

SAVANNAH HILTON HEAD INTERNATIONAL



2012 | ANNUAL
REPORT



2012 ANNUAL REPORT

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SAVANNAH AIRPORT COMMISSION

The Savannah Airport Commission

Back row from left to right:

Greg B. Kelly, Assistant Executive Director;
Sheldon Tenenbaum;
Patrick S. Graham, Executive Director;
Stephen S. Green, Vice Chairman;
Sylvester Formey, Chairman

Front row from left to right:

Lois Wooten;
James B. Blackburn, City Attorney;
Shirley James



The Savannah Airport Commission is charged with the operation and management of Savannah/Hilton Head International. Founded in March 1955, the body is composed of a five-member Commission appointed by the Mayor and City Council of Savannah. Commission members serve five-year terms. Pictured to the left are the Commissioners who served in 2012.

The Vision of the Savannah Airport Commission is to provide safe, secure and efficient facilities and to provide air service, and promote the economic development of the airport and the region as a whole.

The Mission of the Savannah Airport Commission is to provide leadership in aviation development necessary to provide safe, secure and functional facilities for the traveling public and airport tenants, managing such facilities while maintaining a least-cost approach, maintaining sufficient resources for future growth, providing adequate and affordable air service, promoting airport economic development and supporting regional economic development activities.

SENIOR STAFF

Patrick S. Graham AAE
Executive Director

Greg B. Kelly AAE
Assistant Executive Director

George Fidler PE
Director of Engineering/Construction

John Rauback
Director of Administration & Finance

Lori Lynah
Director of Marketing & Air Service Development

Ralph Maggioni
Director of Foreign Trade Zone

Carlilse Dewitt
Director of Operations

Lenard Robinson
Director of Parking and Mobility Services

A MESSAGE FROM THE EXECUTIVE DIRECTOR

The success of any metropolitan area can be directly attributed to the financial performance and prosperity of the airport that services the region. As determined by a Georgia Department of Transportation Economic Impact Study in 2011 and released in 2012, Savannah/Hilton Head International supports the region with 20,383 jobs, with an annual payroll of \$869,501,600 paid to all workers whose salaries are directly attributable to airport activity. With more than eighty companies located on airport property, including two fixed based operators and headquarters for Gulfstream Aerospace, the airport plays a vital role in supporting the continued development of the region.

The airport's strong financial bottom line withstood another year of airline uncertainty and realignment. Seasonal reductions in seat capacity resulted in a less than one percent reduction in passenger enplanements, but by holding airport cost structures virtually flat during the economic downturn, net revenues exceeded forecasts. The airport finished the year with nonstop flights to 11 major markets after American Airlines discontinued service to Miami as a result of ongoing bankruptcy reorganization. Attracting nonstop flight destinations continues to be a top priority, and airport management is actively involved daily in air service development efforts.

Construction continues on the North Aviation Development with completion expected in 2013. The project includes a realignment of Gulfstream Road, construction of a taxiway bridge, extension of taxiway A and construction

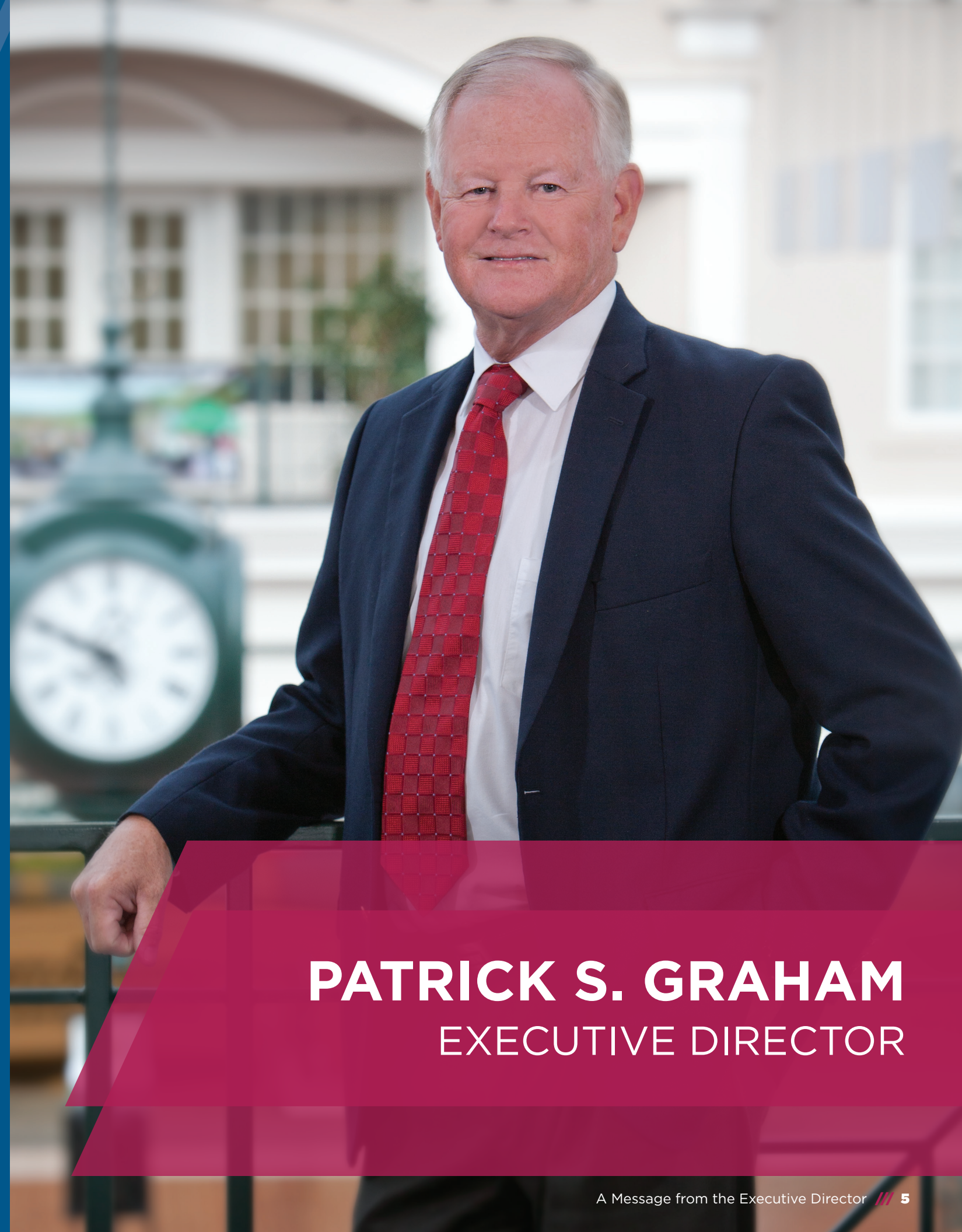
of taxiway H. The development will also open up areas for additional aviation development adjacent to the air traffic control tower.

Every employee at Savannah/Hilton Head International strives to offer First In Service customer service and the best possible airport experience to passengers, visitors and tenants. That experience will be enhanced upon culmination of the Airport Modernization Project started in 2012, with completion expected in 2013. The project is comprised of terminal and property improvements that will update the airport both aesthetically and structurally. Today's travelers are looking for conveniences, and completion of the Modernization Project will offer better use of existing facilities and pave the way for future improvements.

Savannah/Hilton Head International remains poised to meet the demands of a wide variety of business and leisure travelers. Our staff remains committed to work around the clock to ensure that our customers receive the care they deserve in a modern and efficient facility. With dedicated leadership and a strong financial foundation, we look forward to continuing our role in the growth of the entire region.



Patrick S. Graham AAE
Executive Director



PATRICK S. GRAHAM
EXECUTIVE DIRECTOR



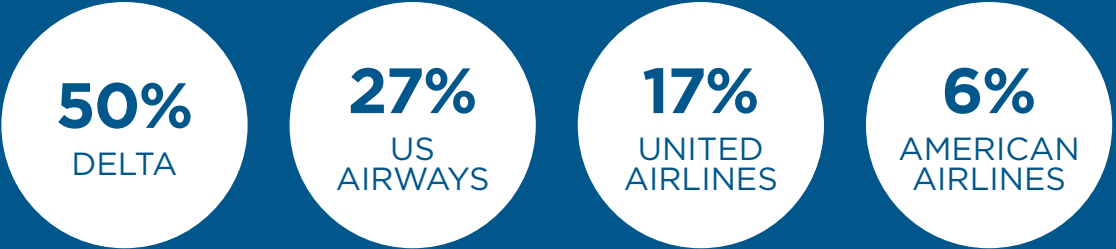
PASSENGER STATISTICS

AIRLINE PASSENGERS:
1,612,000
average 4,416 per day

TAKE-OFFS/LANDINGS:
90,326
average 248 per day

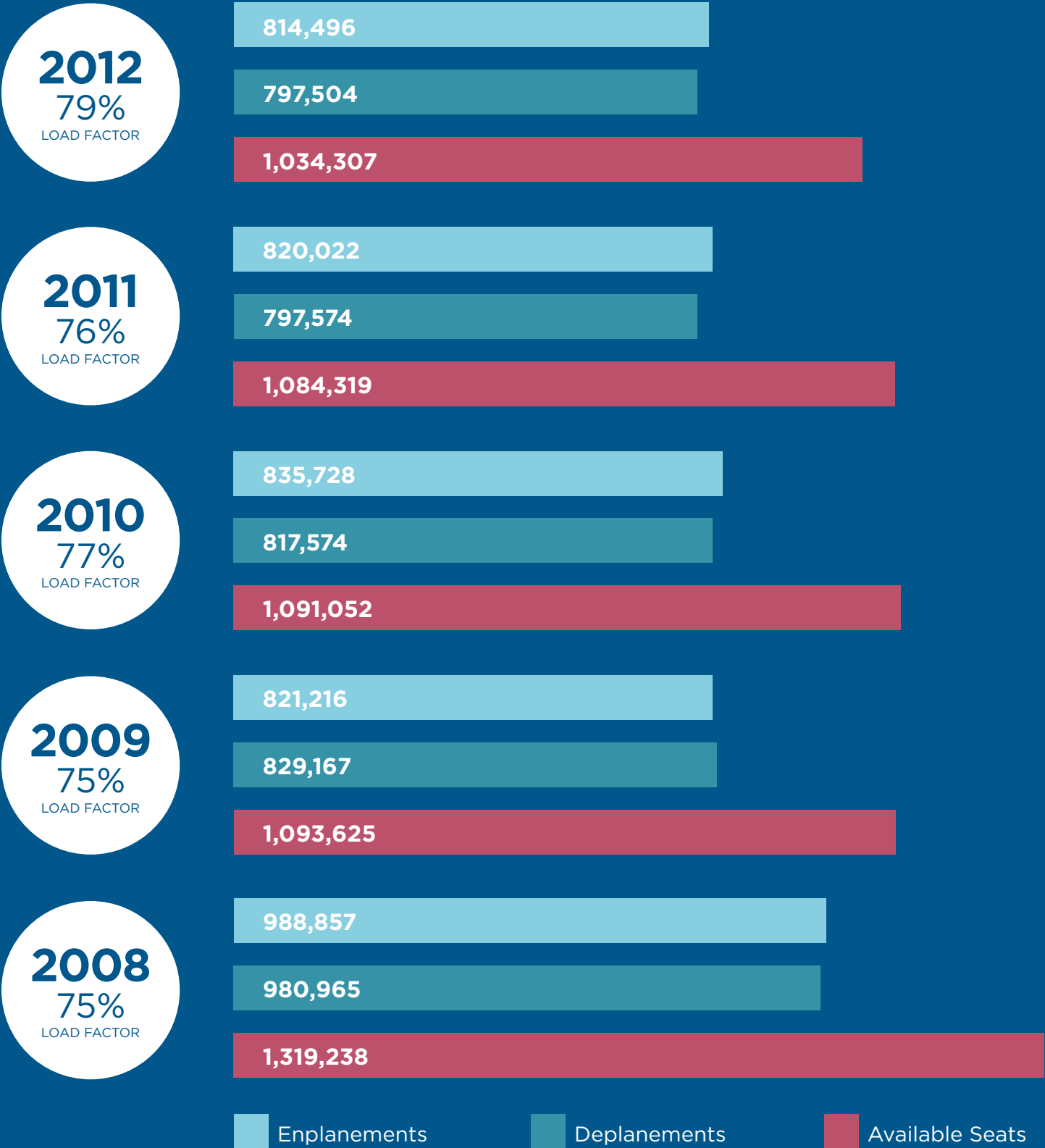
TOTAL CARGO:
7,595 tons

AIRLINE MARKET SHARE:

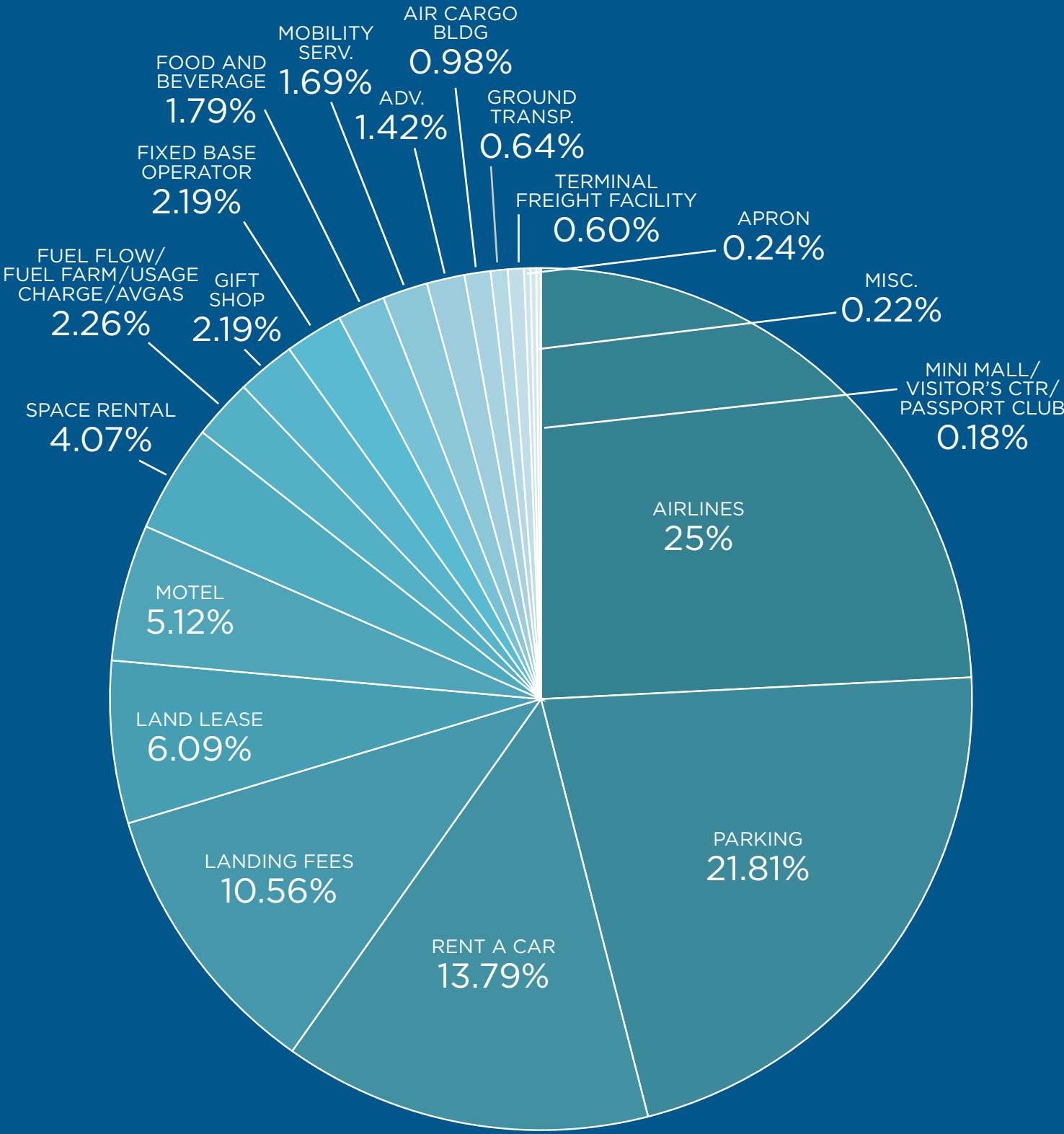


PASSENGER STATISTICS

ENPLANEMENTS AND DEPLANEMENTS



SOURCES OF AIRPORT REVENUE



2012 YEAR IN REVIEW



MARCH

Passport Club adds samples of Byrd Cookies.

APRIL

The Transportation Security Administration installs body scanners at Security Checkpoint.

MAY – JULY

The Savannah Airport Commission staff assumed full management duties associated with baggage carts, wheelchair and passenger support services. The Airport Commission negotiated and purchased the carts from Smarte Carte and began offering the carts to passengers at no charge.

SEPTEMBER

An air service workshop hosted by the Leigh Fisher Association was held in Savannah and Hilton Head. This workshop was open to the public.

OCTOBER

The Savannah Airport Commission approved a resolution to transfer governance of the Foreign Trade Zone Grant to the World Trade Center Savannah (WTC), a division of the Savannah Economic Development Authority (SEDA).

NOVEMBER

Savannah/Hilton Head International sponsored the Rock 'n' Roll Marathon water station. 75 Volunteers assisted in handing out water to over 17,000 runners participating in the event.

DECEMBER

Savannah/Hilton Head International hosted the School Music Days during the holiday season. Over 1000 students from 27 schools participated. The Savannah Airport Commission added a Savannah Bank ATM, Georgia Lottery Machines and a Best Buy Express kiosk to better serve our customers.

GREEN INITIATIVE

The Savannah/Hilton Head International staff is continuously developing ways to expand our green initiative and preserve our resources. Passengers, tenants and neighbors of Savannah/Hilton Head International are encouraged to participate in our recycling program. Two public drop off locations are conveniently located on airport property, and combined with airport recyclables, accounted for a total of 39.35 tons of recycled glass, paper, and aluminum. In addition, cardboard, milled asphalt, batteries and even carpet are recycled throughout the year. Airport landscaping is kept beautiful with the addition of recycled plant material, and watered from airport retention lakes and ponds.





NORTH AVIATION DEVELOPMENT PROJECT



Construction continues on the North Aviation Development project. The realignment of Gulfstream Road was completed and the road opened to traffic in early 2013. Taxiway H has been completed with work still remaining on the Taxiway A extension. The North Aviation Development project is in support of a \$500 million expansion by the Airport's largest tenant, Gulfstream Aerospace. The project is proceeding with a \$29 million land development project that will include 280 acres of vacant property north of the terminal building for future aviation manufacturing and general aviation/corporate aviation facilities with an expected completion date of May 2013.

AIRLINES SERVING THE AIRPORT



American Airlines 
1-800-433-7300

2 Daily Nonstop Departures to
DALLAS
Daily Number of Seats 144

10 Daily Nonstop Departures to
ATLANTA
Daily Number of Seats – 1324

3 Daily Nonstop Departures to
DETROIT
Daily Number of Seats 150

2 Daily Nonstop Departures to
NY LAGUARDIA
Daily Number of Seats 100

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 DC/DULLES
Daily Number of Seats 150

3 Daily Nonstop Departures to
CHICAGO
Daily Number of Seats 150

9 Daily Nonstop Departures to
CHARLOTTE
Daily Number of Seats 670

1 Daily Nonstop Departure to
PHILADELPHIA
Daily Number of Seats 86

1 Daily Nonstop Departure to
WASHINGTON REGAN
Daily Number of Seats 50

 **DELTA**
1-800-221-1212

UNITED 
1-800-241-6522


U·S AIRWAYS
1-800-428-4322



2012 GENERAL AVIATION HIGHLIGHTS

Savannah/Hilton Head International handled 7,595 tons of cargo and express mail and had 52,712 general aviation operations in 2012.

In September, the Savannah Airport Commission signed an agreement to purchase a Midfield Runway Visual Range indicator (RVR) that measures visibility and fog on the runway. There are already two RVR's on the airfield, and the

third was requested to make operations even more safe and efficient. An RVR lowers the departure visibility minimums from 1,600 feet to 1,200 feet and is a valuable asset for both commercial and general aviation. The cost of the RVR was \$175,000 and will be reimbursed to the Commission by the Federal Aviation Administration through a Passenger Facility Charge amendment.

FOREIGN TRADE ZONE

In the first quarter of 2012, Foreign Trade Zone (FTZ) 104 added John Deere, Hyosung USA, Inc, Duke Realty and Firth Rixson to the growing list of companies that save millions of dollars in merchandise processing fees. Participation in the FTZ provides significant savings by allowing for duty-free treatment of goods that are imported for sale in the U.S. market.

In October 2012, the Savannah Airport Commission approved a resolution to transfer control of the Foreign Trade Zone, which it has

governed for more than 30 years, to the new World Trade Center Savannah, a division of Savannah Economic Development Authority. The now thriving FTZ 104 is used as an economic development tool, which suits the mission of SEDA and the newly formed WTC. Current active foreign trade zone sites in Savannah include the Air Cargo building at the airport, Nustar Energy, Tumi Luggage, Mitsubishi Power Systems, Savannah Warehouse Services, Ocean Terminal and Garden City Terminal at Georgia Ports Authority.

AWARDS



Executive Director Graham presented the Accounting Department with its fourteenth **Certificate of Achievement for Excellence in Financial Reporting (CAFR*)** for the fiscal year ending December 31, 2011. The CAFR is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports achieve the highest standards in government accounting and financial reporting.

The Marketing Department at Savannah/Hilton Head International was honored to receive two

MarCom Awards in 2012. The Airport received a **Gold Award** for photography for the 2011 Annual Report and an **Honorable Mention Award** for design of the SEC-AAAE Annual Conference Program.

The annual awards competition recognizes outstanding creative achievement by marketing and communication professionals. There were over 6,000 entries internationally.

**Comprehensive Annual Financial Report*

2012 FINANCIAL STATEMENTS

For your information and review are the financial statements of the Savannah / Hilton Head International Airport for the year ending **December 31, 2012**. These financial statements are provided by management and are for information only, and have not been audited.

The following statements are being provided:

- Statement of Net Assets
- Statement of Liabilities & Net Assets
- Statement of Revenues, Expenses & Changes in Net Assets
- Statement of Cash Flow / Fund Balance

A SUMMARY OF THE MAJOR CHANGES FOLLOW:

DESCRIPTION	Dollars in Millions	Dollars in Millions	CHANGE
	2012	2011	
Cash Position	20.7	17.2	3.5
Restricted Assets	9.2	9.3	(0.1)
Total Assets	217.2	206.8	10.4
Current Liabilities	5.2	3.4	1.8
Total Liabilities	19.7	19.6	0.1
Net Assets	197.4	187.2	10.2
Operating Revenues	23.3	22.6	0.7
Operating Expenses	27.2	26.1	1.1
Operating Income / (Loss)	(3.9)	(3.5)	(0.4)
Net Income /(Loss) Before Capital Contribution	(0.2)	0.1	(0.3)
Capital Contribution	10.5	5.2	5.3
Increase in Net Assets	10.3	5.2	5.1
Total Revenues	23.9	23.3	0.6
O & M Expense	16.7	15.6	1.1
Net Revenues	7.2	7.7	(0.5)
Total Fund Collections	38.3	32.4	5.9
Total Fund Uses	38.8	28.3	10.5
Net Increase/(Decrease) in Fund Balance	(0.5)	4.1	(4.6)
Debt Service Coverage	3.37	3.47	-10.00%

Questions concerning the financial statements and any other information provided should be directed to:

PATRICK S. GRAHAM, C.P.A., A.A.E.
EXECUTIVE DIRECTOR, SAVANNAH AIRPORT COMMISSION

400 Airways Avenue • Savannah, GA 31408
(912) 964-0514 • www.savannahairport.com

STATEMENT OF NET ASSETS: Year-to-Date: December 31

	2012	2011
CURRENT ASSETS		
Unrestricted Assets		
Cash	\$ 14,667,381	\$ 4,101,565
Investments	6,076,535	13,155,328
Receivables	1,941,964	1,921,802
Inventories	190,135	175,777
Prepaid expenses	166,441	195,286
Current portion lease receivable	232,671	215,848
TOTAL CURRENT UNRESTRICTED ASSETS	23,275,127	19,765,606
CURRENT RESTRICTED ASSETS		
Revenue bond renewal & replacement cash	2,000,000	2,000,000
Restricted cash & cash equivalents	6,838,150	7,069,579
Restricted accounts receivable	343,258	217,015
TOTAL CURRENT RESTRICTED ASSETS	9,181,408	9,286,594
Bond issuance cost	440,675	603,900
Leases receivable, net of current portion	1,684,525	1,936,908
Investments Long-term	7,747,00	11,490,863
TOTAL	9,872,200	14,031,671
CAPITAL ASSETS		
Land	10,696,368	10,696,368
Buildings & improvements	158,502,695	154,093,243
Runways, taxiways & lights	79,779,563	72,496,357
Equipment	16,012,364	15,416,317
Access roads	18,745,431	18,375,240
Construction in progress	23,243,788	15,003,532
	306,980,209	286,081,057
Accumulated depreciation	(132,147,926)	(122,369,446)
TOTAL CAPITAL ASSETS	174,832,283	163,711,611
TOTAL ASSETS	\$217,161,018	\$206,795,482

STATEMENT OF LIABILITIES AND NET ASSETS:

Year-to-Date: December 31

	2012	2011
CURRENT LIABILITIES		
Accounts payable & accrued expenses	\$2,142,329	\$1,655,367
Accrued vacation liability	758,378	659,208
Salaries & wages payable	129,635	105,081
Security deposits	61,428	64,810
Contract payable-retainage	2,040,948	725,773
Deferred revenue	65,536	157,194
TOTAL CURRENT LIABILITIES	5,198,254	3,367,433
NON-CURRENT LIABILITIES		
Net OPEB Obligation	3,773,577	3,051,760
Revenue Bonds (Unamortized Net Disc / Prem)	11,154,124	13,752,306
Deferred Loss on Bond Refunding	(400,913)	(550,845)
TOTAL NON-CURRENT LIABILITIES	14,526,788	16,253,221
TOTAL LIABILITIES	19,725,042	19,620,654
NET ASSETS		
Invested in capital assets net of related debt	164,079,072	150,510,150
Restricted for airport facilities		
Bond reserve funds	6,150,072	5,895,879
Bond debt service reserve	1,501,000	1,501,000
*Passenger facility charges	369,556	436,709
Customer facility charges	1,041,211	1,381,824
General Aviation fund charges	94,335	20,249
Savannah Aviation village fund charges	18,346	46,817
Other restricted assets	6,888	4,116
Unrestricted	24,175,496	27,378,084
TOTAL NET ASSETS	197,435,976	187,174,828
TOTAL LIABILITIES AND NET ASSETS	\$217,161,018	\$206,795,482

*PFC accrual based 12/31/2012.
Actual reported PFC to FAA (Federal Aviation Administration) is \$67,374.23
Total remaining funds collected as required by FAA.

STATEMENT OF REVENUES, EXPENSES & CHANGES IN NET ASSETS:

Year-to-Date: December 31

REVENUES:	2012	2011
Landing Fees	\$2,463,847	\$2,421,474
Fuel Flow/ Fuel Farm / Usage Fees/ Avgas	528,263	539,009
Airlines	5,647,900	5,598,701
Rent A Car	3,219,283	3,079,836
Space Rental	919,320	895,054
Advertising	330,961	313,861
Gift Shop	510,414	497,865
Telephones	14,248	13,977
Vending Machines	15,583	2,380
Food & Beverage	418,439	417,215
Mini Mall / Visitor's Center / Passport Club	40,952	41,382
Mobility Services	394,207	259,643
Apron	55,080	59,049
Parking	5,090,084	5,069,763
Land Lease	1,420,627	1,188,660
Motel	1,196,152	1,105,073
Ground Transportation	148,314	155,278
Fixed Base Operator	509,287	517,761
Air Cargo Building	228,199	216,236
Terminal Freight Facility	140,500	131,500
Miscellaneous	51,078	46,553
Ground Support Services	0	44,800
TOTAL OPERATING REVENUE:	\$23,342,738	\$22,615,069

*PFC reported is on accrual based 12/31/2012.
Actual reported PFC to FAA (Federal Aviation Administration) is \$2,990,344.74. Total funding collected as required by FAA

EXPENSES:	2012	2011
R/W T/W Mtc.	108,320	94,822
Bldg Mtc.	1,786,237	1,709,632
Equipment Mtc.	580,365	517,018
Apron Mtc.	2,385	3,631
Ground Mtc.	726,768	677,601
Advertising	66,909	43,014
Janitorial Mtc.	787,808	809,432
Utilities	1,278,836	1,362,506
General	2,774,866	2,447,229
Security	1,376,589	1,298,404
Administrative	3,004,576	2,803,349
Operation Center	109,215	106,526
Marketing	621,416	535,175
Employee Benefits	3,370,873	3,183,970
Fuel Farm	122,644	81,997
Passport Club / Visitor's Center	267,856	255,328
Mobility Services	321,149	197,676
Ground Transportation Starters	97,406	108,960
Ground Support Services	0	48,972
Depreciation	9,812,599	9,833,916
TOTAL OPERATING EXPENSES:	\$27,216,819	\$26,119,158
NET OPERATING INCOME OR (LOSS):	(3,874,081)	(3,504,089)
NON-OPERATING REVENUE / EXPENSE:		
* Passenger Facility Charges	3,115,125	3,047,826
Customer Facility Charges	530,901	510,213
General Aviation Fund Charges	69,395	60,288
Savannah Aviation Village Facility Charges	22,00	60,600
Interest Revenue	553,716	685,564
Interest Expense	(536,837)	(687,586)
Bond Issuance / Premium / Loss on Refunding	(64,975)	(93,372)
Net Increase / (Decrease) Fair Market Value	(23,667)	(40,831)
Gain / (Loss) on Asset Disposals	(10,251)	39,708
Gain on Recovery of Bad Debt	1,294	0
TOTAL NON-OPERATING REVENUE/EXPENSE	\$3,656,701	\$3,582,410
NET INCOME OR (LOSS) BEFORE CAPITAL CONTRIBUTIONS	(217,380)	78,321
CAPITAL CONTRIBUTIONS	10,478,528	5,167,328
NET ASSETS ADJUSTMENTS	0	0
INCREASE IN NET ASSETS	\$10,261,148	\$5,245,649

STATEMENT OF CASH FLOW / FUND BALANCE:

Year-to-Date: December 31

FUND	2012	2011
Airline Terminal Rentals	\$5,647,900	\$5,598,701
Landing Fees	2,463,847	2,421,474
Miscellaneous Airfield Income	528,263	539,009
Aircraft Apron Fees	55,080	59,049
Non-Airline Revenues	14,638,691	14,036,544
Investment Earnings	553,716	685,564
TOTAL REVENUES (Operating and Non-Operating)	23,887,497	23,340,341
O & M Expenses	16,682,403	15,639,608
Work in Progress / Special Projects Open	0	0
NET REVENUES	7,205,094	7,700,733
2001 Bond Debt Service	2,886,838	2,962,585
O & M Reserve Increment	254,193	81,864
Capital Equipment / Facilities	641,112	410,143
NET REMAINING REVENUES	3,422,951	4,246,140
COVERAGE CALCULATION:		
Net Revenues	7,205,094	7,700,733
Plus: Rolling Coverage	721,710	740,646
Plus: PFC Collections (Available for Debt Svc)	1,804,274	1,851,616
ADJUSTED NET REVENUES	9,731,077	10,292,995
DEBT SERVICE COVERAGE (Adj Net Rev ÷ Debt Svc)	3.37	3.47
TOTAL FUND COLLECTIONS:		
Total Revenues	23,887,497	23,340,341
Direct Finance Leases - Principle	209,366	191,854
Passenger Facility Charges - Airlines	3,115,125	3,047,826
AIP Funds	10,459,015	4,968,932
State Funds	19,513	13,395
Customer Facility Charges - Rental Cars	530,901	510,213
General Aviation Fund Charges	69,395	60,288
Savannah Aviation Village Fund Charges	22,000	60,600
Revert Acquisitions	0	185,000
TOTAL	38,312,812	32,378,449
TOTAL FUND EXPENDITURES:		
Total O & M Expenditures	16,682,403	15,639,608
2011 Bond Debt Service	2,886,838	2,962,585
Total Capital Expenditures	19,208,172	9,676,757
Work in Progress / Special Projects Open	0	0
TOTAL	\$38,777,413	\$28,278,951
NET INCREASE / (DECREASE) IN FUND BALANCE	(\$464,601)	\$4,099,498





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