the capital contributions received in 2015. This decrease resulted from the timing of expenditures on capital projects that received funding awards in 2016. The capital contributions will show an increase in 2017 that will represent the receipt of the remaining capital funds awarded in 2016.

### **COST PER ENPLANEMENT**

The Savannah Airport Commission measures its performance in several areas to determine the effectiveness of programs. The most commonly used measurement is cost per enplanement. Increasing costs alert management to potential problems while decreasing costs often reflect the results of marketing activity, cost containment and economic growth. In 2010, with the Airlines' new agreement to fixed rates, the cost per enplanements did not change by much as long as enplanements did not drastically decrease and/or increase. The method the Commission uses to calculate cost per enplanement, as well as a comparison for the last three years follows:

	<u>2016</u>	<u>2015</u>	<u>2014</u>
<b>Airline Landing Fees</b>	<b>\$ 3,503,681</b>	<b>\$ 2,905,624</b>	<b>\$ 2,768,721</b>
<b>Airline Terminal Rentals</b>	<b>5,774,130</b>	<b>5,279,353</b>	<b>5,357,609</b>
<b>Airline Apron Fees</b>	<u><b>59,650</b></u>	<u><b>60,229</b></u>	<u><b>54,381</b></u>
<b>Total Airline Revenues</b>	<b>9,337,461</b>	<b>8,245,206</b>	<b>8,180,711</b>
<b>Total Enplanements</b>	<b>1,089,222</b>	<b>1,017,067</b>	<b>963,385</b>
<b>Cost per Enplanement (rev.÷ enp.)</b>	<b>\$8.57</b>	<b>\$8.11</b>	<b>\$8.49</b>
<b>% Increase / Decrease</b>	<b>5.7%</b>	<b>-4.5%</b>	<b>-16.8%</b>

The following table compares the Commission cost per enplanement with a few other airports of similar size.

#### **Cost Per Enplanement**

	<u><b>Savannah Hilton Head International</b></u>	<u><b>Columbia Metropolitan</b></u>	<u><b>Des Moines International</b></u>	<u><b>Charleston International *</b></u>
<b>2016</b>	<b>\$8.57</b>	<b>\$9.23</b>	<b>\$8.50</b>	<b>\$6.78</b>
<b>2015</b>	<b>\$8.11</b>	<b>\$9.26</b>	<b>\$8.67</b>	<b>\$4.61</b>
<b>2014</b>	<b>\$8.49</b>	<b>\$9.24</b>	<b>\$9.02</b>	<b>\$4.28</b>

\* Terminal cost only, Airfield operated by the U.S. Air Force.



## **AIRLINE PRIMARY RATES AND CHARGES**

Effective January 1, 2010, a five-year Airline Use and Lease Agreement (covering years 2010-2014) was adopted with a few major changes in the rates and charges. In past years, the Airport-Airline Operating Agreements executed between the airlines and the Commission included a majority-in-interest (MII) provision, allowing airlines to approve or disapprove certain capital projects. Airline rates and charges were calculated with a residual rate-making methodology for the airfield and a hybrid residual methodology for the terminal and apron. In 2010, the airport executed new Airline Operating Agreements which replaced “Signatory” airlines with “Primary” airlines. The new agreements eradicated the MII provision and instead structured new, five-year agreements with the Primary Airlines based on a fixed monthly rate and pre-established annual adjustments. In addition, new financial controls were added to the agreements requiring that the Primary airlines be responsible for any and all charges incurred by their respective affiliate airlines.

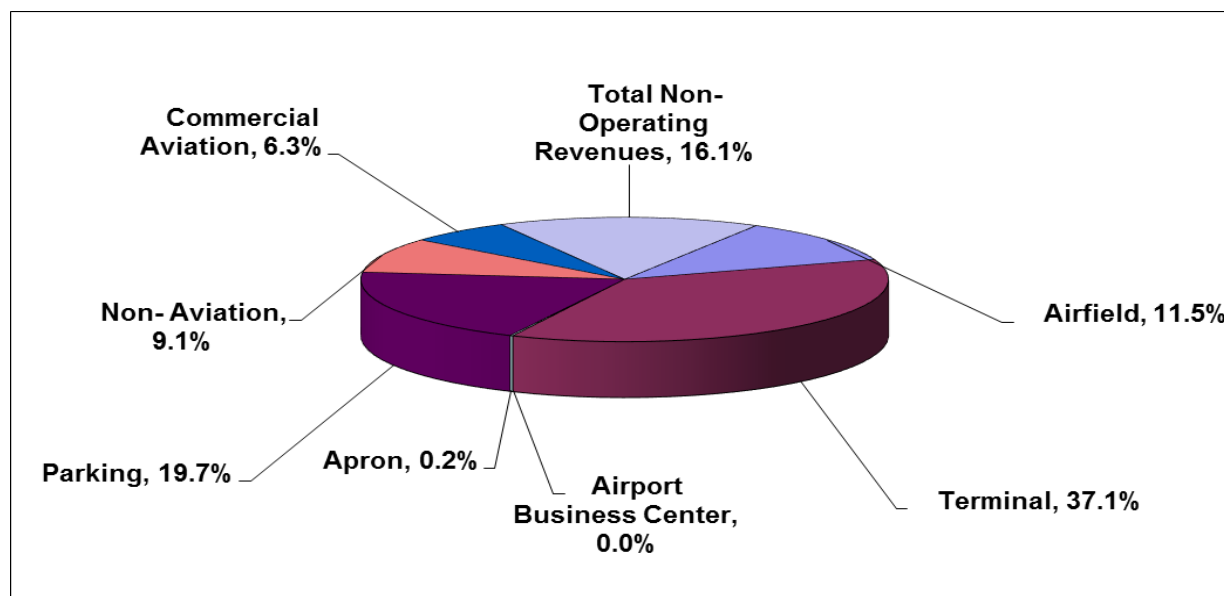
In addition, with the enplanements of fiscal year 2009 as the base, if the total annual enplanements at any time during contract term increase or decrease by twenty-five (25%) percent or more, either the Airlines or the Airport may request a renegotiation of the rates. This new agreement was renewed for another five-year term, effective January 1, 2015.

A comparison of actual rates and charges for primary and affiliated airlines follows:

	<b><u>2016</u></b>		<b><u>2015</u></b>		<b><u>2014</u></b>	
<b>Landing Fees</b> (Per 1,000 lbs. Maximum Gross Landing Weight)	<b>\$2.80</b>	<b>Jan-Dec</b>	<b>\$2.70</b>	<b>Jan-Dec</b>	<b>\$2.60</b>	<b>Jan-Dec</b>
<b>Terminal Rental Rates</b> (Per square foot)	<b>\$54.50</b>	<b>Jan-Dec</b>	<b>\$53.50</b>	<b>Jan-Dec</b>	<b>\$52.50</b>	<b>Jan-Dec</b>
<b>Apron Rental Fee</b>	<b>\$6,500</b>	<b>Jan-Dec</b>	<b>\$6,500</b>	<b>Jan-Dec</b>	<b>\$6,500</b>	<b>Jan-Dec</b>
<b>Fuel Flow Fee</b>	<b>\$0.025</b>		<b>\$0.025</b>		<b>\$0.025</b>	

## **REVENUES**

The following chart shows the major cost centers and the percentage of total revenues for the year ended December 31, 2016:

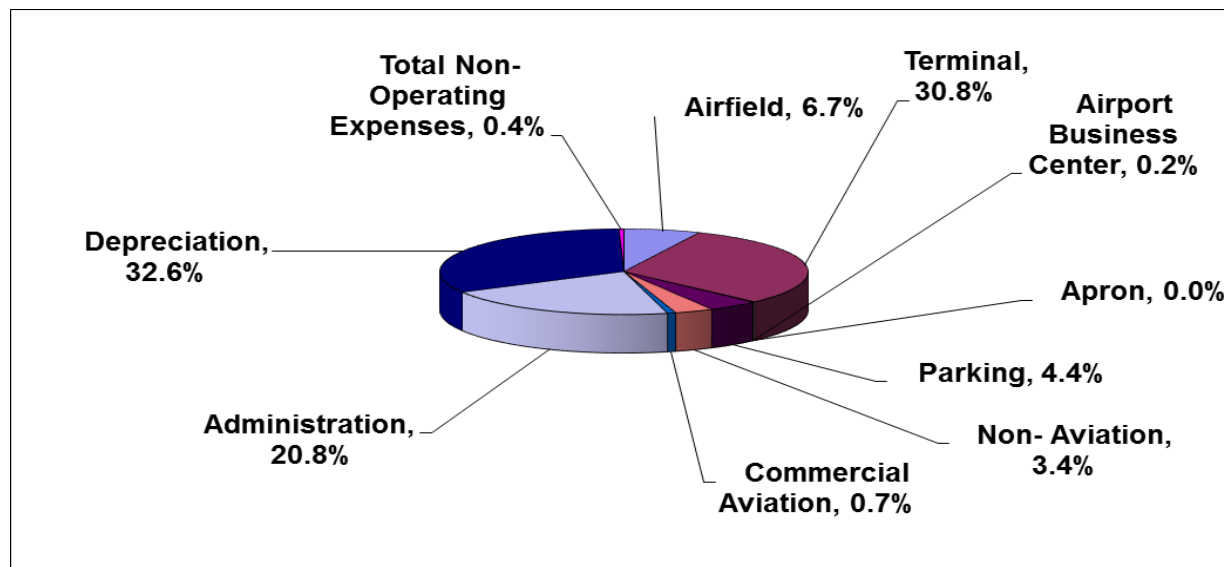


A summary of revenues for the year ended December 31, 2016, and the amounts and percentage of total in relation to prior year's amounts follow:

	<b><u>2016</u></b>	<b><u>%</u></b>	<b><u>2015</u></b>	<b><u>%</u></b>	<b><u>2014</u></b>	<b><u>%</u></b>
	<b><u>Amount</u></b>	<b><u>of</u></b>	<b><u>Amount</u></b>	<b><u>of</u></b>	<b><u>Amount</u></b>	<b><u>of Total</u></b>
<b>Operating Revenues:</b>						
Airfield	\$ 4,092,314	11.5%	\$ 3,430,523	10.4%	\$ 3,257,492	10.4%
Terminal	\$13,225,485	37.1%	\$12,378,721	37.4%	\$ 11,965,612	38.2%
Airport Business Center	\$ 4,200	0.0%	\$ 146,878	0.4%	\$ 212,094	0.7%
Apron	\$ 59,651	0.2%	\$ 60,231	0.2%	\$ 54,381	0.2%
Parking	\$ 7,023,629	19.7%	\$ 6,508,913	19.7%	\$ 6,018,305	19.2%
Non- Aviation	\$ 3,241,826	9.1%	\$ 3,106,677	9.4%	\$ 2,713,210	8.7%
Commercial Aviation	\$ 2,239,342	6.3%	\$ 2,229,309	6.7%	\$ 2,216,288	7.1%
Total Operating Revenues	<b>\$29,886,447</b>	<b>83.9%</b>	<b>\$27,861,252</b>	<b>84.2%</b>	<b>\$ 26,437,382</b>	<b>84.5%</b>
<b>Non- Operating Revenue:</b>						
Passenger Facility Charges	\$ 4,208,795	11.8%	\$ 3,902,443	11.8%	\$ 3,640,888	11.6%
Customer Facility Charges	\$ 694,209	1.9%	\$ 658,964	2.0%	\$ 611,273	1.9%
General Aviation Fund Charges	\$ 88,364	0.2%	\$ 87,267	0.3%	\$ 79,130	0.3%
Savannah Aviation Village Charges	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%
Interest Revenue	\$ 499,415	1.4%	\$ 404,423	1.2%	\$ 319,351	1.0%
Bond Premium Amortization	\$ 136,380	0.4%	\$ 136,380	0.4%	\$ 248,182	0.8%
Gain on Disposal of Assets	\$ 59,481	0.2%	\$ 8,664	0.0%	\$ 11,297	0.0%
Increase in the Fair Value						
Investment	\$ 51,447	0.1%	\$ 23,651	0.1%	\$ -	0.0%
Total Non-Operating Revenues	<b>\$ 5,738,091</b>	<b>16%</b>	<b>\$ 5,221,792</b>	<b>15.8%</b>	<b>\$ 4,910,121</b>	<b>15.6%</b>
<b>TOTAL REVENUES:</b>	<b>\$35,624,538</b>	<b>100.0%</b>	<b>\$33,083,044</b>	<b>100.0%</b>	<b>\$ 31,347,503</b>	<b>100.0%</b>

## **EXPENSES**

The following chart shows the major cost centers and the percentage of total expenses for the year ended December 31, 2016:



A summary of expenses for the year ended December 31, 2016, and the amounts and percentage of total in relation to prior year's amounts follow:

	<u>2016</u> <u>Amount</u>	<u>%</u> <u>of Total</u>	<u>2015</u> <u>Amount</u>	<u>%</u> <u>of Total</u>	<u>2014</u> <u>Amount</u>	<u>%</u> <u>of Total</u>
<b>Operating Expenses:</b>						
Airfield	\$ 2,332,494	6.7%	\$ 2,146,532	6.4%	\$ 1,905,637	6.3%
Terminal	\$ 10,696,443	30.8%	\$ 9,449,322	28.3%	\$ 9,094,306	30.1%
Airport Business Center	\$ 63,253	0.2%	\$ 85,877	0.3%	\$ 140,603	0.5%
Apron	\$ 14,664	0.0%	\$ 26,691	0.1%	\$ 24,547	0.1%
Parking	\$ 1,535,639	4.4%	\$ 1,337,464	4.0%	\$ 1,369,561	4.5%
Non- Aviation	\$ 1,167,691	3.4%	\$ 1,028,223	3.1%	\$ 1,110,988	3.7%
Commercial Aviation	\$ 258,360	0.7%	\$ 158,716	0.5%	\$ 261,441	0.9%
Administration	\$ 7,221,902	20.8%	\$ 7,664,600	22.9%	\$ 5,751,582	19.1%
Total Operating Expenses	\$ 23,290,446	67.0%	\$ 21,897,425	65.5%	\$ 19,658,665	65.2%
<b>Depreciation:</b>						
Depreciation	\$ 11,329,228	32.6%	\$ 11,202,854	33.5%	\$ 9,969,695	33.0%
<b>Non- Operating Expenses:</b>						
Interest Expense	\$ 125,349	0.4%	\$ 260,600	0.8%	\$ 345,038	1.1%
Loss on Bond Refunding	\$ 28,837	0.1%	\$ 50,524	0.2%	\$ 149,932	0.5%
Dec. in the Fair Value Investments	\$ -	0.0%	\$ -	0.0%	\$ 45,893	0.2%
Total Non-Operating Expenses	\$ 154,186	0.4%	\$ 311,124	1.0%	\$ 540,863	1.8%
<b>TOTAL EXPENSES:</b>	<b>\$ 34,773,860</b>	<b>100.0%</b>	<b>\$ 33,411,403</b>	<b>100.0%</b>	<b>\$ 30,169,223</b>	<b>100.0%</b>

## **SUMMARY OF CASH FLOW ACTIVITIES**

The following shows a summary of the major sources and uses of cash and cash equivalents for the past three years. Cash equivalents are considered cash-on-hand, bank deposits and highly liquid investments with a maturity of twelve months or less.

	<u>2016</u>	<u>2015</u>	<u>2014</u>
<b>Cash flows from:</b>			
Operating activities	\$ 10,079,802	\$ 6,985,540	\$ 6,550,380
Investing activities	1,452,950	(5,190,007)	(27,251,617)
Capital & related financing activities	<u>(6,916,678)</u>	<u>(908,833)</u>	<u>2,505,622</u>
Net increase (decrease) in cash and cash equivalents	4,616,074	886,700	(18,195,615)
<b>Cash and cash equivalents:</b>			
Beginning of year	<u>9,590,219</u>	<u>8,703,519</u>	<u>26,899,134</u>
End of year	<u>\$ 14,206,293</u>	<u>\$ 9,590,219</u>	<u>\$ 8,703,519</u>

The Savannah Airport Commission's available cash and cash equivalents increased from \$9.6 million at the end of 2015 to \$14.2 million, a \$4.6 million increase at the end of 2016. Overall, increases were primarily due to more funds being invested in CDs with maturities less than 12 months.

## **CAPITAL ACQUISITIONS AND CONSTRUCTION ACTIVITIES**

Funds from various sources (AIP, PFC, CFC, State and Airport revenues) totaling \$5.5 million were expended during 2016 on capital activities which have not been closed out of construction-in-progress as follows:

In-Line Baggage System	\$2.27	million
Airfield Lighting 10/28	\$0.70	million
Jumbo GA FIS Facility	\$0.65	million
RW 28 RSA Improvements & Road Relocations	\$0.62	million
Reconstruct Taxilane GA-3	\$0.40	million
Signal Park Upgrades	\$0.21	million
Gulfstream Additional Parking	\$0.20	million
Replace PC Air Unit 13	\$0.14	million
Design Terminal Expansion/Checkpoint/FIS	\$0.13	million
In/Sync Traffic Control	\$0.10	million
Airfield Signage Upgrades	\$0.07	million
Misc Projects	\$0.06	million
<b>Total</b>	<b>\$5.55</b>	<b>million</b>

During 2016, funds were expended in the amount of \$3.2 million on projects that were closed from construction-in-progress to their respective capital accounts throughout the year while another \$2.6 million in equipment was capitalized.

Replace 3 Boarding Bridges	\$2.33	million
Mill & Overlay Airways Ave	\$0.28	million
Groove RW 1/19	\$0.17	million
Replace Perimeter Gate 20A	\$0.13	million
Airport IT Upgrade	\$0.09	million
Fiber Run - Rental Car Canopies	\$0.06	million
Savannah Square Sky Lights - Phase II	\$0.06	million
Install Trench Drains - N/S Rental Car	\$0.04	million
<b>Total</b>	<b>\$3.16</b>	<b>million</b>

Capital asset acquisitions, those exceeding \$1,000, are capitalized at cost. Acquisitions are funded using a variety of financing techniques including Federal grants, State grants, CFC, debt issuances and Airport revenues. Additional information on the Commission's capital assets and commitments can be found in Note 8, Construction Contract Commitments, in the notes to the financial statements.

## **DEBT ACTIVITY**

On October 20, 1992, the Commission issued a total of \$38,910,000 for Airport Revenue Bonds, Series 1992 A (\$7,140,000), and for Airport Revenue Bonds, Series 1992 B (\$31,770,000), (collectively the “Series 1992 Bonds”). This bond issue was authorized to help fund the \$68.5 million relocation and construction of a new 299,195 sq. ft. Terminal One and associated infrastructure such as new roads, new aircraft taxiway, parking apron, storm water ponds and a new interchange at I-95 for entry into the Airport (Exit 104). Prior to the issuing of the Series 1992 Bonds, the Commission decreased the balance of the Series 1972 Bonds.

On October 4, 2001, the Commission issued \$32,255,000 in revenue bonds, Series 2001 A and 2001 B to advance refund \$32,125,000 of outstanding Series 1992 A & 1992 B Bonds. This advance refunding was done to take advantage of a reduction in the All-In (TIC) rate from 6.19% to 4.98% or a \$2.4 million reduction in interest expense over the life of the Series 2001 Bonds.

On June 29, 2011, the Commission issued \$15,010,000 in revenue bonds, Series 2011 A and Series 2011 B (AMT) to advance refund the \$15,630,000 of outstanding Series 2001 A and 2001 B bonds, a reduction of \$.6 million. In addition, this was a prime opportunity to take advantage of a reduction in the All-In (TIC) rate of 4.98% to 2.83% or a \$.5 million reduction in interest expense over the remaining life of the bonds. By refinancing the Series 2001 A and 2001 B bonds, the Airport was able to condense total expenses by \$1.1 million.

On December 12, 2016, the final bond payment of \$2,907,675 was signed and mailed. This final payment cleared all remaining liabilities owed by the Commission on their bonds.

**Outstanding debt at December 31, 2016, December 31, 2015, and December 31, 2014 consists of one revenue bond issue as follows:**

	<u>2016</u>	<u>2015</u>	<u>2014</u>
<b>Revenue Bonds:</b>			
Series 2011 A	\$ -	\$ 2,845,000	\$ 5,550,000
Series 2011 B	-	-	-
<b>Total</b>	<u><u>\$ -</u></u>	<u><u>\$ 2,845,000</u></u>	<u><u>\$ 5,550,000</u></u>

**Computation for debt coverage ratio follows:**

	<u>2016</u>	<u>2015</u>	<u>2014</u>
<b>Total Revenues</b>	\$ 36,483,713	\$ 37,104,630	\$ 37,280,360
Less: PFC	(4,208,795)	(3,902,443)	(3,640,888)
Less: Capital Contribution	(859,175)	(4,021,586)	(5,932,857)
<b>Total Gross Revenues</b>	<u>31,415,743</u>	<u>29,180,601</u>	<u>27,706,615</u>
<b>Less:</b>			
<b>Total Expenses</b>	34,773,860	33,411,403	30,169,224
Less: Depreciation	(11,329,228)	(11,202,854)	(9,969,695)
Less: Interest Exp.	(125,349)	(260,600)	(345,038)
<b>Total Net Expenses</b>	<u>23,319,283</u>	<u>21,947,949</u>	<u>19,854,491</u>
<b>Total Net Revenues Available for Debt Service</b>	<u><u>\$ 8,096,460</u></u>	<u><u>\$ 7,232,652</u></u>	<u><u>\$ 7,852,124</u></u>
<b>Total Revenue Bond Debt Service (Principal &amp; Interest)</b>	\$ 2,970,350	\$ 2,965,600	\$ 2,735,038
<b>Bond Debt Service Coverage (Net Revenues ÷ Debt Service)</b>	2.73	2.44	2.87

**The 2016 Savannah/Hilton Head International Airport credit ratings by each of the three major rating agencies remained the same: Moody's Investors Services "A1", Fitch Ratings "AA" and Standard and Poor's Rating Group "AA."**

**The City of Savannah, Georgia, Airport Revenue Refunding Bonds, Series 2011 Bonds, are payable from and secured by a lien on Net Revenue derived by the operation of the Savannah/Hilton Head International Airport. The Series 2011 Bonds are limited obligations of the City and do not constitute and are not an obligation or indebtedness of the City, Chatham County,**

the State of Georgia or any political subdivision thereof within the meaning of any constitutional or statutory limitation or provision or a pledge of faith and credit of the City, and the City is not obligated to levy taxes of any nature for the payment thereof. The properties forming a part of the Airport and certain monies as described in the resolution have not been pledged as security for the Series 2011 Bonds and no mortgage or security interest has been granted or lien created thereon for the benefit of the holders of the Series 2011 Bonds.

In connection with the refunding of each Series 2001 Bonds, the segment on bond insurance policy secured from Financial Security Assurance, Inc. that was purchased by the Commission to guarantee the payment of principal and interest was deleted. With respect to the Series 2011 Bonds, the Airport had to create and establish a Debt Service Reserve Account 2011 to deposit \$1,501,000, 10% of total principle (\$15,010,000) into a reserve account on the date of issuance of 2011 bonds.

Under the Commission's master bond resolution adopted on October 20, 1992 and advance refunded on October 4, 2001 and June 29, 2011, it is required to maintain an operating reserve equal to three months' operating expenses and a repair and replacement reserve of \$2,000,000. The Commission has never had to use funds from either of these two reserves. Further details on debt can be found in Note 9 of the Financial Statements.

After the final bond payment was made on December 12, 2016, the Commission was no longer required to keep any of the reserve funds restricted and so all the funds previously restricted by bond covenants were transferred to unrestricted accounts.

## **FINANCIAL STATEMENTS SUMMARY**

The Commission's financial statements are prepared on an accrual basis in accordance with generally-accepted accounting principles (GAAP). The Commission is structured as a single enterprise fund with revenues recognized when earned, not when received. Expenses are recognized when incurred, not when they are paid. Capital assets are capitalized (except land) and are depreciated over their useful lives. Amounts are restricted for debt service, operations and maintenance reserves and, where applicable, for construction activities. See Note 1 to the financial statements for a summary of the Commission's significant accounting policies.

## **FUTURE IMPACTS**

Throughout 2016, the Savannah/Hilton Head International Airport experienced yet another significant increase in passenger traffic and enplanement growth from 2015 to 2016. Our budgeted 2017 passenger traffic also shows an additional increase in enplanements of 6.7% over 2016.

Our first quarter 2017 passenger traffic results have already increased by 14.8% compared to the first quarter of 2016. This is most likely a result of the continued effect of additional air carriers serving the airport, additional routes being offered, and lower airfares. Based on our first quarter 2017 load factor of 80.0% and our first quarter enplanements already ending ahead of target, we



hope to see yet another large increase in enplanements over the previous year and even possibly surpassing the 2017 budgeted enplanement number of 1,162,000 enplanements.

Although external economic influences could always create challenges for the Airport, business and leisure travelers, and other tenants at the airport, the Savannah/Hilton Head International Airport is staying focused on the goal of being “First In Service” with anyone who comes in contact with the Airport and will continue this objective as a driving factor in the growth of our region.

#### **REQUEST FOR INFORMATION**

This Comprehensive Annual Financial Report is designed to provide detailed information on the Commission’s operations to all those with an interest in the Commission’s financial affairs. The Commission’s website, [www.savannahairport.com](http://www.savannahairport.com) is also a valuable source for financial, statistical and other related data. In addition, our link to view the 2016 CAFR is <http://www.savannahairport.com/quicklinks/news/>. Questions concerning any of the information provided in this report or any request for additional information should be addressed to the Executive Director by email: [gkelly@savannahairport.com](mailto:gkelly@savannahairport.com) or in writing to Savannah Airport Commission, 400 Airways Avenue, Savannah, Georgia 31408.

Respectfully submitted,



Gregory B. Kelly  
Executive Director

**SAVANNAH  
HILTON HEAD**  
INTERNATIONAL



# Savannah Airport Commission

## Statements of Net Position

<i>December 31,</i>	<b>2016</b>	<b>2015</b>
<b>ASSETS</b>		
<b>Current assets</b>		
Unrestricted assets		
Cash and cash equivalents	\$ 13,023,935	\$ 7,233,667
Short-term investments	25,335,636	16,293,056
Accounts receivable	2,232,329	2,153,775
Inventories	324,452	306,733
Prepaid expenses and other	357,259	631,656
Leases receivable - current portion	184,122	257,704
Deposits	4,000	4,000
<b>Total current unrestricted assets</b>	<b>41,461,733</b>	<b>26,880,591</b>
Restricted assets		
Revenue bond renewal and replacement fund	-	2,000,000
Cash and cash equivalents	2,873,786	8,600,114
Accounts receivable	476,083	458,508
<b>Total current restricted assets</b>	<b>3,349,869</b>	<b>11,058,622</b>
<b>Total current assets</b>	<b>44,811,602</b>	<b>37,939,213</b>
<b>Non-current assets</b>		
Capital assets		
Land	10,669,398	10,669,398
Construction in progress	8,101,120	4,930,309
Buildings and improvements	166,692,364	164,254,539
Runways, taxiways and lights	104,639,423	103,535,502
Equipment	20,946,592	18,537,867
Access roads	23,803,424	23,143,633
	<b>334,852,321</b>	<b>325,071,248</b>
Less accumulated depreciation	<b>175,643,390</b>	<b>164,411,130</b>
Total capital assets	<b>159,208,931</b>	<b>160,660,118</b>
Leases receivable, net of current portion	<b>689,616</b>	<b>891,979</b>
Long term investments	<b>21,173,000</b>	<b>24,293,000</b>
<b>Total non-current assets</b>	<b>181,071,547</b>	<b>185,845,097</b>
<b>Deferred outflows of resources</b>		
Deferred amounts from refunding of debt	-	50,524
Net difference between projected and actual earnings on pension	<b>1,293,263</b>	<b>1,336,220</b>
<b>Total deferred outflows of resources</b>	<b>1,293,263</b>	<b>1,386,744</b>
<b>Total assets and deferred outflows of resources</b>	<b>\$ 227,176,412</b>	<b>\$ 225,171,054</b>

*The accompanying notes are an integral part of these financial statements.*

# Savannah Airport Commission

## Statements of Net Position (cont.)

<i>December 31,</i>	<b>2016</b>	<b>2015</b>
<b>LIABILITIES AND NET POSITION</b>		
<b>Current liabilities</b>		
Accounts payable and accrued expenses	\$ 2,656,477	\$ 1,534,875
Security deposits	92,784	77,460
Salaries and wages payable	125,216	77,917
Contracts payable - retainage	381,409	95,715
Deferred revenue	237,041	217,953
Accrued vacation liability	1,590,160	1,314,241
<b>Total current liabilities</b>	<b>5,083,087</b>	<b>3,318,161</b>
<b>Non-current liabilities</b>		
Employee benefit obligations	3,886,269	3,944,410
Net pension liability	9,556,610	8,226,511
Revenue bonds, includes an unamortized premium of \$136,380 as of December 31, 2015	-	2,981,380
<b>Total non-current liabilities</b>	<b>13,442,879</b>	<b>15,152,301</b>
<b>Total liabilities</b>	<b>18,525,966</b>	<b>18,470,462</b>
<b>Deferred inflows of resources</b>		
Pension differences between expected and actual experience	842,936	602,935
<b>Total deferred inflows of resources</b>	<b>842,936</b>	<b>602,935</b>
<b>NET POSITION</b>		
Invested in capital assets, net of related debt	159,208,931	157,729,262
Restricted		
Renewal and replacement fund	-	2,000,000
Operation and maintenance fund	-	5,179,524
Bond debt service reserve	-	1,501,000
Passenger facility charges	1,655,476	1,310,591
Customer facility charges	1,378,740	790,315
General aviation fund charges	304,497	265,525
Savannah aviation village fund charges	10,147	10,147
Other restricted assets	1,009	1,520
<b>Total restricted</b>	<b>3,349,869</b>	<b>11,058,622</b>
<b>Unrestricted</b>	<b>45,248,710</b>	<b>37,309,773</b>
<b>Total net position</b>	<b>207,807,510</b>	<b>206,097,657</b>
<b>Total liabilities, deferred inflows of resources, and net position</b>	<b>\$ 227,176,412</b>	<b>\$ 225,171,054</b>

*The accompanying notes are an integral part of these financial statements.*

# Savannah Airport Commission

## Statements of Revenues, Expenses, and Changes in Net Position

<i>Years ended December 31,</i>	<b>2016</b>	<b>2015</b>
<b>Operating revenues</b>		
Airfield	\$ 4,092,314	\$ 3,430,523
Terminal one	13,225,485	12,378,721
Airport business center	4,200	146,878
Commercial aviation	2,239,342	2,229,309
Apron	59,651	60,231
Parking	7,023,629	6,508,913
Non-aviation	3,241,826	3,106,677
Total operating revenues	29,886,447	27,861,252
<b>Operating expenses</b>		
Airfield	2,332,494	2,146,532
Terminal one	10,696,443	9,449,322
Airport business center	63,253	85,877
Commercial aviation	258,360	158,716
Apron	14,664	26,691
Parking	1,535,639	1,337,464
Non-aviation	1,167,691	1,028,223
Administrative expenses	7,221,902	7,664,600
Depreciation	11,329,228	11,202,854
Total operating expenses	34,619,674	33,100,279
<b>Operating loss</b>	(4,733,227)	(5,239,027)
<b>Non-operating revenues (expenses)</b>		
Passenger facility charges	4,208,795	3,902,443
Customer facility charges	694,209	658,964
General aviation fund charges	88,364	87,267
Interest revenue	499,415	404,423
Interest expense	(125,349)	(260,600)
Bond premium amortization	136,380	136,380
Loss on bond refunding	(28,837)	(50,524)
Net increase in the fair value of investments	51,447	23,651
Gain on disposal of capital assets	59,481	8,664
Total non-operating revenues	5,583,905	4,910,668
<b>Income before capital contributions</b>	850,678	(328,359)
<b>Capital contributions</b>	859,175	4,021,586
<b>Increase in net position</b>	1,709,853	3,693,227
<b>Total net position, beginning of year</b>	206,097,657	210,229,813
<b>Restatement (Note 15)</b>	-	(7,825,383)
<b>Total net position, end of year</b>	\$ 207,807,510	\$ 206,097,657

*The accompanying notes are an integral part of these financial statements.*

# Savannah Airport Commission

## Statements of Cash Flows

<i>Years ended December 31,</i>	<b>2016</b>	<b>2015</b>
<b>Cash flows from operating activities</b>		
Cash received from providing services	\$ 29,812,816	\$ 27,373,863
Cash paid to suppliers	(5,777,739)	(7,551,617)
Cash paid to employees	(13,955,275)	(12,836,706)
<b>Net cash provided by operating activities</b>	<b>10,079,802</b>	<b>6,985,540</b>
<b>Cash flows from capital and related financing activities</b>		
Acquisition and construction of capital assets	(9,856,353)	(6,622,157)
Principal paid on Revenue Bonds	(2,845,000)	(2,705,000)
Interest paid on Revenue Bonds	(125,349)	(260,600)
Receipts from capital grants	859,175	4,021,586
Proceeds from sale of capital assets	59,481	8,664
Receipts and interest from		
Passenger facility charges	4,208,795	3,902,443
Customer facility and other charges	782,573	746,231
<b>Net cash used in capital and financing activities</b>	<b>(6,916,678)</b>	<b>(908,833)</b>
<b>Cash flows from investing activities</b>		
Interest received	496,005	401,554
Sale of investments	28,592,000	19,181,500
Purchase of investments	(27,911,000)	(25,057,000)
Change in lease receivables	275,945	283,939
<b>Net cash provided by (used in) investing activities</b>	<b>1,452,950</b>	<b>(5,190,007)</b>
<b>Net increase in cash and cash equivalents</b>	<b>4,616,074</b>	<b>886,700</b>
<b>Net cash and cash equivalents, beginning</b>	<b>9,590,219</b>	<b>8,703,519</b>
<b>Cash and cash equivalents, ending</b>	<b>\$ 14,206,293</b>	<b>\$ 9,590,219</b>

*The accompanying notes are an integral part of these financial statements.*

# Savannah Airport Commission

## Statements of Cash Flows (cont.)

<i>Years ended December 31,</i>	<b>2016</b>	<b>2015</b>
<b>Reconciliation of operating loss to net cash provided by operating activities</b>		
Operating loss	\$ (4,733,227)	\$ (5,239,027)
Adjustments to reconcile operating loss to net cash provided by operating activities		
Depreciation	11,329,228	11,202,854
Provision for OPEB obligation	282,958	(71,996)
Net pension liability	1,271,958	1,179,218
Changes in operating assets and liabilities		
(Increase) decrease in assets		
Accounts receivable	(92,719)	(461,107)
Inventories	(17,719)	(47,631)
Prepaid expenses	274,397	(15,273)
Increase (decrease) in liabilities		
Accounts payable and accrued expenses	1,168,901	429,491
Security deposits	15,324	9,317
Contracts payable - retainage	285,694	(82,231)
Deferred revenue	19,088	(26,282)
Accrued vacation liability	275,919	108,207
Net cash provided by operating activities	\$ 10,079,802	\$ 6,985,540

*The accompanying notes are an integral part of these financial statements.*

# Savannah Airport Commission

## Statements of Cash Flows (cont.)

<i>Years ended December 31,</i>	<b>2016</b>	<b>2015</b>
<b>Reconciliation of cash and cash equivalents to the statements of net position</b>		
Cash	\$ 13,023,935	\$ 7,233,667
Cash equivalents included in investments	(1,691,428)	(8,243,562)
Total restricted assets, less receivables	2,873,786	10,600,114
Cash and cash equivalents, ending	\$ 14,206,293	\$ 9,590,219
<b>Schedule of non-cash investing and capital and related financing activities</b>		
Bond premium amortization	\$ 136,380	\$ 136,380
Loss on bond refunding	\$ (28,837)	\$ (50,524)
Change in fair value of investments	\$ 51,447	\$ 23,651

*The accompanying notes are an integral part of these financial statements.*



# Savannah Airport Commission

## Notes to Financial Statements

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### 1. Summary of Significant Accounting Policies

#### Nature of Business

The Savannah Airport Commission (the Commission) provides an airline terminal, runways, and other aeronautical facilities in Savannah, Georgia, for passenger and freight airlines and private aircraft.

#### Financial Reporting Entity

The Commission is a municipal corporation established by the Savannah City Code and governed by five members who are appointed by the Mayor and Aldermen of the City of Savannah. The Commission is a public corporation created by an act of the general assembly of the state of Georgia as a public agency of the City of Savannah and has no other participation in the operation of the Commission. Therefore, the Commission is not considered a component unit of the City of Savannah, but a related organization.

Criteria for determining if other entities are potential component units which should be reported within the Commission's financial statements are identified and described in the GASB's Codification of Governmental Accounting and Financial Reporting Standards, Section 2100 and 2600. The application of these criteria provide for identification of any entities for which the Commission is financially accountable and other organizations for which the nature and significance of their relationship with the Commission are such that exclusion would cause the Commission's financial statements to be misleading or incomplete. Based on these criteria, no component units are included within the reporting entity of the Commission.

The Commission receives funding from state and federal government sources and must comply with the accompanying requirements of these funding source entities.

The Commission applies all applicable Governmental Accounting Standards Board Statements (GASB) pronouncements.

# Savannah Airport Commission

## Notes to Financial Statements

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### 1. Summary of Significant Accounting Policies (cont.)

#### Basis of Presentation - Fund Accounting

The operations of the Commission are accounted for as using separate funds as required, which are combined for financial reporting purposes into a single enterprise fund. Enterprise funds are used to account for those operations that are financed and operated issued in a manner similar to private business or where the Commission has decided that the determination of revenues earned, costs incurred, and/or net income is necessary for management accountability.

#### Basis of Accounting and Measurement Focus

The economic measurement focus and the accrual basis of accounting are used by the Commission. Under the accrual basis of accounting, revenue is recognized when earned and expenses are recognized when the liability has been incurred. Under this basis of accounting, all assets and all liabilities associated with the operation of the Commission are included in the statements of net position.

#### Budgets and Budgetary Accounting

The Executive Director submits an annual budget to the Commission. The budget is prepared on a detailed line item basis, by department. Revenues are budgeted in the year receipt is expected and expenses are budgeted in the year that the applicable purchase orders are expected to be issued and materials are expected to be received. All budget appropriations lapse at year-end.

The 2016 budget was approved by the Commission members on December 2, 2015. Once approved, the Commission may amend the legally adopted budget when unexpected modifications are required in estimated revenues and expenses. Encumbrance accounting is not used in proprietary fund types used by the Commission. Budgetary data is not included in the basic financial statements.

#### Estimates Used in Financial Statements

In preparing financial statements in conformity with accounting principles generally accepted in the United States of America, management makes estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements, as well as the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

# Savannah Airport Commission

## Notes to Financial Statements

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### 1. Summary of Significant Accounting Policies (cont.)

#### Recently Issued Accounting Standards

In June 2015, the GASB issued Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not Within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*. This statement established standards of accounting and financial reporting for defined benefit pensions and defined contribution pensions that are provided to the employees not within the scope of Statement No. 68. Requirements are also established for assets accumulated for purposes of providing pensions through defined benefit pension plans that are not administered through trusts that meet the criteria within the scope of Statement No. 67. This statement is effective for fiscal years beginning after June 15, 2016.

In June 2015, the GASB issued Statement No. 75, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*. This statement established financial reporting standards for Other Post-Employment Benefit Plans (OPEB) that is administered through trusts or equivalent arrangements which involve contributions from employers and nonemployer contributing entities to the OPEB plan. This Statement is effective for fiscal years beginning after June 15, 2017.

In March 2016, the GASB issued Statement No. 82, *Pension Issues- an amendment of GASB Statements No. 67, No. 68, and No. 73*. This statement addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standards of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements. This statement is effective for fiscal years beginning after June 15, 2016.

# Savannah Airport Commission

## Notes to Financial Statements

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### 1. Summary of Significant Accounting Policies (cont.)

#### Deferred Outflows/Inflows of Resources

In addition to liabilities, the financial statements report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. In addition to assets, the statement of financial position reports a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Commission has an item that qualifies for reporting in this category which is the deferred amounts from refunding of debt.

The Commission also has deferred inflows of resources and deferred outflows of resources related to the recording of changes in its net pension liability. Certain changes in the net pension liability are recognized as pension expense over time instead of all being recognized in the year of occurrence. Experience gains or losses result from periodic studies by the Commission's actuary which adjust the net pension liability for actual experience for certain trend information that was previously assumed, for example the assumed dates of retirement plan members. These experience gains or losses are recorded as deferred outflows of resources or deferred inflows of resources and are amortized into pension expense over the expected remaining service lives of plan members. Changes in actuarial assumptions which adjust the net pension liability are also recorded as deferred outflows of resources or deferred inflows of resources and are amortized into pension expense over the expected remaining service lives of plan members. The difference between projected investment return on pension investments and actual return on those investments is also deferred and amortized against pension expense over a five year period. Additionally, any contributions made by the Commission to the pension plan before year-end but subsequent to the measurement date of the Commission's net pension liability are reported as deferred outflows of resources. This amount will reduce the net pension liability in the next fiscal year.

#### Cash and Cash Equivalents

Cash deposits consist of demand deposit accounts held by banks. For purposes of the statements of cash flows, the Commission considers demand deposit accounts, as well as all highly liquid investments (including restricted assets) purchased with a maturity of three months or less to be cash equivalents.

# Savannah Airport Commission

## Notes to Financial Statements

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### 1. Summary of Significant Accounting Policies (cont.)

#### Investments

Investments consist of amounts placed with the Office of Treasury and Fiscal Services for participation in the State Investment Pool and those made locally. Commission monies placed in the State Investment Pool represent an interest in the pool rather than ownership of specific securities. These investments have short-term maturities and are considered cash equivalents. The fair value of the position in this State Investment Pool is the same as the cost of the pool shares.

Other investments are reported at fair value, based on quoted market prices.

The Commission is authorized by Georgia Code 36-83-4 (1993) statutes to invest in the following:

1. Obligations of the State of Georgia or of other states,
2. Obligations issued by the United States government,
3. Obligations fully insured or guaranteed by the United States government or a United States government agency,
4. Obligations of any corporation of the United States government,
5. Prime bankers' acceptances,
6. The local government investment pool established by Georgia Code Section 36-83-8,
7. Repurchase agreements, and
8. Obligations of other political subdivisions of the state of Georgia.

#### Restricted Assets

Restricted assets consist of cash and cash equivalents, investments and other resources which are restricted by bond indenture, legally or by enabling legislation, or by other authoritative or legal documents as is the case with the collection of funds from Customer Facility Charges, General Aviation Fund Charges and the Savannah Aviation Village Fund Charges. The Commission's policy when appropriately permitted under grant and funding agreements, is to use restricted assets first, then unrestricted assets when both are available for use. Certain restricted funds such as the bond renewal and replacement fund and the operating and maintenance reserve fund are not permitted to be used until after all unrestricted funds are used.

# Savannah Airport Commission

## Notes to Financial Statements

### 1. Summary of Significant Accounting Policies (cont.)

#### Inventories

Inventories consist of expendable materials and supplies held for consumption in the course of the Commission's operations. Inventories are stated at cost on a first-in, first-out basis (FIFO).

#### Capital Assets

Capital assets are stated at cost, or, as in the case of assets donated by federal and local governments, the estimated fair market value at the time of the donation. Tangible assets having a useful life in excess of one year and costs exceeding \$1,000 are capitalized. Expenditures for maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are charged directly to operations when incurred, while betterments and major renovations are capitalized. The cost of assets retired or otherwise disposed of and the related allowance for depreciation are eliminated from the accounts and any gain or loss is credited or charged to income.

Provision for depreciation is made by charges to income at rates based upon the estimated useful lives of the assets and is computed by the straight-line method.

Net interest costs are capitalized when incurred on debt where the proceeds were used to finance the construction of capital assets.

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 and improvements	10 - 30
Runways, taxiways & lights	10 - 30
Equipment	3 - 20
Access roads	5 - 20

#### Bond Premiums and Bond Issuance Costs

Bond premiums are deferred and amortized over the term of the bonds using the effective interest method, or the straight-line method when not materially different. Issuance costs associated with refunded bonds are recognized as period expenses and any loss or gain on the refunding of debt is recorded as a deferred outflow of resources and amortized. Bond premiums are presented as an addition to the face amounts of the Revenue Bonds payable.

# Savannah Airport Commission

## Notes to Financial Statements

### 1. Summary of Significant Accounting Policies (cont.)

#### Compensated Absences

Compensated absences, (i.e. paid absences for employee vacation leave) are accrued as expenses when leave is earned. The Commission recognizes a liability for vacation leave only if the employee's right to receive benefits are attributable to services already rendered. The Commission classifies the accrued liability as current or non-current depending on when the leave is expected to be used, which is typically a current item in anticipation of leave being paid or used in the upcoming year.

#### Post-Employment Benefits

For post-employment pension benefits, the Commission follows the requirements of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions—an amendment of GASB Statement No. 27*, as well as Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date—an amendment of GASB Statement No. 68*. These standards establish the provisions for recognition and measurement of expense and related assets and liabilities as well as the required disclosures.

For post-employment healthcare benefits other than pensions, the Commission follows the requirements of GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. This standard establishes the provisions for recognition and measurement of expense and related assets and liabilities as well as the required disclosures.

#### Net Position

Net position is defined in the following components:

*Net investment in capital assets* - This component consists of capital assets, net of accumulated depreciation, reduced by any outstanding balances of any borrowings used for the acquisition, construction, or improvement of those assets. If there are significant unspent related debt proceeds at year-end, the portion of debt attributable to the unspent proceeds is not included in the calculation of invested capital assets, net of related debt. Rather, that portion of the debt is included in the same net position component as the unspent proceeds.

*Restricted* - This component is used when there are limitations imposed on their use either through enabling legislation adopted by the Commission or through external restrictions imposed by creditors, grantors or laws, or regulations of other governments.

*Unrestricted* - This component consists of net position that do not meet the definition of "Invested in capital assets, net of related debt" or "Restricted".

# Savannah Airport Commission

## Notes to Financial Statements

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### 1. Summary of Significant Accounting Policies (cont.)

#### Operating and Non-Operating Revenues and Expenses

The Commission distinguishes operating revenues and operating expenses from non-operating revenues and non-operating expenses. Operating revenues and expenses generally result from providing services in connection with principal ongoing operations and include such items as space rental, landing fees, parking and other miscellaneous items. Such items are reported in the accompanying statements of revenues, expenses, and changes in net position according to the respective commission cost centers. Transactions that are capital in nature such as passenger facility charges and customer facility charges, which are received for the restricted purpose of investing in future facilities, as well as financing type items such as interest on bonds and earnings or losses on investments, are considered non-operating items. Expenses associated with operating the airport such as employee wages and benefits as well as purchases of services and materials are considered operating expenses and are recorded in or allocated to a cost center for presentation purposes.

The Commission grants unsecured credit to its customers and receives payments from them monthly, in accordance with lease and user fee agreements. Deferred revenue generally represents lease rental payments received in advance and is recognized over the appropriate lease term.

#### Passenger Facility Charges

The Federal Aviation Administration (the FAA) authorized the Commission to impose a \$4.50 Passenger Facility Charge (PFC) on each enplaning passenger. These funds are restricted cash and must be used for Airport planning and development projects approved by the FAA or for bond-associated debt service and financing costs incurred on that portion of a bond issued to carry out approved projects. The Commission accounts for passenger facility charges in advance with GASB Statement No. 33, which requires governments to recognize capital contributions to proprietary funds as revenues. The total amount, which includes the charges and interest earned, reflected as non-operating revenue during 2016 and 2015 was \$4,208,795 and \$3,902,443, respectively. PFC reports to the FAA are based on actual collections and do not include accounts receivable. Such amounts collected in 2016 and 2015 are \$4,191,220 and \$3,768,373, respectively; and remaining collections unspent as of December 31, 2016 and 2015 are \$1,179,393 and \$852,092, respectively.



# Savannah Airport Commission

## Notes to Financial Statements

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### 1. Summary of Significant Accounting Policies (cont.)

#### Customer Facility Charges

The Commission requires car rental companies to charge a Customer Facility Charge (CFC), currently \$3.00 per rental, to be used to reimburse the Commission for costs, fees and expenses associated with capital improvements to the rental car facilities. These funds are restricted cash and must be used for airport planning and development projects approved by the rental car companies. In accordance with GASB Statement No. 33, which requires governments to recognize capital contributions to proprietary funds as revenues and not contributed capital, the total amount, which includes the charges and interest earned, reflected as non-operating revenue during 2016 and 2015 was \$694,209 and \$658,964, respectively.

#### General Aviation Fund Charges

The Commission requires companies that operate general aviation facilities at the airport to charge a General Aviation Fund Charge (GAF) to be used to reimburse the Commission for costs, fees and expenses associated with capital improvements to the general aviation facilities. These funds are restricted cash and must be used for Airport planning and development projects approved by the general aviation companies. In accordance with GASB Statement No. 33, which requires governments to recognize capital contributions to proprietary funds as revenues and not contributed capital, the total amount, which includes the charges and interest earned, reflected as non-operating revenue during 2016 and 2015 was \$88,364 and \$87,267, respectively.

#### Federal and State Financial Assistance

The Commission receives federal and state financial assistance for various airport planning and development projects. This assistance is generally received based on applications submitted to and approved by the granting agencies, the Federal Aviation Administration and the Georgia Department of Transportation. In accordance with GASB Statement No. 33, which requires governments to recognize capital contributions to proprietary funds as revenues (non-operating revenues noted in the accompanying statements of revenue, expenses and changes in net position as "Capital Contributions"). The total amount, which includes the charges and interest earned, reflected as non-operating revenue during 2016 and 2015, was \$859,175 and \$4,021,586, respectively.

#### Concentrations

For the year ended December 31, 2016, the Commission's revenues from one customer, Delta Airlines with revenues of approximately \$4.4 million or 17% of total operating revenues, represented a concentration of risk.

# Savannah Airport Commission

## Notes to Financial Statements

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**1. Summary of  
Significant  
Accounting  
Policies  
(cont.)**

**Taxes**

The Commission is exempt from payment of federal and state income, property and certain other taxes.

**Advertising**

Advertising costs are expensed as incurred. Advertising costs for the years ended December 31, 2016 and 2015 were \$1,985,177 and \$1,937,894, respectively.

**2. Deposits and  
Investments**

*Custodial credit risk* is the risk that in the event of a bank failure, the Commission's deposits may not be returned to the Commission. The Official Code of Georgia Annotated (OCGA) Section 45-8-12 provides that there shall not be on deposit, at any time, in any depository for a time longer than ten days, a sum of money which has not been secured by a surety bond, by guarantee of insurance, or by collateral. The aggregate of the face value of such surety bond and the market value of securities pledged shall be equal to, not less than, 110% of the public funds being secured after the deduction of the amount of depository insurance. The Commission has no custodial credit risk policy that would require additional collateral requirements.

# Savannah Airport Commission

## Notes to Financial Statements

2. **Deposits and Investments (cont.)** At December 31, 2016, the Commission had the following investments and maturities:

*Investment Maturities (in years)*

Type of Investment	Average Credit Rating	Fair Value	Less than 1	1-3	4-5	Greater than 5
Primary government Certificates of deposit (CD's)	NR	\$ 49,567,158	\$ 28,394,158	\$ -	\$ -	\$ -
Georgia Fund 1	AAA	1,697	1,697	-	-	-
Cash investments at financial institution	NR	260	260	-	-	-
		\$ 49,569,115	\$ 28,396,115	\$ -	\$ -	\$ -

At December 31, 2015, the Commission had the following investments and maturities:

*Investment Maturities (in years)*

Type of Investment	Average Credit Rating	Fair Value	Less than 1	1-3	4-5	Greater than 5
Primary government Certificates of deposit (CD's)	NR	\$ 49,567,158	\$ 28,394,158	\$ 21,173,000	\$ -	\$ -
Georgia Fund 1	AAA	1,697	1,697	-	-	-
Cash investments at financial institution	NR	260	260	-	-	-
		\$ 49,569,115	\$ 28,396,115	\$ 21,173,000	\$ -	\$ -

# Savannah Airport Commission

## Notes to Financial Statements

2. **Deposits and Investments (cont.)** *Interest rate risk* is the risk that changes in interest rates will adversely affect the fair value of an investment. The Commission does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

*Credit risk* is the risk that issuer or counterparty to an investment will not fulfill its obligations. Concentration of credit risk is the risk that a significant portion of investments are concentrated with a single or small number or group of counterparties. Custodial credit risk is the risk that the third party providing safekeeping services for the Commission's investments fails to act properly in its fiduciary capacity. State law governs the investment of retirement funds (OCGA 47-20-84) and limits investments to maximum concentrations by investment category (at cost). The Commission has no formal investment policy that would further limit its investment choices or custodial risk.

Section 36-83-4, Code of Georgia, authorizes the Commission to participate in the Office of Treasury and Fiscal Services State Investment Pool (the State Investment Pool), and Section 36-80-3, Code of Georgia, authorizes the Commission to invest in U.S. Treasury Notes and Certificates of Deposit.

The State Investment Pool complies with all state statutes regarding investment of public funds and has an internal investment policy with portfolio restrictions. In addition, it is monitored by Standard and Poor, as weekly reports are submitted to maintain the Pool's AAA rating.

Reconciliation to statements of net position at December 31, 2016:

Investments as reported above	\$	49,569,115
Less amount included in the financial institution, but reported on the statements of net position in the following account:		
Other restricted funds (CFC, GAF, SAV)		(1,693,385)
Investments shown on statements of net position	\$	47,875,730
Investments shown on statements of net position		
Investments - included in cash equivalents	\$	1,367,094
Short-term investments		25,335,636
Non-current investments		21,173,000
Investments shown on statements of net position	\$	47,875,730

# Savannah Airport Commission

## Notes to Financial Statements

### 3. Restricted Cash and Investments

The Commission is required under a bond resolution, dated June 29, 2011, to maintain: (1) an operating and maintenance reserve account for the payment of operating and maintenance expenses in the event that insufficient funds are available to pay the same when due, and (2) a renewal and replacement fund to be used solely for non-recurring capital costs. As of December 31, 2016, the bonds were fully paid and there was no such need to satisfy this requirement. At December 31, 2015, \$7,179,524 was invested by the Commission in short-term investments to satisfy the reserve requirements. Such short-term investments include CD's and cash accounts insured with appropriate pledge of securities and by the Federal Deposit Insurance Corporation, and as of December 31, 2015, was \$5,179,524. Such short-term investments required to satisfy the reserve were held funds required by bond resolution to be held as an operating and maintenance reserve. The remaining \$2,000,000 represented the renewal and replacement fund.

Restricted cash consists of the following at December 31:

	2016	2015
Operating and maintenance reserve account	\$ -	\$ 5,179,524
Revenue bond renewal and replacement fund	-	2,000,000
Passenger facility charge fund	1,179,393	852,083
Customer facility charge fund	1,378,740	790,315
Savannah aviation village fund	10,147	10,147
General aviation fund	304,497	265,525
Other restricted funds	1,484,528	1,502,520
	<b>\$ 4,357,305</b>	<b>\$ 10,600,114</b>

### 4. Accounts Receivable

Accounts receivable consists mainly of trade receivables and in the case that certain accounts are deemed doubtful as to collection, would be shown net of allowance for doubtful accounts. There is no allowance for doubtful accounts as of December 31, 2016 and 2015, as management, after evaluation of such accounts based upon historical collections and evaluation of individual customer credit, determined all accounts were considered collectible.

# Savannah Airport Commission

## Notes to Financial Statements

### 5. Direct Financing Leases

The Commission has financed the construction of certain buildings and improvements for its customers using direct financing leases.

#### **Federal Express**

The Commission entered into a lease agreement with Federal Express in which the Commission agreed to finance the construction of a package distribution center at an original cost of \$2,136,390. The direct financing lease has a term of 20 years and an interest rate of 9.00% and expires in 2017.

#### **Signature Flight Support**

The Commission entered into a lease agreement with Signature in which the Commission agreed to finance the construction of general improvements to facilities leased by Signature, at a cost of \$66,821. The direct financing lease has a term of 30 years and an interest rate of 10.00% and expires in 2027.

The Commission entered into a lease agreement with Signature in which the Commission agreed to finance the construction of an office and lounge, at a cost of \$422,970. The direct financing lease has a term of 30 years and an interest rate of 10.00% and expires in 2027.

The Commission entered into a lease agreement with Signature in which the Commission agreed to finance the construction of a hangar, at a cost of \$284,412. The direct financing lease has a term of 30 years and an interest rate of 10.00% and expires in 2027.

#### **Savannah Aviation**

The Commission entered into a lease agreement with Savannah Aviation in which the Commission agreed to finance the construction of a hangar at a cost of \$298,601. The direct financing lease has a term of 20 years and an interest rate of 8.00% and expires in 2019.

The Commission entered into a lease agreement with Savannah Aviation in which the Commission agreed to finance the construction of a hangar, at a cost of \$212,509. The direct financing lease has a term of 20 years and an interest rate of 8.00% and expires in 2022.

The Commission entered into a lease agreement with Savannah Aviation in which the Commission agreed to finance the construction of an apron at a cost of \$87,368. The direct financing lease has a term of 27 years and an interest rate of 6.08% and expires in 2028.

# Savannah Airport Commission

## Notes to Financial Statements

5. **Direct Financing Leases (cont.)** Minimum lease payments to be received under direct financing leases as of December 31, 2016, for each of the next five years and thereafter are:

*Years ended December 31,*

2017	\$	297,953
2018		167,351
2019		164,853
2020		116,049
2021		109,454
Thereafter		602,179
Total minimum lease payments		1,457,839
Less interest		452,073
Present value of minimum lease payments	\$	1,005,766

# Savannah Airport Commission

## Notes to Financial Statements

### 6. Capital Assets

Capital assets consist of the following at December 31, 2016:

	Total 2015	Increases/ Additions	Deletions/ Transfers	Total 2016
Capital assets, not being depreciated				
Land	\$ 10,669,398	\$ -	\$ -	\$ 10,669,398
Construction in progress	4,930,309	8,580,256	(5,409,445)	8,101,120
Total capital assets not being depreciated	15,599,707	8,580,256	(5,409,445)	18,770,518
Capital assets being depreciated				
Buildings and improvements	164,254,539	2,437,825	-	166,692,364
Runways, taxiways, and lights	103,535,502	1,103,921	-	104,639,423
Equipment	18,537,867	2,597,815	(189,090)	20,946,592
Access roads	23,143,633	659,791	-	23,803,424
Total capital assets being depreciated	309,471,541	6,799,352	(189,090)	316,081,803
Less accumulated depreciation for				
Buildings and improvements	86,032,162	6,088,296	-	92,120,458
Runways, taxiways, and lights	49,959,660	3,686,179	-	53,645,839
Equipment	12,813,575	1,014,141	(185,664)	13,642,052
Access roads	15,605,734	629,307	-	16,235,041
Total accumulated depreciation	164,411,131	11,417,923	(185,664)	175,643,390
Net capital assets	\$ 160,660,117	\$ 3,961,685	\$ (5,412,871)	\$ 159,208,931



# Savannah Airport Commission

## Notes to Financial Statements

### 6. Capital Assets (cont.)

Capital assets consist of the following at December 31, 2015:

	Total 2014	Increases/ Additions	Deletions/ Transfers	Total 2015
Capital assets not being depreciated				
Land	\$ 10,669,398	\$ -	\$ -	\$ 10,669,398
Construction in progress	6,681,003	4,967,217	(6,717,911)	4,930,309
Total capital assets not being depreciated	17,350,401	4,967,217	(6,717,911)	15,599,707
Capital assets being depreciated				
Buildings and improvements	160,548,683	3,705,856	-	164,254,539
Runways, taxiways, and lights	103,162,604	372,898	-	103,535,502
Equipment	17,283,412	1,688,069	(433,614)	18,537,867
Access roads	20,831,917	2,311,716	-	23,143,633
Total capital assets being depreciated	301,826,616	8,078,539	(433,614)	309,471,541
Less accumulated depreciation for				
Buildings and improvements	79,546,215	6,485,947	-	86,032,162
Runways, taxiways, and lights	46,219,902	3,739,758	-	49,959,660
Equipment	11,506,752	1,712,283	(405,460)	12,813,575
Access roads	14,829,492	776,242	-	15,605,734
Total accumulated depreciation	152,102,361	12,714,230	(405,460)	164,411,131
Net capital assets	\$ 167,074,656	\$ 331,526	\$ (6,746,065)	\$ 160,660,117

# Savannah Airport Commission

## Notes to Financial Statements

### 7. Lease Revenue

The Commission leases its property to commercial airlines, car rental companies, concessionaires, several fixed based operators who service the airline industry, and the Federal Aviation Administration. These leases are cancelable operating leases, with notification requirements ranging from 15 days to six months. Rental income for 2016 and 2015, received through these leases was approximately \$7.4 million and \$7.3 million, respectively.

As of December 31, 2016, estimated cost of leased land and buildings was \$62.5 million net of accumulated depreciation of \$42.8 million for a carrying value of \$19.6 million.

The Commission also has numerous leases that require the lessee to remit a percentage of its revenue as the rental charge. Rental income for 2016 and 2015, received through these leases was approximately \$6.2 million and \$6.0 million, respectively. Although the actual income to be received in future periods cannot be estimated due to the nature of these leases, management does not anticipate a significant decrease in these rental amounts.

Minimum lease payments to be received under operating leases as of December 31, 2016, for each of the next five years and thereafter are:

*Year ended December 31,*

2017	\$	7,596,729
2018		7,761,924
2019		7,930,710
2020		8,103,167
2021		8,279,375
Thereafter		33,837,654
Total minimum lease payments		\$ 73,509,559

# Savannah Airport Commission

## Notes to Financial Statements

- 8. Construction Contract Commitments** The Commission has entered into contracts for construction. Status of such contracts as of December 31, 2016 are as follows:

	Project Authorization	Expended to Date	Balance on Contract	Required Further Financing
Airport IT Upgrade	\$ 166,650	\$ 147,404	\$ 19,246	None
Runway 28 RSA Improvements & Road Relocations	2,685,283	2,388,499	296,784	None
In-Line Baggage System	6,595,038	1,825,067	4,769,971	None
Mill & Overlay Airways and Etc.	644,609	644,609	-	None
Seal Coat RW 10-28 Asphalt/Shoulders	249,336	249,336	-	None
Groove Runway 1-19	332,526	332,526	-	None
Replace 3 Boarding Bridges Trench Drains, North/South	2,321,135	2,321,135	-	None
Rental Car	39,620	39,620	-	None
In/Sync Traffic Signal Control	350,000	210,750	139,250	None
Gulfstream Additional Parking	239,915	204,105	35,810	None
Reconstruct Taxilane GA-3	1,086,157	276,546	809,611	None
Fiber Run - Rental Car Canopies	69,809	62,828	6,981	None
Reconstruct Taxiway E-1	4,798,428	575,771	4,222,657	None
Savannah Square Sky Lights	61,200	61,200	-	None
Replace Perimeter Gate 20A	4,000	4,000	-	None
Signal Park Upgrades	208,196	208,196	-	None
Admin Kitchen Remodel	4,925	4,925	-	None
	\$ 19,856,827	\$ 9,556,517	\$ 10,300,310	

# Savannah Airport Commission

## Notes to Financial Statements

### 9. City of Savannah Airport Revenue Bonds

On June 29, 2011, the Commission issued \$15,010,000, in Revenue Bonds, Series 2011 A and 2011 B with an average interest rate of 3.72% to advance refund \$15,630,000 of outstanding Series 2001 A and 2001 B Bonds with an average interest rate of 4.94%. In December 2016, the Commission paid off all outstanding bond debt.

A summary of the long-term indebttness changes during 2016 and 2015 is as follows at December 31:

	Beginning Balance January 1, 2016	Additions	Decreases	Ending Balance December 31, 2016	Amounts Due Within One Year
<b>Revenue bonds</b>					
Series 2011 A	\$ 2,845,000	\$ -	\$ (2,845,000)	\$ -	\$ -
Total revenue bonds	\$ 2,845,000	\$ -	\$ (2,845,000)	\$ -	\$ -
	Beginning Balance January 1, 2015	Additions	Decreases	Ending Balance December 31, 2015	Amounts Due Within One Year
<b>Revenue bonds</b>					
Series 2011 A	\$ 5,550,000	\$ -	\$ (2,705,000)	\$ 2,845,000	\$ -
Total revenue bonds	\$ 5,550,000	\$ -	\$ (2,705,000)	\$ 2,845,000	\$ -

### 10. Pension Plans

#### Plan Description

Permanent employees of the Commission participate in the City of Savannah Employees' Retirement Plan (the Plan). The Plan is an agent multiple-employer defined benefit pension plan, which was established in July 1972, to provide retirement and disability for all full-time general and uniformed personnel of the City of Savannah, the Commission, Metropolitan Planning Commission, and Youth Futures Authority. Membership by all full-time city employees is required by a city ordinance. The Plan is administered by a Pension Board pursuant to the ordinance of the City of Savannah, and is included as a pension trust fund in the financial statements of the City of Savannah. The Mayor and Aldermen of the City of Savannah have the authority to establish and amend pension plan provisions. A stand-alone financial report is not issued for the Plan.

#### Funding Policy

Plan members are required to contribute 6.65% of their annual covered salary, and the Commission contributes such additional amounts as necessary, based on actuarial valuations, to provide the Plan with assets sufficient to meet future benefits payable to Plan members. For 2016 and 2015, the Commission's required contribution was \$922,404 and \$872,004, respectively. The contribution requirements of Plan members and the employers are established and may be amended by the Pension Board.

#### Annual Pension Cost

For 2016, the Commission's annual pension costs for the Plan was equal to the Commission's required and actual contributions. The required contribution was determined as part of the January 1, 2016, actuarial valuation using the projected unit credit actuarial method. The actuarial assumptions included a 7.50% invested rate of return (net of investment and administrative expenses). The actuarial assumptions also include future salary increases ranging from 3.16% to 4.84% depending on age. These salary increases include an allowance for inflation of 3.00% per year. Cost of living increases were 5.00% at participant's adjustment date and 1.00% annual thereafter. The Plan's policy is to amortize the unfunded actuarial accrued liability over 30 years as a level percentage of payroll costs on a closed basis. The remaining amortization period at January 1, 2016 was 27 years.

# Savannah Airport Commission

## Notes to Financial Statements

### 10. Pension Plans (cont.)

Three-Year Trend Information for the Commission's Participation in the Plan.

Fiscal Year Ending	Annual Pension Cost (APC)	Percentage of APC contributed	Net Pension Obligation
12/31/2014	\$ 872,640	100%	\$ -
12/31/2015	\$ 872,004	100%	\$ -
<b>12/31/2016</b>	<b>\$ 922,404</b>	<b>100%</b>	<b>\$ -</b>

### City of Savannah Employees' Retirement Plan Schedule of Funding Progress (Dollar Amounts in Thousands)

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
1/1/2014	\$ 11,503	\$ 19,271	\$ 7,768	59.69%	\$ 7,108	109%
1/1/2015	\$ 12,824	\$ 20,809	\$ 7,985	61.63%	\$ 7,748	103%
<b>1/1/2016</b>	<b>\$ 13,917</b>	<b>\$ 21,692</b>	<b>\$ 7,774</b>	<b>64.16%</b>	<b>\$ 8,601</b>	<b>90.40%</b>

### Net Pension Liability

The Commission has implemented the provisions of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions—an amendment of GASB Statement No. 27*, as well as Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date—an amendment of GASB Statement No. 68* which significantly changed the Airport's accounting for pension amounts. The information disclosed below is presented in accordance with this standard.

The Commission is allocated a proportional share of 8.71% of the net pension liability of the Plan based on an allocation proportional to employer contributions made for fiscal 2016. This basis is intended to measure the proportion of each employer's long-term funding requirements. The Commission's allocated share of the net pension liability is \$9,556,610.

# Savannah Airport Commission

## Notes to Financial Statements

### 10. Pension Plans (cont.)

#### Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the Commission's proportional share of the net pension liability as of December 31, 2016, calculated using the discount rate of 7.5%, as well as what the proportional share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.5%) or 1-percentage higher (8.5%) than the current rate:

	1% Decrease (6.5%)	7.5%	1% Increase (8.5%)
Proportional share of net pension liability as of December 31, 2016	\$ 14,380,938	9,556,610	\$ 5,504,464

For the year ended December 31, 2016, the recognized pension expense is \$1,436,945. At December 31, 2016, the Commission reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 363,654	\$ (482,348)
Changes in assumptions	-	(360,588)
Net difference between projected and actual earnings on pension plan investments	929,609	-
<b>Total</b>	<b>\$ 1,293,263</b>	<b>\$ (842,936)</b>

# Savannah Airport Commission

## Notes to Financial Statements

### 10. Pension Plans (cont.) Sensitivity of the Net Pension Liability to Changes in the Discount Rate (cont.)

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

<i>Year ending December 31,</i>	<b>Recognition of deferred outflows/(inflows)</b>
2017	\$ 195,840
2018	195,840
2019	195,840
2020	(138,215)
2021	511
Thereafter	511
Total	\$ 450,327

### 11. Risk Management

The Commission is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are handled through the purchase of commercial insurance. There have been no reductions in insurance coverage from the prior year. The amount of settlements has not exceeded insurance coverage for any of the past three fiscal years.

### 12. Fair Value of Financial Instruments

The following methods and assumptions were used by the Commission to estimate the fair value of each class of financial instruments for which it is practicable to estimate that value:

*Cash, cash equivalents, and accounts receivable due in less than one year:* The carrying amounts reported in the statements of net position approximate fair values because of the short maturities of these financial instruments.

*Long-term investments:* The fair values of these investments are estimated based on quoted market prices for those investments.

*Direct financing leases:* The fair values of these receivables are estimated by discounting the future cash flows using the current rates at which similar loans would be made to borrowers with similar credit ratings and for the same remaining maturities.

*Accounts payable and accrued expenses:* The carrying amounts reported in the statements of net position approximate fair values because of the short maturities of these financial instruments.

*Revenue bonds payable:* The fair values of these bonds are estimated by discounting the future cash flows using current market rates for bonds with similar maturities and credit quality.



# Savannah Airport Commission

## Notes to Financial Statements

### 12. Fair Value of Financial Instruments (cont.)

The estimated fair values of the Commission's financial instruments are as follows:

	2016		2015	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Cash and short-term investments	\$ 36,858,571	\$ 36,858,571	\$ 23,526,723	\$ 23,526,723
Accounts receivable	\$ 2,182,678	\$ 2,182,678	\$ 2,109,098	\$ 2,109,098
Long-term investments	\$ 21,173,000	\$ 21,173,000	\$ 24,293,000	\$ 24,293,000
Leases receivable	\$ 873,738	\$ 1,034,241	\$ 1,149,683	\$ 1,370,356
Accounts payable and accrued expenses	\$ 2,579,110	\$ 2,579,110	\$ 1,490,318	\$ 1,490,318
Revenue bonds payable	\$ -	\$ -	\$ 2,981,380	\$ 3,675,692

### 13. Operating Leases

The Commission leases various equipment under operating leases.

Minimum future rental payments under the non-cancelable operating leases having remaining terms in excess of one year as of December 31, 2016, for the next year are \$5,459.

### 14. Post-Employment Benefits Other than Pensions (OPEB)

#### Plan Description

The Savannah Airport Commission participates in the City of Savannah's agent multiple-employer defined benefit OPEB Plan (the City of Savannah Employee Benefit Plan) which provides medical and life insurance benefits to its retirees. Membership in the Plan is voluntary. The Plan does not issue a stand-alone financial report.

The Plan covers both general and uniform employees of the participating employers. As of December 31, 2016, employee membership data related to the City of Savannah OPEB Plan was as follows:

Retirees and beneficiaries currently receiving benefits	1,358
Terminated participants entitled to, but not yet receiving benefits	111
Active Plan participants	2,541
Total	4,010

# Savannah Airport Commission

## Notes to Financial Statements

### 14. Post-Employment Benefits Other Than Pensions (OPEB) (cont.)

#### Funding Policy

As administrator of the Plan, the Mayor and Aldermen of the City of Savannah are the authority under which the obligations of the Plan members and the employers to contribute to the Plan are established and are amended. Members are required to contribute 30% of expected funding target for pre-Medicare retirees and 25% for post-Medicare retirees. The remaining contributions are required contributions by the employers.

The Savannah Airport Commission is required to contribute the Annual Required Contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represent a level of funding that, if paid on an ongoing basis, is projected to cover normal costs each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The current ARC rate is 8.32% of annual covered payroll.

#### OPEB Cost

For the fiscal year ended December 31, 2016, the Savannah Airport Commission's annual OPEB cost was \$51,199, which was made up of the annual required contribution (ARC) of \$115,423, the interest on the Net OPEB of \$128,193, and the ARC adjustment of (\$192,417). The Commission's annual OPEB cost, the percentage of annual OPEB cost contributed to the Plan, the net obligation for 2016 and the two preceding years were as follows:

Plan Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
12/31/2014	\$ 121,243	198.49%	\$ 4,016,406
12/31/2015	\$ 74,679	196.41%	\$ 3,944,410
<b>12/31/2016</b>	<b>\$ 51,199</b>	<b>213.56%</b>	<b>\$ 3,886,269</b>

#### Funded Status and Funding Process

The funded status of the Plan as of December 31, 2015, was as follows:

Actuarial Accrued Liability (AAL)	\$ 2,325,551
Actuarial Value of Plan Assets	-
Unfunded Actuarial Accrued Liability (UAAL)	\$ 2,325,551
Funded Ratio (Actuarial Value of Plan Assets/AAL)	-%
Covered payroll (active plan members)	\$ 8,600,853
UAAL as a percentage of coverage payroll	27.04%

# Savannah Airport Commission

## Notes to Financial Statements

### 14. Post-Employment Benefits Other Than Pensions (OPEB) (cont.)

#### OPEB Cost (cont.)

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

#### Actuarial Methods and Assumptions

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

In the December 31, 2015 actuarial valuation, the actuarial cost method of projected unit credit was used. The actuarial assumptions included a 7% investment rate of return and an annual healthcare cost trend rate of 8.5% initially, reduced by decrements to an ultimate rate of 4.5% after nine years. Both rates include a 3% inflation assumption. The actuarial value of assets was determined using the market value. The unfunded actuarial accrued liability is being amortized as a level percentage of projected payrolls on a closed basis. The remaining amortization period at December 31, 2015, was 21 years.

City of Savannah Employees' Benefit Plan  
Schedule of Funding Progress  
(Dollar Amounts in Thousands)

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
12/31/2013	\$ -	\$ 1,274	\$ 1,274	-	\$ 7,108	17.92%
12/31/2014	\$ -	\$ 2,126	\$ 2,126	-	\$ 7,748	27.44%
12/31/2015	\$ -	\$ 2,326	\$ 2,326	-	\$ 8,601	27.04%

# Savannah Airport Commission

## Notes to Financial Statements

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### **15. Restatement of Beginning Net Position**

For fiscal year 2016, the Commission restated prior year results to correct accumulated depreciation related to capitalized interest costs and accumulated depreciation. As a result, ending net position for the Commission as of December 31, 2015 was reduced by \$1,511,375.

For fiscal year 2015, the Commission made an adjustment for the adoption of GASB Statement No. 68. As a result, ending net position for the Commission as of December 31, 2015 was reduced by \$6,314,008.

- Schedules of Net Airfield Operations
- Schedules of Net Terminal Operations
- Schedules of Net Airport Business Center Operations
- Schedules of Net Commercial Aviation Operations
- Schedules of Net Apron and Parking Operations
- Schedules of Net Non-Aviation Operations
- Schedules of Administrative Expenses



# Savannah Airport Commission

## Schedules of Net Airfield Operations

<i>Years ended December 31,</i>	<b>2016</b>	<b>2015</b>
<b>Airfield income</b>		
Landing fees	\$ 3,503,682	\$ 2,905,623
Usage charges	222,797	144,172
Fuel farm fees	234,802	204,939
Fuel flow	131,033	175,789
	<b>4,092,314</b>	<b>3,430,523</b>
<b>Airfield expenses</b>		
General	1,321,077	1,258,515
Maintenance		
Buildings	2,542	10,254
Grounds	466,302	433,500
Equipment	130,118	130,444
Runway	78,718	90,438
Janitorial	94	-
Fuel farm expenses	262,041	138,702
Utilities	71,601	84,679
Total expense excluding depreciation	<b>2,332,493</b>	<b>2,146,532</b>
Depreciation	<b>3,685,386</b>	<b>3,693,732</b>
Total expenses	<b>6,017,879</b>	<b>5,840,264</b>
<b>Net airfield loss</b>	<b>\$ (1,925,565)</b>	<b>\$ (2,409,741)</b>

*See independent auditor's report.*

# Savannah Airport Commission

## Schedules of Net Terminal Operations

<i>Years ended December 31,</i>	<b>2016</b>	<b>2015</b>
<b>Terminal income</b>		
Car rentals	\$ 4,262,878	\$ 4,130,416
Airlines	5,774,130	5,279,353
Ground transportation	320,046	237,397
Gift shop	715,569	649,579
Restaurant	680,414	607,429
Space rental	363,881	363,009
Advertising	486,516	475,862
Telephone	17,560	12,454
Vending	44,567	39,520
Mini mall	8,947	10,157
Business center	33,000	33,000
Miscellaneous	2,057	75,026
Common charge/ticket checkers	515,920	465,519
	<b>13,225,485</b>	<b>12,378,721</b>
<b>Terminal expenses</b>		
General	2,430,417	1,971,951
Maintenance		
Buildings	2,161,748	2,065,769
Grounds	47,492	59,758
Janitorial	932,396	893,218
Equipment	278,208	267,086
Security	2,478,658	2,045,920
Utilities	766,422	832,979
Advertising	92,737	68,523
Passport club	88,944	78,429
Visitors center	382,892	322,772
Ticket checkers/shuttle driver	866,976	693,469
Ground trans starters	169,553	149,448
Total expense excluding depreciation	<b>10,696,443</b>	<b>9,449,322</b>
Depreciation	<b>4,113,760</b>	<b>4,030,478</b>
Total expenses	<b>14,810,193</b>	<b>13,479,800</b>
<b>Net terminal loss</b>	<b>\$ (1,584,708)</b>	<b>\$ (1,101,079)</b>

*See independent auditor's report.*

# Savannah Airport Commission

## Schedules of Net Airport Business Center Operations

<b>Years ended December 31,</b>				<b>2016</b>		<b>2015</b>	
<b>Airport business center income</b>							
Space rental		\$		<b>3,500</b>		\$	145,678
Telephone				<b>700</b>			1,200
				<b>4,200</b>			146,878
<b>Airport business center expenses</b>							
General				<b>15,629</b>			16,353
Maintenance							
Buildings				<b>1,134</b>			2,570
Grounds				<b>-</b>			-
Utilities				<b>46,491</b>			66,954
Total expense excluding depreciation				<b>63,254</b>			85,877
Depreciation				<b>9,608</b>			9,608
Total expense				<b>72,862</b>			95,485
<b>Net airport business center (loss) income</b>		\$		<b>(68,662)</b>		\$	51,393
<i>See independent auditor's report.</i>							



# Savannah Airport Commission

## Schedules of Net Commercial Aviation Operations

<i>Years ended December 31,</i>	<b>2016</b>	<b>2015</b>
<b>Commercial aviation income</b>		
Fixed base operators	\$ 558,350	\$ 548,680
Air cargo building	184,654	180,838
Land lease	1,272,265	1,263,081
Airline freight facility	140,500	140,500
Miscellaneous	-	25
AvGas	83,573	96,185
	<b>2,239,342</b>	<b>2,229,309</b>
<b>Commercial aviation expenses</b>		
General	51,366	33,673
Maintenance		
Buildings	67,334	1,726
Utilities	81,342	45,185
Ground support	5,509	4,622
Apron	19	-
Grounds	6,821	-
Fuel farm	45,969	73,507
Total expense excluding depreciation	<b>258,360</b>	<b>158,713</b>
Depreciation	<b>350,534</b>	<b>345,765</b>
Total expense	<b>608,894</b>	<b>504,478</b>
<b>Net commercial aviation income</b>	<b>\$ 1,630,448</b>	<b>\$ 1,724,831</b>

*See independent auditor's report.*

# Savannah Airport Commission

## Schedules of Net Apron and Parking Operations

<i>Years ended December 31,</i>	<b>2016</b>	<b>2015</b>
<b>Apron income</b>		
Airline fixed payments	\$ 59,651	\$ 60,231
<b>Apron expenses</b>		
General	168	12
Maintenance	6,217	1,839
Utilities	8,280	24,840
Total expense excluding depreciation	14,665	26,691
Depreciation	420,150	420,150
Total expense	434,815	446,841
<b>Net apron loss</b>	\$ (375,164)	\$ (386,610)
<b>Parking income</b>		
Parking	\$ 7,023,629	\$ 6,508,913
<b>Parking expenses</b>		
General	1,328,247	1,106,326
Maintenance		
Buildings	24,443	38,526
Equipment	2,804	325
Grounds	19,370	13,812
Utilities	160,776	178,475
Total expense excluding depreciation	1,535,640	1,337,464
Depreciation	1,696,431	1,690,436
Total expense	3,232,071	3,027,900
<b>Net parking income</b>	\$ 3,791,558	\$ 3,481,013

*See independent auditor's report.*

# Savannah Airport Commission

## Schedules of Net Non-Aviation Operations

<i>Years ended December 31,</i>	<b>2016</b>	<b>2015</b>
<b>Non-aviation income</b>		
Land leases	\$ 1,063,990	\$ 1,004,194
Space rental	392,779	372,266
Motel	1,731,614	1,684,787
Industrial park	7,900	8,400
Food and beverage	44,491	35,431
Miscellaneous	1,052	1,599
	<b>3,241,826</b>	<b>3,106,677</b>
<b>Non-aviation expenses</b>		
General	355,175	263,440
Maintenance		
Buildings	3,149	14,453
Grounds	619,025	550,211
Equipment	93,431	96,870
Utilities	96,911	103,249
Total expense excluding depreciation	<b>1,167,691</b>	<b>1,028,223</b>
Depreciation	<b>932,681</b>	<b>903,790</b>
Total expense	<b>2,100,372</b>	<b>1,932,013</b>
<b>Net non-aviation income</b>	<b>\$ 1,141,454</b>	<b>\$ 1,174,664</b>

*See independent auditor's report.*

# Savannah Airport Commission

## Schedules of Administrative Expenses

<i>Years ended December 31,</i>	<b>2016</b>	<b>2015</b>
Salaries	\$ 2,311,516	\$ 2,190,484
Employee benefits	1,431,070	2,087,570
Contract labor	7,380	36,467
Marketing	1,645,778	1,710,463
Professional fees	415,129	289,227
Miscellaneous	208,984	220,846
Dues, travel, and meetings	496,258	549,694
Office supplies and postage	311,451	232,248
Telephone	61,121	47,273
Insurance	203,195	144,297
Equipment rental and service contracts	124,655	140,145
Printing and advertising	5,365	15,886
Total expense excluding depreciation	7,221,902	7,664,600
Depreciation	120,678	108,896
Total expense	\$ 7,342,580	\$ 7,773,496

*See independent auditor's report.*

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

### **Financial Trends**

These schedules contain trend information to help the reader understand how the Commission's financial performance and well-being have changed over time.

### **Revenue Capacity**

These schedules contain information to help the reader assess the government's most significant local revenue sources.

### **Debt Capacity**

These schedules present information to help the reader assess the affordability of the government's current levels of outstanding debt and the government's ability to issue additional debt in the future.

### **Demographic and Economic Information**

These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.

### **Operating Information**

These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs.

<i>Years ended December 31,</i>	2007	2008	2009	2010
<b>Operating revenues</b>				
Airfield	\$ 2,768,868	\$ 2,771,892	\$ 2,903,967	\$ 2,878,057
Terminal one	10,175,024	10,716,291	10,511,017	10,442,756
Airport business center	602,030	538,080	304,387	190,912
Commercial aviation	1,142,107	1,796,019	1,521,800	1,337,406
Apron	63,000	91,338	44,947	58,804
Parking	5,390,209	6,249,602	5,104,720	5,021,958
Non-aviation	1,601,366	1,845,216	1,908,538	1,949,889
Foreign trade zone	358,571	302,080	300,606	308,402
Total operating revenues	22,101,175	24,310,518	22,599,982	22,188,184
<b>Operating expenses</b>				
Airfield	1,137,787	1,409,678	1,381,902	1,410,421
Terminal one	6,495,956	7,102,240	7,125,571	7,382,021
Airport business center	198,642	256,319	212,080	272,540
Commercial aviation	653,935	902,736	372,715	211,397
Apron	60,522	50,594	37,239	29,406
Parking	2,557,176	1,698,719	1,626,661	1,516,103
Non-aviation	682,054	978,005	999,068	1,058,883
Foreign trade zone	263,515	285,211	308,761	309,242
Administrative expenses	3,430,871	3,770,729	3,678,603	3,967,748
Depreciation	5,893,481	8,139,215	9,496,476	9,768,006
Total operating expenses	21,373,939	24,593,446	25,239,076	25,925,767
Operating income (loss)	727,236	(282,928)	(2,639,094)	(3,737,583)
<b>Non-operating revenues (expenses)</b>				
Passenger facility charges	4,005,853	3,696,856	3,088,060	2,717,454
Customer facility charges	-	-	-	510,033
General aviation charges	-	-	-	77,291
Savannah aviation village fund charge	-	-	-	59,250
Interest revenue	1,275,478	781,817	890,682	866,356
Interest expense	(1,188,766)	(1,097,623)	(1,005,643)	(903,999)
Bond issuance cost amortization	(83,194)	(83,194)	(83,194)	(83,194)
Bond premium amortization	76,139	76,139	76,139	76,139
Loss on bond refunding	(114,711)	(114,711)	(114,711)	(114,711)
Net increase (decrease) in the fair value investments	152,389	111,400	(65,848)	185,027
Recovery of bad debt	148,455	5,401	13,557	9,822
Gain on disposal of capital assets	(2,699)	5,610	82,598	85,647
	4,268,944	3,381,695	2,881,640	3,485,115
Income before capital contributions	4,996,180	3,098,767	242,546	(252,468)
Capital contributions	5,093,541	5,351,676	4,988,367	4,842,933
Net position adjustment	-	-	-	7,208,040
Increase in net position	\$ 10,089,721	\$ 8,450,443	\$ 5,230,913	\$ 11,798,505
Net position at year-end composed of				
Net investment in capital assets	\$ 143,893,975	\$ 143,208,779	\$ 141,662,886	\$ 147,826,432
Restricted	6,053,431	6,006,576	6,243,580	8,465,063
Unrestricted	6,519,912	15,684,406	22,224,208	25,637,684
Total net position	\$ 156,467,318	\$ 164,899,761	\$ 170,130,674	\$ 181,929,179

# Savannah Airport Commission

## Total Annual Revenues, Expenses, and Changes in Net Position

2011		2012		2013*		2014		2015		2016	
\$	2,960,483	\$	2,979,410	\$	3,104,566	\$	3,257,492	\$	3,430,523	\$	4,092,314
	10,651,583		11,022,200		11,449,988		11,965,612		12,378,721		13,225,485
	237,774		251,498		228,817		212,094		146,878		4,200
	1,384,381		1,540,736		2,103,115		2,216,288		2,229,309		2,239,342
	59,049		55,080		55,048		54,381		60,231		59,651
	5,069,763		5,090,084		5,260,004		6,018,305		6,508,913		7,023,629
	2,210,156		2,357,093		2,472,968		2,713,210		3,106,677		3,241,826
	41,880		46,637		-		-		-		-
	22,615,069		23,342,738		24,674,506		26,437,382		27,861,252		29,886,447
	1,518,448		1,560,643		1,631,526		1,905,637		2,146,532		2,332,494
	7,388,517		8,525,450		8,499,325		9,094,306		9,449,322		10,696,443
	278,190		234,919		274,554		140,603		85,877		63,254
	201,895		175,258		237,942		261,441		158,716		258,360
	28,374		27,931		27,066		24,547		26,691		14,664
	1,367,486		1,382,186		1,452,052		1,369,561		1,337,464		1,535,639
	1,018,677		770,901		689,325		1,110,988		1,028,223		1,167,691
	217,008		112,931		-		-		-		-
	4,266,647		4,614,001		4,827,543		5,751,582		7,664,600		7,221,902
	9,833,916		9,812,599		10,306,897		9,969,695		11,202,854		11,329,228
	26,119,158		27,216,819		27,946,230		29,628,360		33,100,279		34,619,675
	(3,504,089)		(3,874,081)		(3,271,724)		(3,190,978)		(5,239,027)		(4,733,228)
	3,047,826		3,115,125		3,073,621		3,640,888		3,902,443		4,208,795
	510,213		530,901		548,616		611,273		658,964		694,209
	60,288		69,395		77,196		79,130		87,267		88,364
	60,600		22,000		10,500		-		-		-
	685,564		553,716		487,125		319,351		404,423		499,415
	(687,586)		(536,837)		(442,838)		(345,038)		(260,600)		(125,349)
	(123,210)		(163,225)		-		-		-		-
	162,160		248,182		248,182		248,182		136,380		136,380
	(132,322)		(149,932)		(149,932)		(149,932)		(50,524)		(28,837)
	(40,831)		(23,667)		(121,987)		(45,893)		23,651		51,448
	-		1,294		-		-		-		-
	39,708		(10,251)		84,596		11,297		8,664		59,481
	3,582,410		3,656,701		3,815,079		4,369,258		4,910,668		5,583,905
	78,321		(217,380)		543,355		1,178,280		(328,359)		850,678
	5,167,328		10,478,528		5,580,020		5,932,857		4,021,586		859,175
	-		-		-		-		-		-
\$	5,245,649	\$	10,261,148	\$	6,123,375	\$	7,111,137	\$	3,693,227	\$	1,709,853
\$	150,510,150	\$	164,079,072	\$	163,915,951	\$	161,352,944	\$	157,729,262	\$	159,208,931
	9,286,594		9,181,408		10,193,462		9,715,727		11,058,622		3,349,869
	27,378,084		24,175,496		29,009,263		39,161,142		37,309,773		45,248,710
\$	187,174,828	\$	197,435,976	\$	203,118,676	\$	210,229,813	\$	206,097,657	\$	207,807,510

\*2013 has been restated to comply with GASB 65.

# Savannah Airport Commission

## Major Employers in Primary Air Trade Area Current Year and Nine Years Ago

Employer	2016	2007
	Employees	Employees
Gulfstream Aerospace Corporation	9,878	5,400
Ft. Stewart/Hunter Army Airfield	5,773	3,942
Savannah-Chatham County Board of Education	5,654	4,750
Memorial Health University Medical Center	4,775	4,989
St. Joseph's/Candler Health System	3,400	3,323
City of Savannah	2,468	2,500
Savannah College of Art & Design	1,886	1,500
Chatham County	1,600	1,400
Georgia Ports Authority	1,080	*
Armstrong State University	886	*
Walmart	*	2,951
Momentum Resources II, Inc.	*	1,437

**Source:** The Savannah Area Chamber of Commerce and The Savannah Economic Development Authority .

\*Employer was not considered top ten major employers in respective year.



# Savannah Airport Commission

## Revenue Bond Coverage Last Ten Calendar Years (Thousands of Dollars)

Year	Gross Revenue		Total Expenses (Excluding Depreciation & Interest)		Net Revenue Available for Debt Service		Current Revenue Bond Debt Service						
							Principal	Interest	Total	Coverage			
2007	\$	23,601	\$	15,529	\$	8,072	\$	1,865	\$	1,189	\$	3,054	2.64
2008	\$	25,179	\$	16,256	\$	8,923	\$	1,955	\$	1,098	\$	3,053	2.92
2009	\$	23,663	\$	15,941	\$	7,722	\$	2,050	\$	1,006	\$	3,056	2.53
2010	\$	24,058	\$	16,356	\$	7,702	\$	2,155	\$	904	\$	3,059	2.52
2011	\$	24,134	\$	16,541	\$	7,593	\$	2,275	\$	688	\$	2,963	2.56
2012	\$	24,768	\$	17,728	\$	7,040	\$	2,350	\$	537	\$	2,887	2.44
2013*	\$	26,131	\$	17,789	\$	8,342	\$	2,445	\$	443	\$	2,888	2.89
2014	\$	27,707	\$	19,809	\$	7,898	\$	2,390	\$	345	\$	2,735	2.89
2015	\$	29,181	\$	21,948	\$	7,233	\$	2,705	\$	261	\$	2,966	2.44
2016	\$	31,416	\$	23,319	\$	8,097	\$	2,845	\$	125	\$	2,970	2.73

\*2013 has been restated to comply with GASB 65.

Gross revenue excludes passenger facility charges included in non-operating revenue and capital contributions of \$5,067,970 in 2016 and \$7,924,029 in 2015.

<i>Years ended December 31,</i>	2007	2008	2009	2010
<b>Ratio of authority issued Revenue Bond debt service to total expenses</b>				
Principal	\$ 1,865,000	\$ 1,955,000	\$ 2,050,000	\$ 2,155,000
Interest	1,188,766	1,097,623	1,005,643	903,999
Total debt service	\$ 3,053,766	\$ 3,052,623	\$ 3,055,643	\$ 3,058,999
Total expenses	\$ 22,608,221	\$ 25,777,574	\$ 26,508,472	\$ 27,027,671
Ratio of debt service to total expenses	14%	12%	12%	11%
<b>Debt service per enplaned passenger</b>				
Net debt service	\$ 3,053,766	\$ 3,052,623	\$ 3,055,643	\$ 3,058,999
Enplaned passengers	1,011,815	988,929	821,216	835,728
Debt service per enplaned passenger	\$ 3.02	\$ 3.09	\$ 3.72	\$ 3.66
<b>Debt limit per enplaned passenger</b>				
Debt limit	No limit	No limit	No limit	No limit
Enplaned passengers	1,011,815	988,929	821,216	835,728
Debt limit per enplaned passenger	N/A	N/A	N/A	N/A
<b>Outstanding debt per enplaned passenger</b>				
Revenue bonds	\$ 22,349,935	\$ 20,318,797	\$ 18,192,658	\$ 15,961,519
Notes payable	100,093	-	-	-
Total outstanding debt	\$ 22,450,028	\$ 20,318,797	\$ 18,192,658	\$ 15,961,519
Outstanding debt per enplaned passenger	\$ 22	\$ 21	\$ 22	\$ 19

# Savannah Airport Commission

## Ratios of Outstanding Debt

2011		2012		2013*		2014		2015		2016	
\$	2,275,000	\$	2,350,000	\$	2,445,000	\$	2,390,000	\$	2,705,000	\$	2,845,000
	687,586		536,838		442,838		345,038		260,600		125,350
\$	2,962,586	\$	2,886,838	\$	2,887,838	\$	2,735,038	\$	2,965,600	\$	2,970,350
\$	27,103,107	\$	28,100,731	\$	28,660,987	\$	30,169,223	\$	33,411,403	\$	34,773,860
11%		10%		10%		9%		9%		9%	
\$	2,962,586	\$	2,886,838	\$	2,887,838	\$	2,735,038	\$	2,965,600	\$	2,970,350
	817,631		814,496		823,494		963,385		1,017,065		1,089,222
\$	3.62	\$	3.54	\$	3.51	\$	2.84	\$	2.92	\$	2.73
	No limit		No limit		No limit		No limit		No limit		No limit
	817,631		814,496		823,494		963,385		1,017,065		1,089,222
	N/A		N/A		N/A		N/A		N/A		N/A
\$	13,752,306	\$	11,154,124	\$	8,460,942	\$	5,822,760	\$	2,981,380	\$	-
	-		-		-		-		-		-
\$	13,752,306	\$	11,154,124	\$	8,460,942	\$	5,822,760	\$	2,981,380	\$	-
\$	17	\$	14	\$	10	\$	6	\$	3	\$	-

\* 2013 has been restated to comply with GASB 65.

# Savannah Airport Commission

## Demographic Statistics Last Ten Calendar Years

Year	Population (1)	Chatham County Per Capita Income (1)	Personal Income (000's) (1)	School Enrollment (2)	Unemployment Rate (3)
2007	131,510	\$ 36,790	\$ 11,272,950	33,962	4.50
2008	130,331	\$ 37,850	\$ 9,407,040	33,962	8.10
2009	127,889	\$ 41,022	\$ 10,303,000	34,500	8.70
2010	265,128	\$ 40,178	\$ 10,325,000	35,362	9.00
2011	271,544	\$ 38,748	\$ 10,295,000	35,355	8.70
2012	276,434	\$ 41,480	\$ 11,263,750	36,794	7.40
2013	280,359	\$ 41,804	\$ 11,556,179	37,487	6.20
2014	278,434	\$ 41,859	\$ 11,655,003	38,375	5.50
2015	283,379	\$ 40,872	\$ 11,582,152	37,059	5.50
<b>2016</b>	<b>286,956</b>	<b>\$ 42,115</b>	<b>\$ 12,085,072</b>	<b>38,033</b>	<b>5.00</b>

Sources: (1) Bureau of Economic Analysis  
 (2) Savannah-Chatham County Board of Education  
 (3) State Department of Labor

# Savannah Airport Commission

## Industry Specific Trend Data Last Ten Calendar Years

Year	Enplanements	Deplanements	Total Passengers	Available Seats	Load Factor
2007	1,011,815	1,017,634	2,029,449	1,333,908	76%
2008	988,929	981,036	1,969,965	1,319,254	75%
2009	821,216	829,167	1,650,383	1,093,625	75%
2010	835,723	817,574	1,653,297	1,091,052	77%
2011	817,631	794,808	1,612,439	1,084,319	75%
2012	814,496	797,504	1,612,000	1,034,307	79%
2013	823,494	818,594	1,642,088	1,041,740	79%
2014	963,385	953,176	1,916,561	1,172,334	82%
2015	1,017,065	1,010,197	2,027,262	1,214,145	84%
<b>2016</b>	<b>1,089,222</b>	<b>1,101,184</b>	<b>2,190,406</b>	<b>1,333,669</b>	<b>82%</b>

**Source:** Savannah Airport Commission, Finance Department.

	2016	Percent of Total 2016	2015	Percent of Total 2015
<b>Airline</b>				
Delta Airlines	437,725	32.46%	437,487	35.38%
PSA (American)	215,003	15.94%	213,920	17.30%
JetBlue	144,815	10.74%	137,908	11.15%
Express Jet (United)	79,769	5.92%	97,412	7.88%
Allegiant Airlines	69,803	5.18%	17,665	1.43%
Endeavor (Delta)	55,621	4.12%	48,590	3.93%
Envoy Air (American)	47,312	3.51%	25,242	2.04%
Express Jet (Delta)	40,219	2.98%	42,596	3.45%
GoJet (Delta)	40,063	2.97%	41,760	3.38%
Mesa (United)	33,969	2.52%	24,522	1.98%
Air Wisconsin (American)	22,936	1.70%	18,894	1.53%
Republic (American)	17,056	1.26%	3,551	0.29%
CommutAir (United)	13,360	0.99%	-	-
Republic (United)	11,963	0.89%	-	-
Shuttle America (Delta)	9,822	0.73%	819	0.07%
Sun Country	7,987	0.59%	5,180	0.42%
Sky West (United)	7,033	0.52%	2,641	0.21%
United Airlines	6,926	0.51%	-	-
Trans States (United)	6,431	0.48%	20,781	1.68%
Mesa (American)	6,093	0.45%	19,831	1.60%
American Airlines	4,877	0.36%	260	0.02%
GoJet (United)	2,077	0.15%	-	-
Piedmont (American)	859	0.06%	993	0.08%
Shuttle America (United)	578	0.04%	-	-
Express Jet (American)	-	-	6,157	0.50%
Compass (Delta)	-	-	-	-
Chautauqua (American)	-	-	-	-
Pinnacle (Delta)	-	-	-	-
Continental	-	-	-	-
Comair (Delta)	-	-	-	-
US Airways Express	-	-	-	-
Chautauqua (Delta)	-	-	-	-
Vision Airlines	-	-	-	-
SkyWest (Delta)	-	-	-	-
Pinnacle Airlines	-	-	-	-
AirTran Airlines	-	-	-	-
Northwest Airlines	-	-	-	-
Total scheduled	1,282,297	95.09%	1,166,209	94.32%
Total non-scheduled	3,154	0.23%	5,367	0.43%
<b>Cargo carriers</b>				
Federal Express	52,074	3.86%	54,648	4.42%
Air Cargo Carriers	6,369	0.47%	6,198	0.50%
Suburban Air Freight	3,912	0.29%	3,667	0.30%
Sky Way Enterprises	679	0.05%	-	-
Martinaire, Inc.	36	0.00%	80	0.01%
Wiggins Airways	13	0.00%	263	0.02%
Ram Air Freight	-	-	-	-
Air Now	-	-	-	-
DHL Express	-	-	-	-
Total cargo	63,083	4.68%	64,856	5.25%
Grand total	1,348,534	100.00%	1,236,432	100.00%

Source: PASSUR, passive radar software.

# Savannah Airport Commission

## Airline Landed Weights (1,000 lbs.) 2007 - 2016

2014	2013	2012	2011	2010	2009	2008	2007
409,511	414,153	415,927	395,480	314,574	309,843	457,462	448,204
85,836	86,597	88,326	58,031	52,395	54,451	55,836	46,334
119,116	-	-	-	-	-	-	-
134,643	131,057	110,595	41,991	58,092	-	-	-
-	-	-	8,648	2,083	-	-	-
42,732	-	-	-	-	-	-	-
45,709	46,596	48,425	56,540	58,273	66,683	51,826	38,162
55,660	28,034	26,794	27,793	69,302	69,199	5,953	23,680
30,485	18,425	9,581	-	-	-	-	-
11,725	8,943	12,596	6,432	25,256	59,232	87,773	103,186
35,908	35,767	28,576	15,933	17,625	5,217	8,648	21,620
19,480	32,429	47,239	99,827	86,301	80,587	58,622	25,924
1,023	20,462	19,759	292	8,755	1,181	3,090	2,115
-	67	-	-	-	1,206	35,229	38,418
-	-	-	44,997	17,304	20,069	2,255	-
-	-	4,469	7,892	16,255	34,252	10,084	-
114,541	124,798	87,675	70,635	79,894	88,198	51,232	74,825
888	420	204	684	305	926	2,475	1,147
7,171	28,251	11,557	-	6,147	-	-	-
-	3,277	8,032	255	-	213	2,510	10,807
-	769	5,276	48,317	45,477	12,300	750	-
-	-	36,107	79,312	82,057	80,720	99,977	84,523
-	-	8,910	4,430	13,323	61,572	83,289	101,872
-	-	753	898	7,926	19,788	74,513	76,090
-	-	298	28,635	36,252	11,914	6,345	8,789
-	-	-	1,554	-	-	-	-
-	-	-	-	300	1,051	-	-
-	-	-	-	-	24,742	60,583	19,834
-	-	-	-	-	-	71,432	117,568
-	-	-	-	-	-	99	14,578
1,114,428	980,045	971,099	998,576	997,896	1,003,344	1,229,983	1,257,676
5,654	2,195	4,812	4,139	5000	4,439	937	916
54,252	51,440	42,563	49,068	44,578	45,978	44,800	42,166
6,426	6,606	4,238	6,094	6,232	4,046	-	-
3,548	3,487	2,450	2,773	4,294	4,233	-	-
113	51	8,876	2,146	2,408	896	-	-
76	-	988	-	-	-	-	-
-	-	-	-	77	276	-	-
-	-	-	-	-	1,326	3,574	12,339
-	-	-	-	-	510	26,274	26,072
64,415	61,584	59,115	60,081	57,589	57,265	74,648	80,577
1,184,497	1,043,824	1,035,026	1,062,796	1,060,485	1,065,048	1,305,568	1,339,169

	2016	Percent of Total 2016	2015	Percent of Total 2015
<b><u>Airline</u></b>				
Delta Airlines	370,076	33.98%	386,595	38.01%
PSA (American)	180,459	16.57%	183,150	18.01%
JetBlue	128,576	11.80%	121,577	11.95%
Express Jet (United)	78,771	7.23%	96,384	9.48%
Allegiant Airlines	63,171	5.80%	17,568	1.73%
Endeavor (Delta)	42,395	3.89%	36,185	3.56%
Envoy Air (American)	42,107	3.87%	25,127	2.47%
Mesa (United)	30,135	2.77%	20,547	2.02%
GoJet (Delta)	29,864	2.74%	29,355	2.89%
Express Jet (Delta)	26,022	2.39%	31,480	3.10%
Air Wisconsin (American)	20,545	1.89%	17,468	1.72%
Republic (American)	14,318	1.31%	3,107	0.31%
CommutAir (United)	12,676	1.16%	-	-
Republic (United)	10,579	0.97%	-	-
Shuttle America (Delta)	7,883	0.72%	671	0.07%
United Airlines	6,522	0.60%	-	-
Trans States (United)	6,382	0.59%	20,203	1.99%
SkyWest (United)	6,147	0.56%	2,267	0.22%
Mesa (American)	4,880	0.45%	16,612	1.63%
Sun Country	3,431	0.31%	2,274	0.22%
GoJet (United)	1,586	0.15%	-	-
American Airlines	996	0.09%	28	-
Piedmont (American)	587	0.05%	52	0.01%
Shuttle America (United)	425	0.04%	-	-
Express Jet (American)	-	-	5,304	0.52%
Compass (Delta)	-	-	-	-
Chautauqua (American)	-	-	-	-
Pinnacle (Delta)	-	-	-	-
Continental	-	-	-	-
Comair (Delta)	-	-	-	-
Chautauqua (Delta)	-	-	-	-
Vision Airlines	-	-	-	-
US Airways Express	-	-	-	-
Sky West (Delta)	-	-	-	-
Pinnacle Airlines	-	-	-	-
AirTran Airlines	-	-	-	-
Northwest Airlines	-	-	-	-
Total	1,088,533	99.94%	1,015,954	99.89%
Non-scheduled	689	0.06%	1,113	0.11%
Grand total	1,089,222	100.00%	1,017,067	100.00%

**Source:** Individual Airlines.



# Savannah Airport Commission

## Enplaned Passengers 2007 - 2016

2014	2013	2012	2011	2010	2009	2008	2007
367,560	346,474	346,857	301,000	241,441	247,429	356,262	343,265
74,807	73,237	73,303	51,289	47,225	45,702	44,766	38,928
104,402	-	-	-	-	-	-	-
126,028	119,552	95,592	34,094	48,920	-	-	-
-	-	-	6,578	1,122	-	-	-
27,980	-	-	-	-	-	-	-
44,151	45,769	46,386	50,470	49,445	52,665	45,401	35,185
7,902	7,629	8,593	5,410	19,821	48,467	71,374	87,669
22,510	13,488	7,122	-	-	-	-	-
36,152	23,438	21,896	25,611	62,067	59,165	4,885	19,164
30,351	29,982	26,740	14,017	14,576	4,375	7,354	18,978
17,260	28,020	40,099	77,188	64,578	61,406	50,036	19,933
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
818	14,549	13,891	285	7,596	1,155	3,070	1,859
-	-	-	40,953	16,196	18,762	2,351	-
-	-	3,528	6,527	14,917	29,236	9,438	-
-	-	-	-	-	1,131	25,877	28,757
98,421	96,914	72,159	58,704	69,174	68,842	38,758	56,750
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
134	100	-	302	8	590	957	430
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
4,089	20,866	8,823	-	5,749	-	-	-
-	1,921	5,819	257	-	149	1,859	9,591
-	644	4,151	44,441	45,211	11,323	660	-
-	-	30,573	66,084	71,114	74,225	87,758	77,869
-	-	7,263	4,167	11,012	48,627	69,102	81,431
-	-	258	27,882	40,263	11,459	3,893	6,585
-	-	-	928	-	-	-	-
-	-	-	-	3,141	11,448	49,370	58,636
-	-	-	-	255	790	-	-
-	-	-	-	-	23,480	52,925	18,172
-	-	-	-	-	-	62,450	94,940
-	-	-	-	-	-	-	13,307
962,565	822,583	813,053	816,187	833,831	820,426	988,546	1,011,449
820	911	1,443	1,444	1,897	790	383	366
963,385	823,494	814,496	817,631	835,728	821,216	988,929	1,011,815

# Savannah Airport Commission

## Aircraft Operations 2007 - 2016

Year	Airlines	Cargo	General Aviation	Military	Total
2007	18,458	24,267	51,242	6,042	100,009
2008	17,983	23,786	46,173	6,364	94,306
2009	15,572	22,512	50,501	6,621	95,206
2010	14,378	24,173	52,867	8,369	99,787
2011	13,946	24,093	52,746	8,021	98,806
2012	15,150	21,532	45,259	8,385	90,326
2013	15,332	20,554	41,778	7,294	84,958
2014	18,121	20,543	38,648	7,778	85,090
2015	20,042	19,101	40,486	9,062	88,691
<b>2016</b>	<b>23,597</b>	<b>19,405</b>	<b>42,132</b>	<b>7,546</b>	<b>92,680</b>
Annual Compounded Growth					
<b>2007 - 2016</b>	<b>2.77%</b>	<b>-2.45%</b>	<b>-2.15 %</b>	<b>2.50 %</b>	<b>-0.84 %</b>

Source: FAA

# Savannah Airport Commission

## Airlines Serving the Savannah/Hilton Head International Airport

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### **PRIMARY CARRIERS**

Allegiant  
American  
Delta  
JetBlue  
Sun Country  
United

### **AFFILIATE CARRIERS**

Air Wisconsin d/b/a American  
CommutAir d/b/a United  
Endeavor d/b/a Delta  
Envoy d/b/a American  
Express Jet d/b/a Delta  
Express Jet d/b/a United  
GoJet d/b/a Delta  
GoJet d/b/a United  
Mesa d/b/a American  
Mesa d/b/a United  
Piedmont d/b/a American  
PSA d/b/a American  
Republic d/b/a American  
Republic d/b/a United  
Shuttle America d/b/a Delta  
Shuttle America d/b/a United  
SkyWest d/b/a United  
Trans States d/b/a United

### **ALL CARGO CARRIERS**

Air Cargo Carriers  
Federal Express  
Martinaire Aviation  
Suburban Air Freight  
Wiggins Airways  
Sky Way Enterprises

Customer Name	Revenue From Customers 2016	Percentage of Total Revenue 2016	Revenue From Customers 2015	Percent of Total Revenue 2015	2014
PARKING	\$ 7,024,263	27.41%	\$ 6,508,041	27.23%	\$ 6,017,762
DELTA AIRLINES	\$ 4,366,076	17.03%	\$ 4,409,800	18.45%	\$ 4,269,161
GULFSTREAM	\$ 1,636,155	6.38%	\$ 1,558,964	6.52%	\$ 1,603,327
VANGUARD / (ANC CAR RENTAL)	\$ 1,349,645	5.27%	\$ 1,272,924	5.33%	\$ 969,881
AMERICAN AIRLINES	\$ 1,344,446	5.25%	\$ 1,396,281	5.84%	\$ 1,444,405
HERTZ RENT A CAR	\$ 1,197,321	4.67%	\$ 1,170,657	4.90%	\$ 1,205,561
JETBLUE	\$ 1,062,944	4.15%	\$ -	-	\$ -
UNITED AIRLINES	\$ 1,009,661	3.94%	\$ 985,201	4.12%	\$ 1,090,830
HOST, INC	\$ 787,693	3.07%	\$ 707,620	2.96%	\$ 611,152
PARADIES	\$ 776,391	3.03%	\$ 663,623	2.78%	\$ 679,311
ENTERPRISE	\$ 764,941	2.98%	\$ 706,456	2.96%	\$ 648,022
AVIS RENT A CAR	\$ 661,366	2.58%	\$ 611,229	2.56%	\$ 621,366
PSA AIRLINES	\$ 602,004	2.35%	\$ 577,580	2.42%	\$ 223,369
BUDGET CAR RENTAL	\$ 541,795	2.11%	\$ 574,587	2.40%	\$ 650,412
SIGNATURE FLIGHT SUPPORT	\$ 513,339	2.00%	\$ 552,978	2.31%	\$ 497,662
US AIRWAYS	\$ 504,942	1.97%	\$ 510,020	2.13%	\$ 710,666
CHATHAM CO. MOSQ CONTROL	\$ 391,388	1.53%	\$ 388,696	1.63%	\$ 386,004
THRIFTY	\$ 362,843	1.42%	\$ 327,884	1.37%	\$ 363,853
FEDERAL EXPRESS	\$ 260,810	1.02%	\$ 249,259	1.04%	\$ 256,063
TSA	\$ 252,156	0.98%	\$ 255,975	1.07%	\$ 245,247
DOLLAR RENT A CAR	\$ 219,894	0.86%	\$ 209,125	0.88%	\$ 223,342
ASA - UNITED	\$ -	0.00%	\$ 263,020	1.10%	\$ 349,290
MESA-US AIRWAYS	\$ -	-	\$ -	0.00%	\$ 297,798
GOODWILL INDUSTRIES	\$ -	-	\$ -	0.00%	\$ 211,446
AMERICAN EAGLE	\$ -	-	\$ -	-	\$ -
EXPRESS JET-UNITED	\$ -	-	\$ -	-	\$ -
CONTINENTAL EXPRESS	\$ -	-	\$ -	-	\$ -
MESA-UNITED	\$ -	-	\$ -	-	\$ -
REPUBLIC AIRLINES	\$ -	-	\$ -	-	\$ -
ASA-DELTA CONNECTION	\$ -	-	\$ -	-	\$ -
AIRTRAN AIRWAYS	\$ -	-	\$ -	-	\$ -
COMAIR	\$ -	-	\$ -	-	\$ -

\*Alamo and National merged in 2002 becoming Vanguard, ANC Car Rental.

\*\* During 2009 the contract for Standard Parking expired. The parking garage is managed internally.

**Source:** Savannah Airport Commission, Finance Department.

# Savannah Airport Commission

## Principal Customers

	2013	2012	2011	2010	2009	2008	2007
\$	5,260,004	\$ 5,090,084	\$ 5,069,763	\$ 5,021,958	\$ 5,104,720	\$ 6,290,983	\$ 5,468,650
\$	4,321,510	\$ 4,137,592	\$ 3,901,914	\$ 3,265,473	\$ 2,738,673	\$ 2,491,672	\$ 2,100,166
\$	1,333,438	\$ 809,977	\$ 458,043	\$ 523,246	\$ 841,326	\$ 774,954	\$ 652,344
\$	767,753	\$ 803,237	\$ 817,442	\$ 906,650	\$ 766,853	\$ 745,783	\$ 805,604
\$	-	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$	1,071,008	\$ 1,019,274	\$ 984,063	\$ 1,063,263	\$ 809,929	\$ 961,052	\$ 1,085,563
\$	-	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$	1,208,256	\$ 537,657	\$ -	\$ -	\$ -	\$ -	\$ -
\$	511,211	\$ 483,713	\$ 481,628	\$ 451,941	\$ 436,546	\$ 554,488	\$ 512,734
\$	547,145	\$ 566,346	\$ 559,506	\$ 527,667	\$ 503,995	\$ 623,988	\$ 531,282
\$	633,847	\$ 576,510	\$ 522,201	\$ 523,937	\$ 372,726	\$ 318,859	\$ 283,800
\$	556,467	\$ 579,394	\$ 594,835	\$ 640,891	\$ 539,353	\$ 625,343	\$ 684,938
\$	217,013	\$ 212,482	\$ -	\$ -	\$ -	\$ -	\$ -
\$	534,221	\$ 533,998	\$ 511,930	\$ 565,758	\$ 457,249	\$ 562,422	\$ 507,984
\$	668,386	\$ 698,769	\$ 674,465	\$ 706,978	\$ 656,222	\$ 595,720	\$ 552,708
\$	1,738,024	\$ 1,594,722	\$ 1,471,922	\$ 1,128,906	\$ 669,034	\$ 641,262	\$ 541,167
\$	383,312	\$ 380,620	\$ 378,467	\$ 376,313	\$ 374,259	\$ 372,006	\$ 369,852
\$	289,152	\$ 274,995	\$ 240,731	\$ 354,420	\$ -	\$ 300,477	\$ -
\$	462,028	\$ 431,745	\$ 439,845	\$ 420,431	\$ 420,864	\$ -	\$ 278,024
\$	245,674	\$ 231,165	\$ 246,121	\$ 322,992	\$ -	\$ -	\$ -
\$	-	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$	-	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$	-	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$	311,991	\$ 210,414	\$ 162,457	\$ 284,567	\$ 490,780	\$ -	\$ -
\$	214,926	\$ 234,534	\$ 234,534	\$ -	\$ -	\$ -	\$ -
\$	749,316	\$ 721,951	\$ 780,517	\$ 639,325	\$ 664,881	\$ 370,834	\$ -
\$	328,357	\$ 337,242	\$ -	\$ -	\$ -	\$ -	\$ -
\$	-	\$ 434,778	\$ 838,507	\$ 798,798	\$ 711,378	\$ 633,977	\$ 477,213
\$	-	\$ 398,304	\$ 694,558	\$ 600,664	\$ 580,607	\$ 521,219	\$ 505,220
\$	-	\$ -	\$ 229,601	\$ 282,057	\$ 452,333	\$ -	\$ -
\$	-	\$ -	\$ -	\$ 262,115	\$ 439,794	\$ -	\$ -
\$	-	\$ -	\$ -	\$ -	\$ -	\$ 469,323	\$ 613,014
\$	-	\$ -	\$ -	\$ -	\$ -	\$ 320,252	\$ 348,653

# Savannah Airport Commission

## Miscellaneous Statistical Information

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Date of incorporation - 1952										
Employees										
Number of employees	163	170	182	173	171	175	172	184	196	201
Terminal building	352,641 SF	352,641 SF	352,641 SF	352,641 SF	352,641 SF	352,641 SF	352,641 SF	352,641 SF	352,641 SF	352,641
Land owner	3,638 acres	3,638 acres	3,638 acres	3,638 acres	3,638 acres	3,638 acres	3,638 acres	3,638 acres	3,638 acres	3,638 acres
Airport business center	112,000 SF	112,000 SF	112,000 SF	112,000 SF	112,000 SF	112,000 SF	112,000 SF	112,000 SF	112,000 SF	112,000 SF
Runways										
Runway 9/27	9,351 ft x 150 ft	9,351 ft x 150 ft	-	-	-	-	-	-	-	-
Runway 18/36	7,002 ft x 150 ft	7,002 ft x 150 ft	-	-	-	-	-	-	-	-
Runway 10/28	-	-	9,351 ft x 150 ft	9,351 ft x 150 ft	9,351 ft x 150 ft	9,351 ft x 150 ft	9,351 ft x 150 ft	9,351 ft x 150 ft	9,351 ft x 150 ft	9,351 ft x 150 ft
Runway 19/1	-	-	7,002 ft x 150 ft	7,002 ft x 150 ft	7,002 ft x 150 ft	7,002 ft x 150 ft	7,002 ft x 150 ft	7,002 ft x 150 ft	7,002 ft x 150 ft	7,002 ft x 150 ft
Total gates	15	15	15	15	15	15	15	15	15	15
Terminal gates in use	9	10	8	8	8	8	8	9	10	11
Number of airlines serviced	19	20	21	22	22	21	17	16	21	24
Number of rental car agencies on property	7	7	7	7	7	7	7	8	8	8
Number of taxi/limousine companies servicing airport	49	79	66	63	65	72	79	80	76	76
Number of concessionaires in terminal building	15	16	16	16	18	17	17	17	17	18
Number of public parking spaces	3,914	3,954	3,954	3,954	3,954	3,954	3,954	3,914	3,924	3,924

**Source:** Savannah Airport Commission, Finance Department

Report on internal control over financial reporting and on compliance and other matters based on an audit of financial statements performed in accordance with *Government Auditing Standards*

Independent auditor's report on compliance for each major federal program; report on internal control over compliance; and report on schedule of expenditures of federal awards required by the Uniform Guidance

Independent auditor's report on compliance with the revenue use requirements of 49 U.S.C. section 47107(B) and the Federal Aviation Administration's policy and procedures regarding the use of airport revenues.

Report on passenger facility charge program compliance and on internal control compliance.





**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND  
OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN  
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

**Independent Auditor's Report**

The Commissioners  
Savannah Airport Commission

We have audited, 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, the business-type activities of Savannah Airport Commission (the Commission) as of and for the year ended December 31, 2016, and the related notes to the financial statements, which collectively comprise the Commission's basic financial statements, and have issued our report thereon dated June 29, 2017. Our report includes a reference to the change in accounting principle resulting from the implementation of Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions—an amendment of GASB Statement No. 27* and Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date—an amendment of GASB Statement No. 68*.

***Internal Control over Financial Reporting***

In planning and performing our audit of the financial statements, we considered the Commission's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Commission's internal control. Accordingly, we do not express an opinion on the effectiveness of the Commission's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.



### ***Compliance and Other Matters***

As part of obtaining reasonable assurance about whether the Commission's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Respectively submitted,

*Hancock Asken & Co., LLP*

Savannah, Georgia  
June 29, 2017



**REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM; REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY THE UNIFORM GUIDANCE**

**Independent Auditor's Report**

The Commissioners  
Savannah Airport Commission

**Compliance**

We have audited the compliance of Savannah Airport Commission (the Commission) with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2016. The Commission's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

***Auditor's Responsibility***

Our responsibility is to express an opinion on the Commission's compliance with the applicable compliance requirements based on our compliance audit.

We conducted our compliance audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the compliance audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. A compliance audit includes examining, on a test basis, evidence about the Commission's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our compliance audit provides a reasonable basis for our opinion. Our compliance audit does not provide a legal determination on the Commission's compliance with those requirements.

***Opinion***

In our opinion, Savannah Airport Commission complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2016.

## **Internal Control over Compliance**

The management of the Commission is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our compliance audit, we considered the Commission's internal control over compliance with requirements that could have a direct and material effect on a major federal program as a basis for designing our compliance auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Commission's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

## ***Schedule of Expenditures of Federal Awards***

We have audited the basic financial statements of the Savannah Airport Commission as of and for the year ended December 31, 2016, and have issued our report thereon dated June 29, 2017. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Savannah Airport Commission's basic financial statements. The introductory section, supplementary information, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance, and is not a required part of the basic financial statements of Savannah Airport Commission. The supplementary information and the schedules of expenditures of federal awards have 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. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion or provide any assurance on them.

## ***Restricted Use***

This report is intended solely for the information and use of management, the Commissioners of the Savannah Airport Commission, others within the entity, the United States Department of Transportation, the Federal Aviation Administration and Georgia Department of Labor. Accordingly, this report is not suitable for any other purpose.

Respectfully submitted,

A handwritten signature in black ink that reads "Hancock Asken & Co., LLP". The signature is written in a cursive, flowing style.

Savannah, Georgia  
June 29, 2017



**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH THE REVENUE USE  
REQUIREMENTS OF 49 U.S.C. SECTION 47107(B) AND THE FEDERAL AVIATION  
ADMINISTRATION'S POLICY AND PROCEDURES REGARDING THE USE OF  
AIRPORT REVENUES**

The Commissioners  
Savannah Airport Commission

We have audited the basic financial statements of the Savannah Airport Commission as of and for the year ended December 31, 2016, and have issued our report thereon dated June 29, 2017.

***Compliance***

We have audited the compliance of the Savannah Airport Commission with the revenue use requirements of 49 U.S.C. Section 47107(B) and the Federal Aviation Administration's Policy and Procedures Regarding the Use of Airport Revenues. Compliance with these requirements is the responsibility of the Savannah Airport Commission's management. Our responsibility is to express an opinion on the Savannah Airport Commission's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Savannah Airport Commission's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the Savannah Airport Commission's compliance with those requirements.

In our opinion, the funds paid and property or services transferred from the Savannah Airport Commission were paid or transferred in a manner consistent with 49 U.S.C. Section 47107(B) and the Federal Aviation Administration's Policy and Procedures Regarding the Use of Airport Revenues for the year ended December 31, 2016.

***Internal Control over Compliance***

The management of the Savannah Airport Commission is responsible for establishing and maintaining effective internal control over compliance with the requirements of 49 U.S.C. Section 47107(B) and the Federal Aviation Administration's Policy and Procedures Regarding the Use of Airport Revenues. In planning and performing our audits, we considered the Savannah Airport Commission's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on the internal control over compliance in accordance with the Uniform Guidance.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

***Restricted Use***

This report is intended solely for the information and use of the Commissioners of the Savannah Airport Commission, management, the United States Department of Transportation, the Federal Aviation Administration, and the Georgia Department of Transportation and is not intended to be and should not be used by anyone other than these specified parties.

Respectfully submitted,

*Hancock Asken & Co., LLP*

Savannah, Georgia  
June 29, 2017

# **SAVANNAH HILTON HEAD**

**I N T E R N A T I O N A L**



# Savannah Airport Commission

## Schedule of Expenditures of Federal Awards

*December 31, 2016*

Federal Grantor/ Pass-Through Grantor/ Program Title	Federal CFDA Number	Pass-Through Grantor Numbers	Amount of Federal Expenditures
<b>Capital contributions</b>			
Federal Department of Transportation Federal Aviation Administration Airport Improvement Program	20.106*	N/A	\$ 798,350
			\$ 798,350

\*Major program as defined by United States Office of Management and the Uniform Guidance.

# Savannah Airport Commission

## Notes to Schedule of Expenditures of Federal Awards

- 
- 1. General**

The accompanying Schedule of Expenditures of Federal Awards presents the activity of all federal award programs of the Commission. The Commission's reporting entity is defined in Note 1 to the Commission's basic financial statements. All federal awards received directly from federal agencies as well as federal financial assistance passed through other government agencies are included on the schedule.
  - 2. Basis of Accounting**

The accompanying Schedule of Expenditures of Federal Awards is presented using the accrual basis of accounting, which is described in Note 1 to the Commission's basic financial statements. The Commission accounts for this federal financial assistance as non-operating revenue.
  - 3. Relationship to Financial Statements**

Federal program award revenues are reported as non-operating revenue in the Commission's basic financial statements as follows:

<hr/>	
Federal construction grants	<b>\$ 798,350</b>
<hr/>	
  - 4. Relationship to Federal Financial Reports**

Amounts reported in the accompanying schedule agree with amounts reported in the related federal financial reports.



# Savannah Airport Commission

## Schedule of Findings and Questioned Costs

*Year ended December 31, 2016*

### Section I - Summary of Auditor's Results

#### Financial Statements

Type of auditor's report issued unqualified

Internal control over financial reporting

Material weakness identified? \_\_\_\_\_ yes       X       no

Significant deficiency identified not considered  
to be material weaknesses? \_\_\_\_\_ yes       X       none reported

Noncompliance material to financial statements noted? \_\_\_\_\_ yes       X       no

#### Federal Awards

Internal control over major programs

Material weakness identified? \_\_\_\_\_ yes       X       no

Significant deficiency identified  
not considered to be material weakness? \_\_\_\_\_ yes       X       none reported

Type of auditor's report issued on compliance for major  
programs unmodified

Any audit findings disclosed that are required to  
be reported in accordance with the Uniform Guidance,  
Section .510(a)? \_\_\_\_\_ yes       X       no

#### Identification of major programs

##### CFDA Number

##### Name of Federal Programs

20.106

Federal Aviation Administration - Airport Improvement Program

Dollar threshold used to distinguish between  
Type A and Type B programs

\$300,000

Auditee qualified as low-risk auditee?

      X       yes \_\_\_\_\_ no

### Section II - Financial Statement Findings

None reported

### Section III - Federal Award Findings

None reported



**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO  
THE PASSENGER FACILITY CHARGE PROGRAM AND ON INTERNAL CONTROL OVER  
COMPLIANCE**

The Commissioners  
Savannah Airport Commission

***Compliance***

We have audited the compliance of the Savannah Airport Commission (the Commission) with the compliance requirements described in the *Passenger Facility Charge Audit Guide for Public Agencies*, issued by the Federal Aviation Administration (the Guide), for its Passenger Facility Charge program for the year ended December 31, 2016. Compliance with the requirements of laws and regulations applicable to its Passenger Facility Charge is the responsibility of the Commission's management. Our responsibility is to express an opinion on the Commission's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on the Passenger Facility Charge program occurred. An audit includes examining, on a test basis, evidence about the Commission's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the Commission's compliance with those requirements.

In our opinion, Savannah Airport Commission has complied, in all material respects, with the requirements referred to above that are applicable to its Passenger Facility Charge program for the year ended December 31, 2016.

***Internal Control over Compliance***

The management of the Commission is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws and regulations applicable to the Passenger Facility Charge program. In planning and performing our audit, we considered the Commission's internal control over compliance with requirements that could have a direct and material effect on the Passenger Facility Charge program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on the internal control over compliance in accordance with the Guide.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

*Restricted Use*

This report is intended solely for the information and use of the Commissioners of the Savannah Airport Commission, management, the United States Department of Transportation, the Federal Aviation Administration, and the Georgia Department of Transportation and is not intended to be and should not be used by anyone other than these specified parties.

Respectfully submitted,

A handwritten signature in black ink that reads "Hancock Asken & Co., LLP". The signature is written in a cursive, flowing style.

Savannah, Georgia  
June 29, 2017

# Savannah Airport Commission

## Schedule of Passenger Facility Charges

	For the year ended December 31, 2016	Cumulative as of December 31, 2016
<b>PFC income</b>		
PFC revenue	\$ 4,190,069	\$ 70,711,944
Interest	1,151	836,913
Total PFC income	4,191,220	71,548,857
<b>Expenditures</b>		
Gilbert Southern - Apron	-	316,549
Dunn Const. inv #3,6,7, 10-17	-	780,771
Palmetto Pile Driving	-	221,395
Montgomery Elevators inv #1-6, 10-11	-	394,000
Consultant/professional fees	-	581,242
Federal Sign inv #1	-	27,995
Higgerson inv #26	-	298,474
Bank of NY - Debt Svc 92 Bonds/2001 Bond Ref.	768,256	42,939,056
Helipad	-	60,177
HNTB AIP 20	-	34,633
Ballenger AIP 21	-	167,577
Head, Inc. inv #1-11, AIP 24	-	515,235
North/South perimeter fence - AIP 24	-	4,429
North/South perimeter fence - Non AIP	-	195,905
Phoenix Constr (SAC reimb) AIP 26 T/W E	-	244,628
FAA AIP 26 T/W E cables	-	1,735
J.M. Miles AIP 27 fire station inv #1-15	-	92,547
Wilbur Smith AIP 27 fire station	-	2,283
Ricondo & Assoc. PFC application	-	12,849
RC Constr inv #1-3 AIP 29 T/W C	-	47,020
Greiner (SAC reimb) AIP 29 T/W C	-	3,506
SAC reimb labor - AIP 29 T/W C	-	12,631
S & ME AIP29 R/W 18/36	-	181
RC Constr inv #1-7 AIP 29 R/W 18/36	-	102,619
Greiner (SAC reimb) AIP 29 R/W 18/36	-	6,695
AAAE (SAC reimb) AIP R/W 18/36 (ANTN)	-	484
SAC reimb-labor/testing AIP 29 R/W 18/36	-	2,742
Greiner AIP 30 GA TWY #3	-	6,222
S&ME AIP 30 GA TWY #3	-	11
Adel Steel AIP 30 GA TWY #3	-	50,000
R.B. Baker AIP 30 GA TWY #3 inv 1-8	-	49,026
SAC reimb-labor/admin AIP 30 GA TWY #3	-	1,625
TWY A-SAC reimb-labor	-	3,712
TWY A-AIP 30 - Greiner	-	16,777
TWY A-AIP 33 - URS Corp. (Greiner)	-	1,814
TWY A-AIP 33 - Triangle Inv #1-13	-	346,833

# Savannah Airport Commission

## Schedule of Passenger Facility Charges (cont.)

	For the year ended December 31, 2016	Cumulative as of December 31, 2016
TWY A-AIP 33-S & ME	-	2,000
Sweeper	-	100,000
Airfield light control	-	229,540
Terminal Apron - AIP 33 - Triangle Inv #4-10	-	144,424
Terminal Apron - AIP 33-URS	-	652
Terminal Apron - AIP 33-S & ME	-	987
Terminal Apron - AIP 33-SAC reimb	-	64,839
Buildout gate 9 & 10-SAC reimb	-	532,393
GA TWY #2 Triangle inv #8-10	-	110,405
GA TWY #2 URS	-	2,390
GA TWY #2 - S&ME	-	1,180
GA TWY #2 - SAC reimb	-	178,382
Loading bridges (purchase 6 FMC)	-	829,960
Loading bridges FMC (reimb SAC)	-	1,003,162
Ricondo & Assoc. - PFC application #4 reimb SAC	-	25,972
T/W "F" AIP 34 - Shamrock	-	158,501
T/W "F" AIP 34 - URS	-	1,786
T/W "F" AIP 34 - S & ME	-	1,188
T/W "F" AIP 34 - reimb SAC	-	7,699
Air cargo apron AIP 34 - Shamrock	-	83,354
Air cargo apron AIP 34 - URS	-	595
Air cargo apron AIP 34 - S & ME	-	396
Air cargo apron AIP 34 - reimb SAC	-	1,905
PAPI AIP 34 - Shamrock	-	8,266
Ricondo & Assoc. - PFC application #5 - reimb SAC	-	16,000
AAAE Interactive Training - reimb SAC (appl. #5)	-	38,000
Fingerprint machine - reimb SAC (appl. #5)	-	2,272
So. Baggage carousel - reimb SAC (appl. #5)	-	245,519
Valet bag lists - reimb SAC (appl. #5)	-	237,714
Ammo bunker AIP 36 - Ogeechee River Mitigation	-	23,920
Ammo bunker AIP 36 - R.B. Baker	-	230,105
Ammo bunker AIP 36 - reimb SAC	-	23,720
Ammo bunker AIP 36 - MACTEC	-	32
SW quad access road AIP 36 R.B. Baker	-	172,117
SW quad access road AIP 36 reimb SAC	-	32,210
SW quad access road AIP 36 - URS	-	990
Escalator #1A (appl. #4)	-	148,818
Escalator #1A (appl. #4) reimb SAC	-	4,227
Purchase/renovate loading bridges (appl. #5)	-	909,988
Purchase/renovate loading bridges reimb SAC	-	26
Flight information display system (appl. #5)	-	764,073
Design & construct GA taxiways (appl. #5)	-	134,240
Relocate airfield lighting controls ATCT AIP 38 SAC reimb	-	10,988

# Savannah Airport Commission

## Schedule of Passenger Facility Charges (cont.)

	For the year ended December 31, 2016	Cumulative as of December 31, 2016
General aviation connector taxiways (AIP 39+40) R.B. Baker	-	3,938
General aviation connector taxiways (AIP 39+40) URS	-	250
General aviation connector taxiways (AIP 39+40) SAC reimb	-	70,950
Runway safety area impr (AIP 39)-R B Baker (appl. #6)	-	703
Runway safety area impr (AIP 39)-SAC reimb (appl. #6)	-	6,015
Airfield lighting impr - vault (phase 1& 2)-Baker (AIP 39&40)	-	692
Airfield lighting impr - vault (phase 1& 2) Choate (AIP 39 & 40)	-	8,100
Airfield lighting impr - vault (phase 1& 2) SAC reimb PFC Overpd Choate. (AIP 39 & 40)	-	(1,303)
Airfield lighting impr - vault (phase 1& 2) SAC reimb	-	188,180
Terminal expansion (AIP 40) Ruth & Dun.(appl. #6)	-	3,825
Terminal expansion (AIP 40) - SAC reimb. (appl. #6)	-	294,406
Terminal expansion (AIP 40) - Choate (appl. #6)	-	926,095
Terminal expansion (AIP 40) - Griffin (appl. #6)	-	1,037
Terminal expansion (AIP 40) - BMW Archite (appl. #6)	-	718
Terminal expansion (AIP 40) - SAC reimb for BMW Archite (appl. #6)	-	896
Terminal expansion (AIP 40) - URS (appl. #6)	-	25,631
Terminal expansion (AIP 40) - Bldg & Earth (appl. #6)	-	2,728
Terminal expansion (AIP 40) - Alltel System Group (appl. #6)	-	7,355
Terminal expansion (AIP 40) - skinner nurseries (appl. #6)	-	350
Terminal expansion (AIP 40) home depot plants (appl. #6)	-	464
Apron expansion (AIP 40) - SAC reimb (appl. #6)	-	157,087
Apron expansion (AIP 40) - URS (appl. #6)	-	1,619
Apron expansion (AIP 40) - RC constr (appl. #6)	-	486,384
Loading bridges (6) and bag lifts (4) (appl. #6) FMC	-	1,990,247
Loading bridges (6) and bag lifts (4) (appl. #6) REIMB SAC	-	36,562
Replace ARFF bridge (AIP 39) - R.B. Baker (appl. #6)	-	1,671
Replace ARFF bridge (AIP 39) SAC reimb. (appl. #6)	-	14,649
Runway redesignation - URS	-	663
Runway redesignation - RC Construction	-	29,263
Runway redesignation - reimb SAC	-	36,160
Relocate runway 36 localizer - URS	-	543
Relocate runway 36 localizer - Aubrey Silvey	-	6,088
Relocate runway 36 localizer - SAC reimb	-	28,579
Security enhancements SAC reimb (appl. #6)	-	72,915
Security enhancements Johnson (appl. #6)	-	12,746

# Savannah Airport Commission

## Schedule of Passenger Facility Charges (cont.)

	For the year ended December 31, 2016	Cumulative as of December 31, 2016
Security enhancements URS (appl. #6)	-	204
PFC implementation and admin - SAC reimb (appl. #6)	-	55,834
Taxiway E milling (AIP 40) Eagle Grooving (appl. #6)	-	2,945
Taxiway E milling (AIP 40) URS (appl. #6)	-	248
Taxiway E milling (AIP 40) SAC reimb (appl. #6)	-	3,674
Rehabilitate runway shoulders RC Construction (appl. #7)	-	40
Rehabilitate runway shoulders reimb SAC (appl. #7)	-	21,685
Construct taxiway SW Quad reimb SAC (appl. #7)	-	45,995
ALP update (appl. #7) URS	-	155,419
ALP update (appl. #7) reimb SAC URS	-	5,646
Taxiway B extension (appl. #7) URS	-	3,264
Taxiway B extension (appl. #7) Harbor	-	112,777
Taxiway B extension (appl. #7) SAC ck13511 reimb PFC fund - Harbor & reimb SAC	-	(6,822)
Taxiway B extension (appl. #7) reimb SAC	21,126	94,670
Taxiway C-2 (appl. #7) Harbor	-	214,356
Harbor & reimb SAC	-	24,370
Update main communication system (appl. #7) Motorola	-	223,703
PFC implementation and admin - SAC reimb (appl. #7)	-	47,520
Pre cool 9 - jet bridges Misc City of SAV advertise	-	497
Pre cool 9 - jet bridges reimb SAC	3,970	109,722
Bio script 15 board bridges doors Johnson Control	-	144,760
Bio script 15 board bridges doors URS	-	3,154
Bio script 15 board bridges doors - reimb SAC	-	4,742
Runway 18/36 extension reimb. SAC URS Design Cost	-	74,111
NAVAIDS - URS (appl. #7)	-	30,464
NAVAIDS - FAA (appl. #7)	-	201,921
NAVAIDS - reimb SAC (appl. #7)	(25,642)	205,392
Airport Master Plan (PFC #7) - URS	-	51,292
Airport Master Plan (PFC #7) - reimb SAC	-	(20,042)
Asphalt Pavement replace - Runway 19/1 - reimb SAC (PFC #8)	-	69,379
Construct Taxiway A - reimb SAC (appl. #8)	-	169,812
Rehabilitate T/W B2, North end of T/W B, T/W C, T/W E1 - reimb SAC (appl. #8)	-	18,476
GA Connector T/W Site Development North of Terminal RK Contracting	-	270,348
GA Connector T/W Site Development North of Terminal reimb SAC	-	217,423
GA Connector T/W Site Development North of Terminal - ECS	-	27

# Savannah Airport Commission

## Schedule of Passenger Facility Charges (cont.)

	For the year ended December 31, 2016	Cumulative as of December 31, 2016
Terminal Walkways - reimb SAC- appl. (#8)	(3,232)	23,589
Terminal Walkways - Miller - App (#8)	-	6,485
GA Taxiway 4 & 5 - reimb SAC (appl.#8)	(4,660)	18,639
PFC appl. #8 Implementation & Admin - reimb SAC	-	27,921
EA North Development - appl. #8 - reimb SAC	-	18,982
Surface Painted Holding Position Signs - reimb SAC - appl. #8	-	185,020
CCTV System Replacement - reimb SAC App (#8)	(77,480)	61,421
CCTV System Replacement - Coastal Digital	-	33
CCTV System Replacement - URS & I System Corp	-	861,066
PC Air Hose Upgrades - Twist In	-	186,480
PC Air Hose Upgrades - Twist In - reimb SAC	(23,100)	23,520
PA System Replacement - Alltel System GRP, INC.	-	278,002
PA System Replacement - reimb SAC	(2,122)	(2,122)
Two Valet Bag Belts Systems - R.J. Design	-	61,000
AOA Survey - URS	-	62,500
AOA Survey- reimb SAC	(12,500)	(12,500)
Tree Removal R/W 10 Approach - reimb SAC	(5,571)	155,862
T/W A-NAD - McLendon/URS Constr	-	453,739
T/W A Extension North - Constr - reimb SAC	-	1,500,000
T/W H-NAD - McLendon/URS Constr	-	607,925
Gulfstream - McLendon/URS Constr	-	3,262
Elect Vault - McLendon/URS Constr	-	4,050
Electrical Valut - reimb SAC	-	16,150
Site Mitigations (NAD)	-	60,000
Realign & Construct Gulfstream Rd - Construction - reimb SAC	-	55,033
Realign & Construct Gulfstream Rd - Design - reimb PFC	-	(3,263)
PFC Implementation and Admin.- SAC reimb (appl. #8 & 9)	(1,518)	39,600
Lighting 10/28 Runway	-	41,257
Terminal Curbside Canopy Expansion	-	1,407,899
Relocate airfield maintenance road	42,978	42,978
Runway 1 perimeter road	62,557	62,557
Taxiway c light replacement	32,718	32,718
Sealcoat runway 10-28 asphalt and apron shoulders	29,187	29,187
Runway 28 RSA improvements and road relocations	127,066	127,066
In-line baggage system	1,493,013	1,493,013
Grooverunway1-19	22,054	22,054
PFC 10 application costs	23,100	23,100
Add2aoagates	26,954	26,954
Runway 28 safety area improvements	33,431	33,431
Replacement of Boarding Bridges at Gates 7&11	1,333,333	1,333,333



# Savannah Airport Commission

## Schedule of Passenger Facility Charges (cont.)

	For the year ended December 31, 2016	Cumulative as of December 31, 2016
Total expenditure	3,863,919	70,369,464
Excess income	327,301	1,179,393
Beginning balance	291,884	852,092
<b>Balance at December 31, 2016</b>	<b>\$ 619,185</b>	<b>\$ 2,031,485</b>

Note - PFC reports to FAA are based on actual collections and do not include accounts receivable, such amounts collected in 2016 are \$4,191,220 and remaining collections unspent as of December 31, 2016 are \$1,179,393. The excess income reported to FAA as of December 31, 2016 is \$327,301.

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