

SAVANNAH, GA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

YEARS ENDED DECEMBER 31, 2019 & 2018

SAVANNAH[®]
HILTON HEAD
INTERNATIONAL





SAVANNAH AIRPORT COMMISSION

Comprehensive Annual Financial Report Years Ended December 31, 2019 and 2018

Prepared By: Finance Department
Savannah, Georgia

Airport Website: www.savannahairport.com

Savannah Airport Commission

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Savannah Airport Commission

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Savannah Airport Commission

Introductory Section (Unaudited)

- **Letter of Transmittal**
- **Air Service Map 2019**
- **Air Service Map 2018**
- **Principal Officials**
- **Organization Chart**
- **Certificate of Achievement for Excellence in Financial Reporting**





400 AIRWAYS AVENUE
SAVANNAH, GA 31408

T: 912.964.0514

F: 912.964.0877

TO: Savannah Airport Commissioners
Airport Attorneys
DATE: June 23, 2020
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, 2019. 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 accounting principles generally accepted in the United States of America (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 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), 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.

flySAV.com

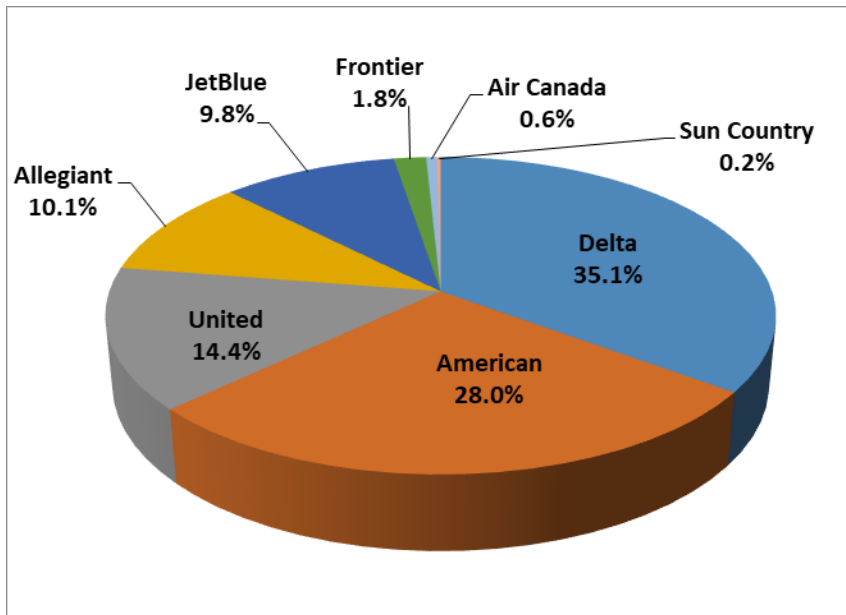
Description of Airport/Reporting Entity

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

Following the positive trend from 2018 growth, 2019 was another favorable year for the airline industry with demand continuing to increase. A 4.2% increase in demand for global passenger traffic was seen in 2019 over 2018, which is most likely the result of lower airfares, more routes being offered, and a stronger economy. This increase was weaker than the increase of 6.5% from 2017 to 2018. The load factor for the global market also increased to a new record of 78.9%. The Savannah/Hilton Head International Airport once again saw another significant increase in available seats, total passengers and enplanements for 2019 vs. 2018. The airlines offered 1,903,143 seats in 2019 vs. the 1,768,310 seats offered in 2018, an increase of 7.62%. The load factor increased slightly in 2019 compared to 2018, respectively at 78.86% and 78.80%. Total enplanements for 2019 were 1,502,974 vs. 1,395,040 for 2018, a significant increase of 7.74%. Total passengers for 2019 were 3,021,077 vs. 2,799,526 for 2018, also a significant increase of 7.91% compared to last year. On another positive note, the number of non-stop destinations increased to a total of 31 in 2019, which is an additional 5 destinations being offered over 2018. The airlines serving the Savannah/Hilton Head International Airport in 2019 included Delta, American, United, Allegiant, JetBlue, Frontier, Air Canada, and Sun Country.

The market share for the airlines serving the Airport in 2019 follows:



Delta Air Lines (Delta, Endeavor, GoJet, Republic, and SkyWest) had a market share of 35.1% for the year, followed by American Airlines (American, Envoy, PSA, Republic, and SkyWest) with 28.0%; United (United, Air Wisconsin, CommutAir, Express Jet, GoJet, Mesa, Republic, and SkyWest) captured 14.4%; Allegiant held 10.1%; JetBlue took 9.8% of the market share; Frontier took 1.8%; Air Canada held 0.6%; Sun Country had the fewest enplanements with a market share of 0.2%.

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, 2019, enplanements were well above 2018, with a significant increase of 7.74% and available seats were up with an increase of 7.62% over 2018. Breaking the record set in 2018, 2019 set a new all-time high for enplanements, with a final total of 1,502,974 enplanements. The previous enplanement record set in 2018 reflected total enplanements ending at 1,395,040. Our budgeted 2020 enplanements originally projected an increase of 4.0% over 2019. However, due to Covid-19, enplanements were down 42.90% through the first four months of 2020. Based on current global and industry trends, we expect to see a significant decrease in enplanements over the previous year.

Airport Highlights

First Quarter:

- **Sophie the Cavalier comfort dog comes to SAV**
- **Valentine's Day Hug Zone in Savannah Square**
- **Terminal Apron Expansion Begins**
- **Flight Fountain goes green for St. Patrick's Day**
- **Police Chief Sedrick Rivers' Pinning Swearing-In Ceremony**

Second Quarter:

- **Satchel Ribbon Cutting in Savannah Square**
- **Allegiant Base Announcement**
- **Parking Revenue Control System enhanced**
- **Nursing Mother's Room added to concourse**
- **Advanced FIDS monitors installed in the terminal**
- **Allegiant launches service to BNA, GRR, IAG, ABE and PSM**
- **Executive Director Greg Kelly honored with AAAE Distinguished Service Award**

Third Quarter:

- **USO Ribbon Cutting**
- **SAV named the number four airport in the country by Travel + Leisure magazine**
- **SAV receives \$4.2M FAA Program Grant for the final phase of FIS Facility and Apron**
- **Executive Director Greg Kelly appointed to ACI-NA Board of Directors**
- **Tesla expands from six to eight charging stations**
- **Gulfstream Service Center Ribbon Cutting**
- **Woolpert Partners with SAV on Drone Utilization**

Fourth Quarter:

- **Director of Landside Facilities Lenard Robinson named President of the Georgia Airports Association**
- **6th Annual Home for the Holidays Contest**
- **Director of Landside Facilities Lenard Robinson and Manager of Properties and Executive Affairs Meghan Dunn awarded the distinction of Accredited Airport Executives by the American Association of Airport Executives (AAAE)**
- **Savannah/Hilton Head International ranked the number two airport in the U.S. by Conde Nast Reader's Choice**
- **MarCom Awards**
- **Annual School Music Days held in Savannah Square**
- **Executive Director Greg Kelly appointed to the board of the International Association of Airport Executives (IAAAE)**

Major Initiatives

The **AIP-59 Entitlement Grant** was awarded on September 6, 2017 in the amount of \$2,125,135 of entitlement funds. The entitlement funds from the AIP-59 grant have been designated to fund the capital expenditures incurred as a result of the construction of the Federal Inspection Services Facility. The FIS Facility project was completed during the first quarter of 2020 and grant closeout documentation is expected to be submitted during the third quarter of 2020.

The **AIP-60 Entitlement Grant** was awarded on July 18, 2018 in the amount of \$4,086,265 of entitlement funds. The entitlement funds from the AIP-60 grant have been designated to fund the capital expenditures incurred as a result of the construction of the Federal Inspection Services Facility. The FIS Facility project was completed during the first quarter of 2020 and grant closeout documentation is expected to be submitted during the third quarter of 2020.

The **AIP-61 Supplemental Discretionary Grant** was awarded on September 21, 2018 in the amount of \$7,642,751. The supplemental discretionary funds from the AIP-61 grant have been designated to fund the capital expenditures incurred as a result of the expansion of the terminal apron. The terminal apron expansion was completed in the first quarter of 2020 and the grant closeout documentation is expected to be submitted during the third quarter of 2020.

The **AIP-62 Entitlement Grant** was awarded on July 15, 2019 in the amount of \$4,222,340. The entitlement funds from the AIP-62 grant have been designated to fund the remainder of the capital expenditures incurred as a result of the construction of the Federal Inspection Services Facility. The FIS Facility project was completed during the first quarter of 2020 and grant closeout documentation is expected to be submitted during the third quarter of 2020.

A schedule of the AIP projects that were open as of December 31, 2019 follows:

| | PROJECTED COST | FAA GRANTS | PFC FUNDING | STATE FUNDING | AIRPORT FUNDING |
|---|---------------------------|-----------------------|------------------------|--------------------------|----------------------------|
| Construct Federal Inspection Services Facility | \$14,748,944 | \$10,433,740 | \$885,559 | \$243,720 | \$3,185,925 |
| Expand Terminal Apron | \$8,491,946 | \$7,642,751 | \$439,055 | \$410,140 | - |
| Total Cost | \$23,240,890 | \$18,076,491 | \$1,324,614 | \$653,860 | \$3,185,925 |

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, 2019.

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. A new agreement with a similar fixed rate structure was approved to begin January 1, 2020.

| 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 2019 – 2023 totaling \$147 million. The plan consists of \$68 million for airside projects, \$47 million for terminal improvements, and \$32 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 entitlement and discretionary funds, State funds, Passenger Facility Charge funds, 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 2019, or scheduled for completion in 2020, have their projected additional operating costs and related revenues incorporated into the Commission's 2020 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 2020 budget, our enplanements were projected to increase from 2019 by 4.0%. Rent A Car, Gift Shop, Food & Beverage, Auto Parking, and Ground Transportation revenues were all expected to increase in 2020 again as a result of the projected increase in passenger traffic from the anticipated additional enplanements. However, due to the Covid-19 pandemic we are now expecting substantial decreases in enplanements and revenues. Our projected operating expenses were expected to

increase by 8.6% over our 2018 expected expenses. The above average increase in operating expenses is mainly due to an increase in expenditures on Marketing & Air Service Initiatives used to attract new airlines and also to entice current airlines to offer new routes, facilities projects projected for 2020, rising labor expenses resulting from cost of living adjustments, merit increases, promotions, new positions, and also the rising cost of employee benefit programs.

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.

Other Information

Technological Advances:

In 2019, the Airport upgraded the parking revenue system (TIBA) which included new pay stations, a system to track vehicles to assist in lost tickets, and new ticket dispensers. This equipment will make the parking experience easier for passengers. A new parking assist system (Park Assist) was installed in the main parking garage to better direct traffic and allow passengers to more easily identify where open parking spots are located.

The Emergency Operations Center was created in the airport police department, composed of large screen monitors and touchscreens with computers that can be used to monitor emergency situations and be a central point of contact. Laptops were also purchased for the EOC to provide mobility if necessary to work at remote locations.

The IT department installed the Netwrix network monitoring system. This system composed of servers and software can monitor the many various components of a datacenter and provide IT staff insight into activity on the network and possible issues as they arise.

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 Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal

Awards (Uniform Guidance). 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:

AVA Digital Awards:

Platinum Winner Digital Marketing – Pack Your Bags marketing campaign

Gold Winner Video Production – State of the Airport Video

Savannah Chamber Tourism and Hospitality Award

Southeast Disaster Operations Group (SEADOG) received prestigious AAAE Chair's Award in July

MarCom Awards:

Platinum Winner Digital Media/E-Communication - Annual Report

Gold Winner Video/Audio - State of the Airport Special Event Video Production

Conde Nast number two airport in the U.S.

Travel + Leisure number four airport in the U.S.

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, 2018. This was the twenty-first 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 accounting principles generally accepted in the United States of America 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**

Airlines Serving the Savannah/Hilton Head International Airport

AIRLINES & NONSTOP DESTINATIONS

○ SEASONAL SERVICE

○ YEAR-ROUND SERVICE



Savannah Airport Commission

Airlines Serving the Savannah/Hilton Head International Airport

2019 FLIGHT LIST

AIR CANADA 

1 daily nonstop departure to
TORONTO YYZ*



2 weekly nonstop departures to
ALLENTOWN ABE*

2 weekly nonstop departures to
ALBANY ALB*

2-3 weekly nonstop departures to
BALTIMORE BWI

2-7 weekly nonstop departures to
CINCINNATI CVG

3-7 weekly nonstop departures to
CLEVELAND CLE

2-4 weekly nonstop departures to
COLUMBUS LCK*

2 weekly nonstop departures to
GRAND RAPIDS GRR*

2 weekly nonstop departures to
INDIANAPOLIS IND*

2 weekly nonstop departures to
LOUISVILLE SDF*

2 weekly nonstop departures to
NASHVILLE BNA*

2 weekly nonstop departures to
NEWARK EWR

2 weekly nonstop departures to
NIAGARA FALLS IAG*

2-4 weekly nonstop departures to
PITTSBURGH PIT*

2 weekly nonstop departures to
PROVIDENCE PVD*

American Airlines 

9 daily nonstop departures to
CHARLOTTE CLT

1 daily nonstop departure to
CHICAGO O'HARE ORD*

2-3 daily nonstop departures to
DALLAS DFW

2 weekend nonstop departures to
LAGUARDIA LGA

2 daily nonstop departures to
MIAMI MIA

3 weekday nonstop departures to
PHILADELPHIA PHL

2 daily nonstop departures to
**WASHINGTON
REAGAN DCA**

 **DELTA**

11 daily nonstop departures to
ATLANTA ATL

1 Saturday nonstop departure to
BOSTON BOS*

1 daily nonstop departure to
DETROIT DTW

2-3 daily nonstop departures to
NEW YORK JFK

3 daily nonstop departures to
NEW YORK LGA

1 weekly nonstop departure to
MINNEAPOLIS MSP*

FRONTIER
AIRLINES

2-3 weekly nonstop departures to
DENVER DEN

2-3 weekly nonstop departures to
PHILADELPHIA PHL*



1-3 daily nonstop departure to
BOSTON BOS

2 daily nonstop departures to
NEW YORK JFK

UNITED 

3-4 daily nonstop departures to
CHICAGO O'HARE ORD

2 weekend nonstop departures to
DENVER DEN*

2 daily nonstop departures to
HOUSTON IAH

3 daily nonstop departures to
NEWARK EWR

3 daily nonstop departures to
WASHINGTON IAD

 **sun country airlines.**

2 weekly nonstop departures to
MINNEAPOLIS MSP*

** Indicates Seasonal Service.*

2018 Nonstop Destinations



2018 Flight List

AIR CANADA 

1 daily nonstop departure to
TORONTO YYZ

allegiant 

3-4 weekly nonstop departures to
BALTIMORE BWI

3-7 weekly nonstop departures to
CINCINNATI CVG

2-4 weekly nonstop departures to
CLEVELAND CLE

2-4 weekly nonstop departures to
COLUMBUS LCK

2-3 weekly nonstop departures to
INDIANAPOLIS IND

2 weekly nonstop departures to
LEXINGTON LEX

2 weekly nonstop departures to
LOUISVILLE SDF

2 weekly nonstop departures to
NASHVILLE BNA

2-3 weekly nonstop departures to
NEWARK EWR

2-3 weekly nonstop departures to
PITTSBURGH PIT

American Airlines 

9 daily nonstop departures to
CHARLOTTE CLT

2 daily nonstop departures to
DALLAS DFW

2 weekend nonstop departures to
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PHILADELPHIA PHL

2 daily nonstop to
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1 daily nonstop departure to
DETROIT DTW

2 daily nonstop departure to
NEW YORK JFK

3 daily nonstop departures to
NEW YORK LGA

1 weekly nonstop departure to
MINNEAPOLIS MSP

FRONTIER
AIRLINES

2 weekly nonstop departures to
DENVER DEN

2 weekly nonstop departures to
PHILADELPHIA PHL

jetBlue 

1-2 daily nonstop departure to
BOSTON BOS

2 daily nonstop departures to
NEW YORK JFK

 **sun country airlines**

Weekly nonstop departures to
MINNEAPOLIS MSP

UNITED 

3 daily nonstop departures to
**CHICAGO O'HARE
ORD**

2 daily nonstop departures to
HOUSTON IAH

3 daily nonstop departures to
NEWARK EWR

3 daily nonstop departures to
WASHINGTON IAD

Principal Officials 2019

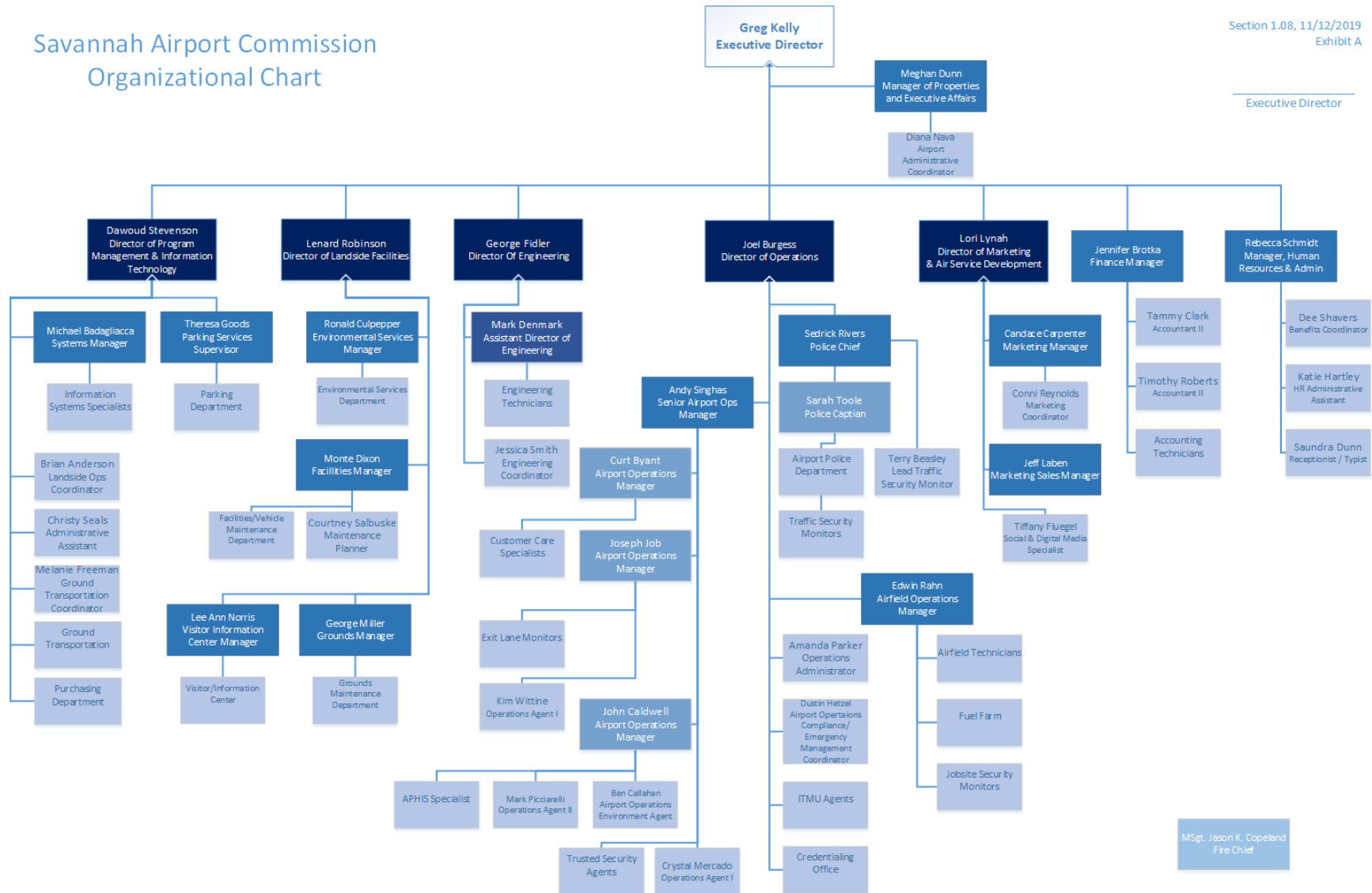
| <u>Commissioner</u> | <u>Position</u> | <u>Occupation</u> | <u>Term Expiration</u> |
|----------------------------|------------------------|---------------------------------|-------------------------------|
| Stephen Green | Chairman | Stephen Green Properties | 2022 |
| Shirley James | Vice-Chairman | The Savannah Tribune | 2020 |
| Ted Kleisner | Commissioner | First Energy Corporation | 2021 |
| Randy Houston | Commissioner | DuPont | 2023 |
| Lowell Kronowitz | Commissioner | Levy Jewelers | 2024 |

Savannah Airport Commission Organizational Chart

Section 1.08, 11/12/2019
Exhibit A

Executive Director

A-16





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, 2018

Christopher P. Morill

Executive Director/CEO

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





Independent Auditor's Report

The Commissioners
Savannah Airport Commission
Savannah, Georgia

Report on the Financial Statements

We have audited the accompanying financial statements of the Savannah Airport Commission (the Commission), as of and for the years ended December 31, 2019 and 2018, and the related notes to the financial statements, which collectively comprise the 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 from 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 financial position of the Commission, as of December 31, 2019 and 2018, and the respective changes in financial position and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the required supplementary information as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audits were conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Commission's basic financial statements. The introductory section, supplementary information, statistical section, and the Schedule of Expenditures of Federal Awards, required by 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 other supplemental information 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. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other supplemental information and the Schedule of Expenditures of Federal Awards are fairly stated in all material respects in relation to the basic financial statements 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 do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 23, 2020 on our consideration of the 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 effectiveness of the Commission's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Commission's internal control over financial reporting and compliance.

Hancock Asken & Co., LLP

Savannah, Georgia
June 23, 2020

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

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, 2019. 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 Federal and State grants, Passenger Facility Charges ("PFC"), Customer Facility Charges ("CFC"), and net remaining revenues.

AIRPORT ACTIVITIES & HIGHLIGHTS

The Savannah/Hilton Head International Airport entered 2019 with economic aviation conditions continuing to increase in several areas compared to 2018. Total airline activities during the past three years are as follows:

| | <u>2019</u> | <u>2018</u> | <u>2017</u> |
|--|------------------|-------------|-------------|
| Enplanements - Scheduled and Non-Scheduled | 1,502,974 | 1,395,040 | 1,229,083 |
| % increase/decrease | 7.7% | 13.5% | 12.8% |
| Aircraft Operations - All Types | 107,764 | 96,823 | 94,827 |
| % increase/decrease | 11.3% | 2.1% | 2.3% |
| Landed Weight - Scheduled and Non-Scheduled | 1,885,631 | 1,761,247 | 1,513,683 |
| % increase/decrease | 7.1% | 16.4% | 12.2% |
| Mail/Express/Freight Cargo (Tons) | 9,248 | 9,262 | 9,002 |
| % increase/decrease | -0.2% | 2.9% | 10.0% |
| Airline Available Seats | 1,903,143 | 1,768,310 | 1,501,797 |
| % increase/decrease | 7.6% | 17.7% | 12.6% |

Two major factors affect airport revenues: operations, which generate landed weight fee revenues, plus usage charges for apron; and enplanements, which generate concession, parking, rental car, and other ground transportation revenues. While aircraft operations increased by 11.3% from 2018, there were several other factors that also contributed to the increase in activities during 2019. Total enplanements were up 7.7% and airline available seats were up 7.6%. The number of non-stop destinations increased by 5 in 2019 when compared to 2018, providing service to and from 31 non-stop destinations for passengers. Landing weights increased by 7.1% and total cargo decreased by 0.2% compared to 2018.

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, 2019, 2018 and 2017 follows:

| | <u>2019</u> | <u>2018</u> | <u>2017</u> |
|---|-------------------------------|-------------------------------|-------------------------------|
| Current assets | | | |
| Current assets | \$69,926,060 | \$54,823,654 | \$42,797,588 |
| Current restricted assets | 19,061,440 | 10,957,693 | 3,406,924 |
| Non-current assets | | | |
| Capital assets, net | 168,961,459 | 161,956,390 | 160,040,146 |
| Other non-current assets | 466,465 | 528,391 | 3,628,093 |
| Long-term investments | <u>7,053,000</u> | <u>19,348,000</u> | <u>24,068,000</u> |
| Total assets | <u>\$265,468,424</u> | <u>\$247,614,128</u> | <u>\$233,940,751</u> |
| Deferred outflows of resources | <u>\$3,701,409</u> | <u>\$1,036,720</u> | <u>\$1,036,720</u> |
| Liabilities | | | |
| Current liabilities | \$6,124,470 | \$5,567,701 | \$3,785,676 |
| Non-current liabilities | | | |
| Net pension/OPEB liability | <u>16,166,468</u> | <u>11,300,617</u> | <u>11,300,617</u> |
| Total liabilities | <u>\$22,290,938</u> | <u>\$16,868,318</u> | <u>\$15,086,293</u> |
| Deferred inflows of resources | <u>\$634,218</u> | <u>\$1,886,086</u> | <u>\$1,886,086</u> |
| Net position | | | |
| Net investment in | | | |
| capital assets | \$168,961,459 | \$161,956,390 | \$160,040,146 |
| Restricted | 19,061,440 | 10,957,693 | 3,406,924 |
| Unrestricted | <u>58,221,778</u> | <u>56,982,361</u> | <u>54,558,021</u> |
| Total net position | <u>\$246,244,677</u> | <u>\$229,896,444</u> | <u>\$218,005,091</u> |

The Commission's financial position remained strong through December 31, 2019 with total assets and deferred outflows of resources of \$269.2 million and total liabilities and deferred inflows of resources of \$22.9 million. Current assets increased by \$23.2 million while total assets and deferred outflows of resources increased by \$20.5 million.

Total net position, which represents the residual interest in the Commission's assets after liabilities are deducted, is \$246.2 million at December 31, 2019, an increase of \$16.3 million from 2018. As reflected in the above chart, the net investment in capital assets increased by \$7.0 million to \$169.0 million. The restricted and unrestricted remaining net assets are derived from the Commission's operations, customer facilities charges, general aviation funding, federal and state grants, and passenger facilities charge collections. The 2019 restricted assets of \$19.1 million are subject to internal and external restrictions on how they may be used. The remaining unrestricted current assets of \$69.9 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

| | 2019 | 2018 | 2017* |
|---|-----------------------|-----------------------|-----------------------|
| Operating revenues | | | |
| Airfield | \$ 6,752,741 | \$ 5,703,136 | \$ 4,741,605 |
| Terminal One | 16,088,023 | 15,248,112 | 14,097,691 |
| Airport Business Center | - | - | 5,000 |
| Commercial Aviation | 2,544,916 | 2,406,820 | 2,342,588 |
| Apron | 69,791 | 71,773 | 70,879 |
| Parking | 9,172,911 | 8,534,367 | 7,704,652 |
| Non-Aviation | 3,067,443 | 3,336,134 | 3,028,981 |
| Total operating revenues | 37,695,825 | 35,300,342 | 31,991,396 |
| Operating expenses | | | |
| Airfield | (1,805,729) | (1,370,982) | (2,219,609) |
| Terminal One | (10,608,462) | (9,090,837) | (10,654,133) |
| Airport Business Center | (10,519) | (113,294) | (74,964) |
| Commercial Aviation | (188,206) | (165,349) | (149,683) |
| Apron | (1,829) | (3,969) | (7,121) |
| Parking | (1,835,278) | (1,653,726) | (1,453,209) |
| Non-Aviation | (1,219,215) | (1,144,642) | (1,079,432) |
| Public Safety | (3,887,071) | (3,164,103) | - |
| FIS Facility | (4,310) | - | - |
| Administration | (11,051,772) | (8,566,816) | (7,373,924) |
| Total operating expenses | (30,612,391) | (25,273,718) | (23,012,075) |
| Excess before depreciation and other non-operating income and expenses | 7,083,434 | 10,026,624 | 8,979,321 |
| Depreciation | (12,773,208) | (12,703,635) | (11,878,166) |
| Loss before other non-operating income and expenses | (5,689,774) | (2,677,011) | (2,898,845) |
| Other non-operating income net | 11,629,887 | 9,145,002 | 6,426,979 |
| Income before Capital contributions | 5,940,113 | 6,467,991 | 3,528,134 |
| Capital contributions | 10,408,120 | 5,423,362 | 5,686,825 |
| Increase in net position | 16,348,233 | 11,891,353 | 9,214,959 |
| Total net position, beginning of year | 229,896,444 | 218,005,091 | 208,790,132 |
| Total net position, end of year | \$ 246,244,677 | \$ 229,896,444 | \$ 218,005,091 |

*2017 has been restated

SUMMARY OF OPERATIONS HIGHLIGHTS

Total passenger traffic (enplaned + deplaned) increased significantly in 2019. In 2019, a total of 3.0 million passengers passed through the Airport, versus 2.8 million passengers in 2018 and 2.5 million passengers in 2017. Financially, the year was very favorable once again as well. The Airport was able to end the year 2019 with an increase in net position of \$16.3 million, versus an increase of \$11.9 million in 2018. Capital Contributions decreased slightly from \$5.7 million in 2017 to \$5.4 million in 2018 but increased to \$10.4 million in 2019. The Commission expects to show similar capital contributions again in 2020. In the past, the Airport has allocated the cost of Public Safety between the Airfield and Terminal Cost Centers. Beginning in 2019, Public Safety was kept separate to provide a clearer picture of each Cost Center's operating expenses. This change artificially lowered the expenses for the Airfield and Terminal Cost Centers so looking at 2018 vs. 2019 is slightly skewed.

Significant items affecting the Summary of Revenue, Expenses and Changes in Net Position for 2019 follows:

- Following an increase from 2017 to 2018 of \$3.3 million, operating revenues increased 6.8%, or \$2.4 million, from \$35.3 million in 2018 to \$37.7 million in 2019 primarily due to the following:
 - In the Airfield cost center, revenues increased by \$1,049,605 or 18.4% over 2018, which is very similar to the growth from 2017 to 2018 of \$961,531 or 20.3%. This revenue growth is mainly attributable to the increase in air traffic at the Savannah Airport, which drives revenues collected from landing fees. An additional, small contributor to the revenue increase was the annual landing fee rate increase. Landing fees increased from \$3.00 per 1,000 pounds to \$3.10 per 1,000 pounds, which equates to a 3.3% increase.
 - The Terminal cost center experienced an increase in revenues of \$839,911 or 5.5% over 2018. This revenue growth is also very similar to the growth from 2017 to 2018 of \$1,150,421 or 8.2%. About 2% of this growth is a result of the airline SF rates increasing from \$56.50 per SF to \$57.50 per SF. The remaining growth is most likely due to the rise in enplanements which results in increased revenues in concessions and ground transportation.
 - In the Parking cost center, revenues increased by \$638,544 or 7.48% in 2019, which is less than the 2018 increase of \$829,715 or 10.8% over 2017. We believe that the continuous increase in parking revenues is directly correlated to the increase in enplanements.
- Following the 9.8% increase of \$2.3 million from 2017 to 2018, operating expenses (less depreciation) increased by 20.9%, or \$5.3 million, from \$25.3 million in 2018 to \$30.6 million in 2019. This increase was primarily due to an increase in expenditures on Marketing & Air Service Initiatives used to attract new airlines and also to entice current airlines to offer new routes, and rising labor expenses resulting from cost of living adjustments, merit increases, promotions, new positions, and also the rising cost of employee benefit programs.

- The net result of the above was an operating gain before depreciation decreased by \$2.9 million for 2019 as compared to 2018 which is less favorable than 2018 vs 2017 in which the Savannah Airport Commission saw an operating gain before depreciation increase of \$1.0 million.
- Non-Operating Income experienced a substantial increase of 27.2% or \$2.5 million from a total of \$9.1 million in 2018 to \$11.6 million in 2019. The largest factor resulting in the increase was a change in the amount we collect for the CFC. The charge increased from \$3.00 per car rental to \$3.00 per day rented to pay for several large upcoming RAC projects. Another 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 more favorable interest rates.
- In 2019, the Airport's capital contributions received were in the form of grants from the Federal and State governments totaling \$10.4 million. This was a major increase of \$5.0 million from the capital contributions received in 2018. This increase resulted from the timing of expenditures on capital projects that received funding awards in 2018 and 2019. The capital contributions are expected to be similar in 2020.

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>2019</u> | <u>2018</u> | <u>2017</u> |
|------------------------------------|---------------|---------------|---------------|
| Airline Landing Fees | \$5,933,266 | \$5,007,212 | \$4,097,411 |
| Airline Terminal Rentals | 6,592,159 | 6,320,199 | 5,891,784 |
| Airline Apron Fees | <u>69,791</u> | <u>71,773</u> | <u>70,879</u> |
| Total Airline Revenues | 12,595,216 | 11,399,184 | 10,060,074 |
| Total Enplanements | 1,502,974 | 1,395,040 | 1,229,083 |
| Cost per Enplanement (rev. ÷ enp.) | \$8.38 | \$8.17 | \$8.19 |
| % Increase/Decrease | 2.6% | -0.2% | -4.5% |

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

Cost Per Enplanement

| | <u>Savannah Hilton Head International</u> | <u>Columbia Metropolitan</u> | <u>Des Moines International</u> | <u>Charleston International *</u> |
|-------------|---|----------------------------------|-------------------------------------|---------------------------------------|
| 2019 | \$8.38 | \$8.86 | \$9.08 | \$9.02 |
| 2018 | \$8.17 | \$9.19 | \$8.95 | \$8.50 |
| 2017 | \$8.19 | \$9.51 | \$8.53 | \$8.16 |

* Terminal cost only, Airfield operated by the US Airforce.

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.

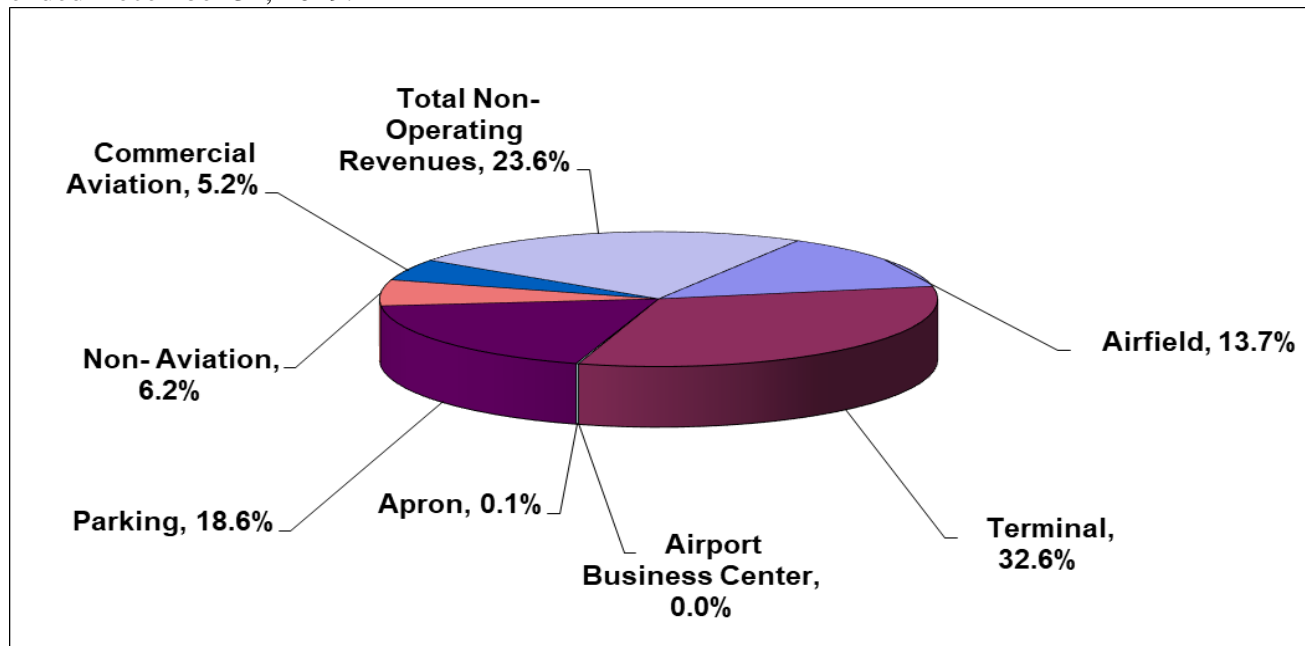
In addition, with the enplanements of fiscal year 2009 as the base, if the total annual enplanements at any time during contract term increase or decrease by twenty-five (25%) percent or more, either the Airlines or the Airport may request a renegotiation of the rates. This agreement was renewed for another five-year term, effective January 1, 2015. A new agreement with a similar fixed rate structure was approved to begin January 1, 2020.

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

| | <u>2019</u> | | <u>2018</u> | | <u>2017</u> | |
|---|--------------------|----------------|--------------------|----------------|--------------------|----------------|
| Landing Fees (Per 1,000 lbs. Maximum Gross Landing Weight) | \$3.10 | Jan-Dec | \$3.00 | Jan-Dec | \$2.90 | Jan-Dec |
| Terminal Rental Rates (Per square foot) | \$57.50 | Jan-Dec | \$56.50 | Jan-Dec | \$55.50 | Jan-Dec |
| Apron Rental Fee | \$6,500 | Jan-Dec | \$6,500 | Jan-Dec | \$6,500 | Jan-Dec |
| Fuel Flow Fee | \$0.025 | | \$0.025 | | \$0.025 | |

REVENUES

The following chart shows the major cost centers and the percentage of total revenues for the year ended December 31, 2019:

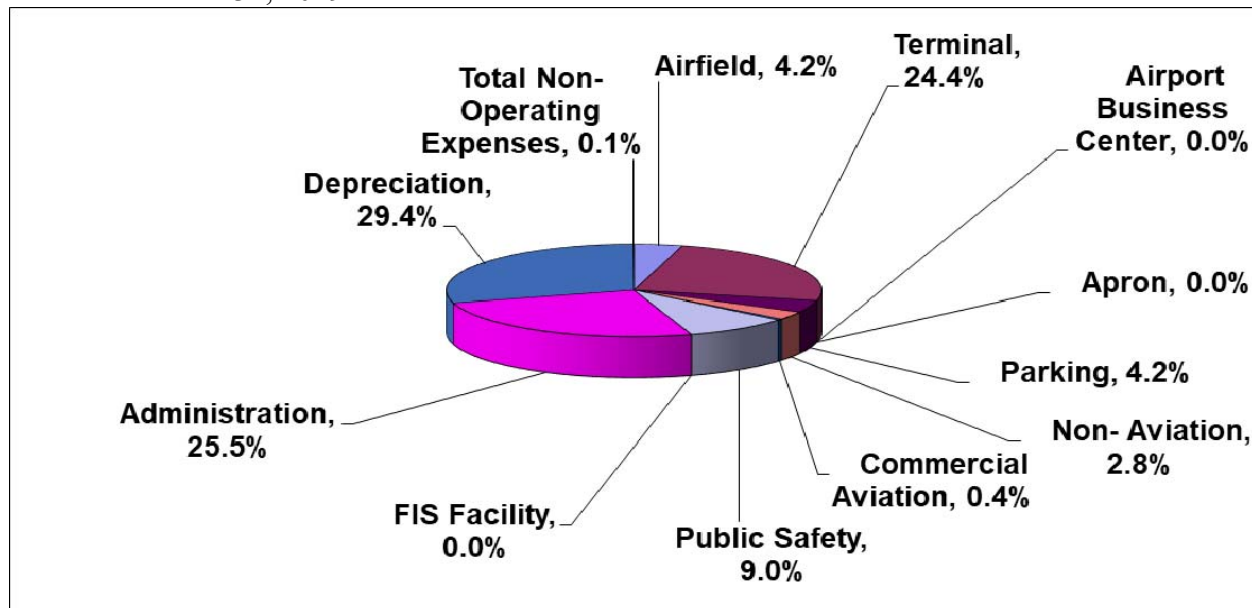


A summary of revenues for the year ended December 31, 2019, and the amounts and percentage of total in relation to prior year's amounts follow:

| | <u>2019</u> <u>Amount</u> | <u>%</u> <u>of Total</u> | <u>2018</u> <u>Amount</u> | <u>%</u> <u>of Total</u> | <u>2017</u> <u>Amount</u> | <u>%</u> <u>of Total</u> |
|---------------------------------------|------------------------------|-----------------------------|------------------------------|-----------------------------|------------------------------|-----------------------------|
| Operating Revenues | | | | | | |
| Airfield | \$ 6,752,741 | 13.7% | \$ 5,703,136 | 12.8% | \$ 4,741,605 | 12.3% |
| Terminal | \$ 16,088,023 | 32.6% | \$ 15,248,112 | 34.1% | \$ 14,097,691 | 36.5% |
| Airport Business Center | \$ - | 0.0% | \$ - | 0.0% | \$ 5,000 | 0.0% |
| Apron | \$ 69,791 | 0.1% | \$ 71,773 | 0.2% | \$ 70,879 | 0.2% |
| Parking | \$ 9,172,911 | 18.6% | \$ 8,534,367 | 19.1% | \$ 7,704,652 | 20.0% |
| Non- Aviation | \$ 3,067,443 | 6.2% | \$ 3,336,134 | 7.5% | \$ 3,028,981 | 7.8% |
| Commercial Aviation | \$ 2,544,916 | 5.2% | \$ 2,406,820 | 5.4% | \$ 2,342,588 | 6.1% |
| Total Operating Revenues | \$ 37,695,825 | 76.4% | \$ 35,300,342 | 79.0% | \$ 31,991,396 | 82.9% |
| Non- Operating Revenue | | | | | | |
| Passenger Facility Charges | \$ 5,920,188 | 12.0% | \$ 5,549,069 | 12.4% | \$ 4,863,617 | 12.6% |
| Customer Facility Charges | \$ 3,711,308 | 7.5% | \$ 2,613,350 | 5.8% | \$ 732,738 | 1.9% |
| General Aviation Fund Charges | \$ 90,679 | 0.2% | \$ 89,080 | 0.2% | \$ 100,030 | 0.3% |
| Savannah Aviation Village Charges | \$ - | 0.0% | \$ - | 0.0% | \$ - | 0.0% |
| Interest Revenue | \$ 1,542,767 | 3.1% | \$ 1,127,197 | 2.5% | \$ 903,020 | 2.3% |
| Bond Premium Amortization | \$ - | 0.0% | \$ - | 0.0% | \$ - | 0.0% |
| Gain on Bond Refunding | \$ - | 0.0% | \$ - | 0.0% | \$ 6,401 | 0.0% |
| Gain on Disposal of Assets | \$ - | 0.0% | \$ - | 0.0% | \$ - | 0.0% |
| Increase in the Fair Value Investment | \$ 387,923 | 0.8% | \$ - | 0.0% | \$ - | 0.0% |
| Total Non-Operating Revenues | \$ 11,652,865 | 23.6% | \$ 9,378,696 | 21.0% | \$ 6,605,806 | 17.1% |
| TOTAL REVENUES | \$ 49,348,690 | 100.0% | \$ 44,679,038 | 100.0% | \$ 38,597,202 | 100.0% |

EXPENSES

The following chart shows the major cost centers and the percentage of total expenses for the year ended December 31, 2019:



A summary of expenses for the year ended December 31, 2019, and the amounts and percentage of total in relation to prior year's amounts follow:

| | <u>2019</u> <u>Amount</u> | <u>%</u> <u>of Total</u> | <u>2018</u> <u>Amount</u> | <u>%</u> <u>of Total</u> | <u>2017</u> <u>Amount</u> | <u>%</u> <u>of Total</u> |
|-------------------------------------|------------------------------|-----------------------------|------------------------------|-----------------------------|------------------------------|-----------------------------|
| Operating Expenses | | | | | | |
| Airfield | \$ 1,805,729 | 4.2% | \$ 1,370,982 | 3.6% | \$ 2,219,609 | 6.3% |
| Terminal | \$ 10,608,462 | 24.4% | \$ 9,090,837 | 23.8% | \$ 10,654,133 | 30.5% |
| Airport Business Center | \$ 10,519 | 0.0% | \$ 113,294 | 0.3% | \$ 74,964 | 0.2% |
| Apron | \$ 1,829 | 0.0% | \$ 3,969 | 0.0% | \$ 7,121 | 0.0% |
| Parking | \$ 1,835,278 | 4.2% | \$ 1,653,726 | 4.3% | \$ 1,453,209 | 4.1% |
| Non- Aviation | \$ 1,219,215 | 2.8% | \$ 1,144,642 | 3.0% | \$ 1,079,432 | 3.1% |
| Commercial Aviation | \$ 188,206 | 0.4% | \$ 165,349 | 0.4% | \$ 149,683 | 0.4% |
| Public Safety | \$ 3,887,071 | 9.0% | \$ 3,164,103 | 8.3% | \$ - | 0.0% |
| FIS Facility | \$ 4,310 | 0.0% | \$ - | 0.0% | \$ - | 0.0% |
| Administration | \$ 11,051,772 | 25.5% | \$ 8,566,816 | 22.4% | \$ 7,373,924 | 21.1% |
| Total Operating Expenses | \$ 30,612,391 | 70.5% | \$ 25,273,718 | 66.1% | \$ 23,012,076 | 65.6% |
| Depreciation | | | | | | |
| Depreciation | \$ 12,773,208 | 29.4% | \$ 12,703,635 | 33.2% | \$ 11,878,166 | 33.9% |
| Non- Operating Expenses | | | | | | |
| Interest Expense | \$ - | 0.0% | \$ - | 0.0% | \$ - | 0.0% |
| Loss on Bond Refunding | \$ - | 0.0% | \$ - | 0.0% | \$ - | 0.0% |
| Loss on Disposal of Assets | \$ 22,978 | 0.1% | \$ 100,973 | 0.3% | \$ - | 0.0% |
| Dec. in the Fair Value Investments | \$ - | 0.0% | \$ 132,721 | 0.3% | \$ 178,827 | 0.5% |
| Total Non-Operating Expenses | \$ 22,978 | 0.1% | \$ 233,694 | 0.6% | \$ 178,827 | 0.5% |
| TOTAL EXPENSES | \$ 43,408,577 | 100.0% | \$ 38,211,047 | 100.0% | \$ 35,069,069 | 100.0% |

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>2019</u> | <u>2018</u> | <u>2017</u> |
|---|----------------------|----------------------|---------------------|
| Cash flows from | | | |
| Operating activities | \$ 8,942,238 | \$ 11,138,459 | \$ 6,523,727 |
| Investing activities | 2,187,184 | (7,440,665) | (11,117,660) |
| Capital & related financing activities | 306,062 | (1,146,965) | (337,148) |
| Net increase (decrease) in cash and cash equivalents | 11,435,484 | 2,550,829 | (4,931,081) |
| Cash and cash equivalents | | | |
| Beginning of year | 11,826,041 | 9,275,212 | 14,206,293 |
| End of year | \$ 23,261,525 | \$ 11,826,041 | \$ 9,275,212 |

The Savannah Airport Commission's available cash and cash equivalents increased from \$11.8 million at the end of 2018 to \$23.3 million, an \$11.4 million increase at the end of 2019.

CAPITAL ACQUISITIONS AND CONSTRUCTION ACTIVITIES

Funds from various sources (AIP, PFC, CFC, State and Airport revenues) totaling \$16.89 million were expended during 2019 on capital activities which have not been closed out of construction-in-progress as follows:

| | | |
|--|----------------|----------------|
| Apron Expansion | \$8.75 | million |
| Jumbo GA FIS Facility | \$5.76 | million |
| PARCS System Replacement | \$0.72 | million |
| Rental Car Ready Lot Improvements | \$0.41 | million |
| Video and Data Storage Upgrades | \$0.25 | million |
| Short Term Development EA | \$0.16 | million |
| LED Terminal Parking and Street Lamp Upgrade | \$0.15 | million |
| SEQ Stormwater Drainage Improvements | \$0.15 | million |
| Hotel Site Development | \$0.14 | million |
| Baggage Handling System Phase II | \$0.13 | million |
| Miscellaneous Projects | \$0.10 | million |
| FIDS Upgrades | \$0.09 | million |
| Terminal Gate/Security Checkpoint Expansion | \$0.08 | million |
| Total | \$16.89 | million |

During 2019, funds were expended in the amount of \$1.65 million on projects that were closed from construction-in-progress to their respective capital accounts throughout the year while another \$2.01 million in equipment was capitalized.

| | | |
|-------------------------------------|---------------|----------------|
| Replace 7 Jetbridge PC Air Units | \$0.79 | million |
| Replace Remaining FTU in Terminal | \$0.76 | million |
| Parking Guidance System Replacement | \$0.06 | million |
| Runways Rubber Removal | \$0.03 | million |
| Wood Stork Habitat Modification | \$0.01 | million |
| Total | \$1.65 | million |

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 deceased 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.

FINANCIAL STATEMENTS SUMMARY

The Commission’s financial statements are prepared on an accrual basis in accordance with accounting principles generally accepted in the United States of America (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

The Savannah/Hilton Head International Airport experienced yet another significant increase in passenger traffic and enplanement growth from 2018 to 2019. Our budgeted 2020 passenger traffic originally projected an additional increase in enplanements of 4.0% over 2019.

Through the first two months of 2020 passenger traffic increased by 5.8% compared to the first two months of 2019. However, due to the Covid-19 pandemic passenger traffic suffered a severe decrease of 42.9% when comparing the first four months of 2019 and 2020. We expect to see a continued decrease in passenger traffic throughout 2020 compared to 2019.

Although external economic influences can 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 is also a valuable source for financial, statistical and other related data. In addition, our link to view the 2019 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@flySAV.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> | 2019 | 2018 |
|--|-----------------------|-----------------------|
| ASSETS | | |
| Current assets | | |
| Unrestricted assets | | |
| Cash and cash equivalents | \$ 4,938,652 | \$ 1,555,722 |
| Short-term investments | 61,246,484 | 49,156,522 |
| Accounts receivable | 3,020,377 | 3,406,433 |
| Inventories | 360,966 | 346,822 |
| Prepaid expenses and other | 231,354 | 233,204 |
| Leases receivable - current portion | 61,926 | 82,931 |
| Deposits | 66,301 | 42,020 |
| Total current unrestricted assets | 69,926,060 | 54,823,654 |
| Restricted assets | | |
| Cash and cash equivalents | 18,322,873 | 10,270,319 |
| Accounts receivable | 738,567 | 687,374 |
| Total current restricted assets | 19,061,440 | 10,957,693 |
| Total current assets | 88,987,500 | 65,781,347 |
| Non-current assets | | |
| Capital assets | | |
| Land | 10,669,398 | 10,669,398 |
| Construction in progress | 30,378,085 | 14,233,070 |
| Buildings and improvements | 158,940,402 | 157,320,094 |
| Runways, taxiways and lights | 114,108,019 | 114,108,019 |
| Equipment | 33,989,909 | 32,040,521 |
| Access roads | 25,222,775 | 25,222,775 |
| | 373,308,588 | 353,593,877 |
| Less accumulated depreciation | 204,347,129 | 191,637,487 |
| Total capital assets, net | 168,961,459 | 161,956,390 |
| Leases receivable, net of current portion | 466,465 | 528,391 |
| Long-term investments | 7,053,000 | 19,348,000 |
| Total non-current assets | 176,480,924 | 181,832,781 |
| Deferred outflows of resources | | |
| Pension related deferred outflows | 3,701,409 | 1,036,720 |
| Total deferred outflows of resources | 3,701,409 | 1,036,720 |
| Total assets and deferred outflows of resources | \$ 269,169,833 | \$ 248,650,848 |

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

Savannah Airport Commission

Statements of Net Position (cont.)

| <i>December 31,</i> | 2019 | 2018 |
|---|-----------------------|-----------------------|
| LIABILITIES AND NET POSITION | | |
| Current liabilities | | |
| Accounts payable and accrued expenses | \$ 1,894,427 | \$ 2,110,701 |
| Security deposits | 96,090 | 99,545 |
| Salaries and wages payable | 255,400 | 183,508 |
| Contracts payable - retainage | 1,774,722 | 1,170,005 |
| Current deferred revenue | 295,161 | 277,439 |
| Accrued vacation liability | 1,808,670 | 1,726,503 |
| Total current liabilities | 6,124,470 | 5,567,701 |
| Non-current liabilities | | |
| Net OPEB Liability | 1,424,191 | 1,881,810 |
| Other long-term liabilities | 2,381,175 | 1,923,556 |
| Net pension liability | 12,361,102 | 7,495,251 |
| Total non-current liabilities | 16,166,468 | 11,300,617 |
| Total liabilities | 22,290,938 | 16,868,318 |
| Deferred inflows of resources | | |
| Pension related deferred inflows | 634,218 | 1,886,086 |
| Total deferred inflows of resources | 634,218 | 1,886,086 |
| NET POSITION | | |
| Net investment in capital assets | 168,961,459 | 161,956,390 |
| Restricted | | |
| Passenger facility charges | 10,996,745 | 6,182,143 |
| Customer facility charges | 7,632,871 | 4,371,038 |
| General aviation fund charges | 427,599 | 399,062 |
| Other restricted assets | 4,225 | 5,450 |
| Total restricted | 19,061,440 | 10,957,693 |
| Unrestricted | 58,221,778 | 56,982,361 |
| Total net position | 246,244,677 | 229,896,444 |
| Total liabilities, deferred inflows of resources, and net position | \$ 269,169,833 | \$ 248,650,848 |

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> | 2019 | 2018 |
|--|-----------------------|-----------------------|
| Operating revenues | | |
| Airfield | \$ 6,752,741 | \$ 5,703,136 |
| Terminal one | 16,088,023 | 15,248,112 |
| Commercial aviation | 2,544,916 | 2,406,820 |
| Apron | 69,791 | 71,773 |
| Parking | 9,172,911 | 8,534,367 |
| Non-aviation | 3,067,443 | 3,336,134 |
| Total operating revenues | 37,695,825 | 35,300,342 |
| Operating expenses | | |
| Airfield | 1,805,729 | 1,370,982 |
| Terminal one | 10,608,462 | 9,090,837 |
| Airport business center | 10,519 | 113,294 |
| Commercial aviation | 188,206 | 165,349 |
| Apron | 1,829 | 3,969 |
| Parking | 1,835,278 | 1,653,726 |
| Non-aviation | 1,219,215 | 1,144,642 |
| Public safety | 3,887,071 | 3,164,103 |
| Federal inspection station | 4,310 | - |
| Administrative expenses | 11,051,772 | 8,566,816 |
| Depreciation | 12,773,208 | 12,703,635 |
| Total operating expenses | 43,385,599 | 37,977,353 |
| Operating loss | (5,689,774) | (2,677,011) |
| Non-operating revenues (expenses) | | |
| Passenger facility charges | 5,920,188 | 5,549,069 |
| Customer facility charges | 3,711,308 | 2,613,350 |
| General aviation fund charges | 90,679 | 89,080 |
| Interest revenue | 1,542,767 | 1,127,197 |
| Net increase (decrease) in the fair value of investments | 387,923 | (132,721) |
| Loss on disposal of capital assets | (22,978) | (100,973) |
| Total non-operating revenues | 11,629,887 | 9,145,002 |
| Income before capital contributions | 5,940,113 | 6,467,991 |
| Capital contributions | 10,408,120 | 5,423,362 |
| Increase in net position | 16,348,233 | 11,891,353 |
| Total net position, beginning of year | 229,896,444 | 218,005,091 |
| Total net position, end of year | \$ 246,244,677 | \$ 229,896,444 |

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

Savannah Airport Commission

Statements of Cash Flows

| <i>Years ended December 31,</i> | 2019 | 2018 |
|--|----------------------|----------------------|
| Cash flows from operating activities | | |
| Cash received from providing services | \$ 38,079,885 | \$ 34,633,182 |
| Cash paid to suppliers | (11,708,022) | (7,674,598) |
| Cash paid to employees | (17,429,625) | (15,820,125) |
| Net cash provided by operating activities | 8,942,238 | 11,138,459 |
| Cash flows from capital and related financing activities | | |
| Acquisition and construction of capital assets | (19,946,065) | (14,948,690) |
| Receipts from capital grants | 10,408,120 | 5,423,362 |
| Proceeds from sale of capital assets | 121,832 | 126,864 |
| Receipts and interest from | | |
| Passenger facility charges | 5,920,188 | 5,549,069 |
| Customer facility and other charges | 3,801,987 | 2,702,430 |
| Net cash provided by (used in) capital and financing activities | 306,062 | (1,146,965) |
| Cash flows from investing activities | | |
| Interest received | 1,511,292 | 962,310 |
| Sale of investments | 53,607,079 | 33,616,000 |
| Purchase of investments | (53,014,118) | (45,244,006) |
| Change in lease receivables | 82,931 | 3,225,031 |
| Net cash provided by (used in) investing activities | 2,187,184 | (7,440,665) |
| Net increase in cash and cash equivalents | 11,435,484 | 2,550,829 |
| Net cash and cash equivalents, beginning | 11,826,041 | 9,275,212 |
| Cash and cash equivalents, ending | \$ 23,261,525 | \$ 11,826,041 |

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> | 2019 | 2018 |
|--|---------------------|----------------------|
| Reconciliation of operating loss to net cash provided by operating activities | | |
| Operating loss | \$ (5,689,774) | \$ (2,677,011) |
| Adjustments to reconcile operating loss to net cash provided by operating activities | | |
| Depreciation | 12,773,208 | 12,703,635 |
| Loss on disposal of capital assets | 22,978 | 100,973 |
| Net pension liability and OPEB Liability | 949,294 | - |
| Changes in operating assets and liabilities | | |
| Decrease (increase) in assets | | |
| Accounts receivable | 366,338 | (725,133) |
| Inventories | (14,144) | 1,257 |
| Deposits | (24,281) | (38,020) |
| Prepaid expenses | 1,850 | (9,267) |
| (Decrease) increase in liabilities | | |
| Accounts payable and accrued expenses | (144,382) | 1,232,663 |
| Security deposits | (3,455) | 12,420 |
| Contracts payable - retainage | 604,717 | 501,652 |
| Deferred revenue | 17,722 | 57,973 |
| Accrued vacation liability | 82,167 | (22,683) |
| Net cash provided by operating activities | \$ 8,942,238 | \$ 11,138,459 |
| Reconciliation of cash and cash equivalents to the statements of net position | | |
| Cash and cash equivalents | \$ 4,938,652 | \$ 1,555,722 |
| Total restricted assets, less receivables | 18,322,873 | 10,270,319 |
| Cash and cash equivalents, ending | \$ 23,261,525 | \$ 11,826,041 |
| Schedule of non-cash investing and capital and related financing activities | | |
| Change in fair value of investments | \$ 387,923 | \$ (132,721) |

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

Savannah Airport Commission

Notes to Financial Statements

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 provides 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.

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 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.

Savannah Airport Commission

Notes to Financial Statements

1. Summary of Significant Accounting Policies (cont.)

Budgets and Budgetary Accounting (cont.)

The 2019 budget was approved by the Commission members on December 5, 2018. 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.

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 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

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 authoritative or legal documents 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.

Inventories

Inventories consist of expendable materials and supplies held for consumption in the course of the Commission's operations. Inventories are stated at cost or net realizable value.

Capital Assets

Capital assets are stated at cost, or, as in the case of donated capital assets, the acquisition value at the time of acquisition. 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.

Savannah Airport Commission

Notes to Financial Statements

1. Summary of Significant Accounting Policies (cont.)

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

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 other postemployment benefits (OPEB), the Commission follows the requirements of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* ("GASB 75"). GASB 75 details the recognition and disclosure requirements for employers with payables to defined benefit OPEB plans that are administered through trusts that meet the specified criteria and for employers whose employees are provided with defined contribution OPEB.

Effective January 1, 2019, newly hired employees are entered into a profit-sharing plan and trust known as the Savannah Airport Commission Defined Contribution Plan (the Contribution Plan). Employees hired before the effective date are not eligible for the Contribution Plan, however they continue as participants in the Pension. The Contribution Plan requires mandatory contributions of 6% from both the employee and The Commission.

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 net investment in capital assets. Rather, that portion of the debt is included in the same net position component as the unspent proceeds.

Savannah Airport Commission

Notes to Financial Statements

1. Summary of Significant Accounting Policies (cont.)

Net Position (cont.)

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 grantors or laws, or regulations of other governments.

Unrestricted - This component consists of net position that do not meet the definition of “Net investment in capital assets” or “Restricted”.

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 accordance 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 2019 and 2018 was \$5,920,188 and \$5,549,069, respectively. PFC reports to the FAA are based on actual collections and do not include accounts receivable. Such amounts collected in 2019 and 2018 are \$5,868,995 and \$5,445,42, respectively; and remaining collections unspent as of December 31, 2019 and 2018 are \$10,258,178 and \$5,494,769, respectively.

Savannah Airport Commission

Notes to Financial Statements

1. Summary of Significant Accounting Policies (cont.)

Customer Facility Charges

The Commission may require car rental companies to charge a Customer Facility Charge (CFC). The current CFC is \$3.00 per rental car contract day. These funds are presently considered restricted cash and have been used for Airport planning and development projects or other lawful uses agreed to by the majority of 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 2019 and 2018 was \$3,711,308 and \$2,613,350, 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 2019 and 2018 was \$90,679 and \$89,080, 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 2019 and 2018, was \$10,408,120 and \$5,423,362, respectively.

Concentrations

For the years ended December 31, 2019 and 2018, the Commission's revenues from one customer, Delta Airlines, was approximately \$4.4 million and \$4.5 million, respectively. This represented a concentration risk as it comprised 13% and 14% of total operating revenues, respectively.

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, 2019 and 2018 were \$4,494,922 and \$3,119,502, respectively.

Reclassification

Certain reclassifications of prior year amounts have been made to conform with the current year presentation.

Savannah Airport Commission

Notes to Financial Statements

1. Summary of Significant Accounting Policies (cont.)

Subsequent Events

Subsequent events have been evaluated and disclosed through June 23, 2020, the date the financial statements were available to be issued.

On January 30, 2020, the World Health Organization (WHO) announced a global health emergency because of a new strain of coronavirus originating in Wuhan, China (the COVID-19 outbreak) and the risks to the international community as the virus spreads globally beyond its point of origin. In March 2020, the WHO classified the COVID-19 outbreak as a pandemic, based on the rapid increase in exposure globally.

The full impact of the COVID-19 outbreak continues to evolve as of the date of this report. As such, it is uncertain as to the full magnitude that the pandemic will have on the Commission's financial condition, liquidity, and future results of operations. Management is actively monitoring the impact of the global situation on its financial condition, liquidity, operations, suppliers, industry, and workforce. Given the daily evolution of the COVID-19 outbreak and the global responses to curb its spread, the Commission is not able to estimate the effects of the COVID-19 outbreak on its results of operations, financial condition, or liquidity for the remainder of 2020.

On April 27, 2020 the Commission was awarded a CARES Act Airport Grant (the Grant) in the amount not to exceed \$26,824,077. The Grant is for a period of four years and permits reimbursement of allowable expenditures paid for by the Commission. Draw down requests of funds for the Grant are to be submitted and paid from the Federal Aviation Administration, on behalf of the United States Government.

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.

At December 31, 2019, 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 | \$ 68,297,440 | \$ 61,244,440 | \$ 7,053,000 | \$ - | \$ - |
| Georgia Fund I | AAA | 1,784 | 1,784 | - | - | - |
| Cash investments at financial institution | NR | 260 | 260 | - | - | - |
| | | \$ 68,299,484 | \$ 61,246,484 | \$ 7,053,000 | \$ - | \$ - |

Savannah Airport Commission

Notes to Financial Statements

2. Deposits and Investments (cont.)

At December 31, 2018, 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 | \$ 68,502,517 | \$ 49,154,517 | \$ 19,348,000 | \$ - | \$ - |
| Georgia Fund I | AAA | 1,745 | 1,745 | - | - | - |
| Cash investments at financial institution | NR | 260 | 260 | - | - | - |
| | | \$ 68,504,522 | \$ 49,156,522 | \$ 19,348,000 | \$ - | \$ - |

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.

Savannah Airport Commission

Notes to Financial Statements

2. Deposits and Investments (cont.)

Total deposits as of December 31, 2019:

| | | |
|--------------------------------------|----|------------|
| Cash and cash equivalents | \$ | 4,938,652 |
| Investments | | 68,299,484 |
| Restricted cash and cash equivalents | | 18,322,873 |
| | \$ | 91,561,009 |

| | | |
|--|----|------------|
| Cash deposited with financial institutions | \$ | 23,261,525 |
| Certificates of Deposit | | 68,299,484 |
| | \$ | 91,561,009 |

3. Restricted Cash and Investments

Restricted cash consists of the following at December 31:

| | 2019 | 2018 |
|--------------------------------|---------------|---------------|
| Passenger facility charge fund | \$ 10,258,178 | \$ 5,494,769 |
| Customer facility charge fund | 7,632,871 | 4,371,038 |
| General aviation fund | 427,599 | 399,062 |
| Other restricted funds | 4,225 | 5,450 |
| | \$ 18,322,873 | \$ 10,270,319 |

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, 2019 and 2018, 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.

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 \$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.

Minimum lease payments to be received under all direct financing leases as of December 31, 2019, for each of the next five years and thereafter are:

| <i>Years ended December 31,</i> | | |
|---|----|---------|
| 2020 | \$ | 109,454 |
| 2021 | | 109,454 |
| 2022 | | 98,788 |
| 2023 | | 88,124 |
| 2024 | | 88,124 |
| Thereafter | | 242,399 |
| Total minimum lease payments | | 736,343 |
| Less interest | | 207,955 |
| Present value of minimum lease payments | \$ | 528,388 |

Savannah Airport Commission

Notes to Financial Statements

6. Capital Assets

Capital assets consist of the following at December 31, 2019:

| | Total 2018 | Increases/ Additions | Deletions/ Transfers | Total 2019 |
|--|----------------|-------------------------|-------------------------|----------------|
| Capital assets, not being depreciated | | | | |
| Land | \$ 10,669,398 | \$ - | \$ - | \$ 10,669,398 |
| Construction in progress | 14,233,070 | 18,539,605 | (2,394,590) | 30,378,085 |
| Total capital assets not being depreciated | 24,902,468 | 18,539,605 | (2,394,590) | 41,047,483 |
| Capital assets being depreciated | | | | |
| Buildings and improvements | 157,320,094 | 1,620,308 | - | 158,940,402 |
| Runways, taxiways, and lights | 114,108,019 | - | - | 114,108,019 |
| Equipment | 32,040,521 | 2,071,216 | (121,832) | 33,989,909 |
| Access roads | 25,222,775 | - | - | 25,222,775 |
| Total capital assets being depreciated | 328,691,409 | 3,691,528 | (121,832) | 332,261,105 |
| Less accumulated depreciation for | | | | |
| Buildings and improvements | 96,057,344 | 5,983,455 | - | 102,040,799 |
| Runways, taxiways, and lights | 61,660,955 | 4,001,297 | - | 65,662,252 |
| Equipment | 16,203,922 | 2,041,238 | (63,565) | 18,181,595 |
| Access roads | 17,715,266 | 747,217 | - | 18,462,483 |
| Total accumulated depreciation | 191,637,487 | 12,773,207 | (63,565) | 204,347,129 |
| Net capital assets | \$ 161,956,390 | \$ 9,457,926 | \$ (2,452,857) | \$ 168,961,459 |

Savannah Airport Commission

Notes to Financial Statements

6. Capital Assets (cont.)

Capital assets consist of the following at December 31, 2018:

| | Total 2017 | Increases/ Additions | Deletions/ Transfers | Total 2018 |
|--|----------------|-------------------------|-------------------------|----------------|
| Capital assets not being depreciated | | | | |
| Land | \$ 10,669,398 | \$ - | \$ - | \$ 10,669,398 |
| Construction in progress | 10,183,355 | 13,004,653 | (8,954,938) | 14,233,070 |
| Total capital assets not being depreciated | 20,852,753 | 13,004,653 | (8,954,938) | 24,902,468 |
| Capital assets being depreciated | | | | |
| Buildings and improvements | 162,255,071 | 1,139,736 | (6,074,713) | 157,320,094 |
| Runways, taxiways, and lights | 114,108,019 | - | - | 114,108,019 |
| Equipment | 23,149,952 | 9,269,074 | (378,505) | 32,040,521 |
| Access roads | 24,897,325 | 325,450 | - | 25,222,775 |
| Total capital assets being depreciated | 324,410,367 | 10,734,260 | (6,453,218) | 328,691,409 |
| Less accumulated depreciation for | | | | |
| Buildings and improvements | 95,826,687 | 6,141,572 | (5,912,439) | 96,057,344 |
| Runways, taxiways, and lights | 57,505,517 | 4,155,438 | - | 61,660,955 |
| Equipment | 14,961,677 | 1,621,976 | (378,207) | 16,203,922 |
| Access roads | 16,929,093 | 786,173 | - | 17,715,266 |
| Total accumulated depreciation | 185,222,974 | 12,705,159 | (6,290,646) | 191,637,487 |
| Net capital assets | \$ 160,040,146 | \$ 11,033,754 | \$ (9,117,510) | \$ 161,956,390 |

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 2019 and 2018, received through these leases was approximately \$8.4 million and \$8.5 million, respectively.

As of December 31, 2019, estimated cost of leased land and buildings was \$57.9 million net of accumulated depreciation of \$46.3 million for a carrying value of \$11.6 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 2019 and 2018, received through these leases was approximately \$7.5 million and \$7.3 million, respectively. Management believes that a significant decrease in income to be received will be experienced in the period immediately following the outbreak of COVID-19 pandemic. This decrease cannot be estimated due to the nature of the unprecedented impact the pandemic has had on the Commission's lessees as well as the Commission itself.

Savannah Airport Commission

Notes to Financial Statements

7. Lease Revenue (cont.)

Minimum lease payments to be received under operating leases as of December 31, 2019, for each of the next five years and thereafter are:

| <i>Year ended December 31,</i> | | |
|--------------------------------|----|------------|
| 2020 | \$ | 7,908,957 |
| 2021 | | 7,428,586 |
| 2022 | | 6,977,392 |
| 2023 | | 6,553,602 |
| 2024 | | 6,155,552 |
| Thereafter | | 23,126,717 |
| Total minimum lease payments | \$ | 58,150,806 |

8. Construction Contract Commitments

The Commission has entered into contracts for construction. Status of such contracts as of December 31, 2019 are as follows:

| | Project Authorization | Expended to Date | Balance on Contract | Required Further Financing |
|-------------------------------------|--------------------------|---------------------|------------------------|----------------------------------|
| Outbound Baggage Handling System | \$ 10,936,388 | \$ 10,726,332 | \$ 210,056 | None |
| Jumbo GA FIS Facility | 13,741,609 | 12,316,124 | 1,425,485 | None |
| Terminal Apron Expansion | 8,049,316 | 6,371,625 | 1,677,691 | None |
| Hotel Site Development | 853,641 | 637,511 | 216,130 | None |
| Parking Guidance System Replacement | 583,716 | 525,344 | 58,372 | None |
| | \$ 34,164,670 | \$ 30,576,936 | \$ 3,587,734 | |

9. Pension Plans

Plan Description

Permanent employees of the Commission, hired prior to January 1, 2019, participate in the City of Savannah Employees' Retirement Plan (the Plan). The Plan is a cost sharing 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, and Metropolitan Planning Commission. 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.

Savannah Airport Commission

Notes to Financial Statements

9. Pension Plans (cont.)

Contributions

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 December 31, 2019 and 2018, the Commission's required contribution was \$1,071,737 and \$940,290, respectively. The contribution requirements of Plan members and the employers are established and may be amended by the Pension Board.

Plan Membership

At January 1, 2019, pension plan membership consisted of the following:

| | |
|--|-------|
| Retired members and beneficiaries currently receiving benefits | 1,522 |
| Vested terminated members entitled to but not yet receiving benefits | 187 |
| Active members | 2,353 |
| <hr/> | |
| Total | 4,062 |

Actuarial Assumptions

For 2019, 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, 2019, actuarial valuation using the projected unit credit actuarial method. The information and analysis used as of December 31, 2018 was measured by actuarial valuations as of January 1, 2018. The following actuarial assumptions applied to all periods included in the measurement, unless otherwise specified:

| | |
|-----------------------|--|
| Net investment return | 7.50% |
| Inflation | 3.00% |
| Salary increases | Specific rates by age, varying from 3.16% to 4.84%, including inflation. |
| Mortality rates | <u>Pre-Retirement</u> : RP-2014 Employee Mortality Table, projected generationally using a modified version of the MP-2014 improvement scale. <u>Healthy Annuitants</u> : RP-2014 Healthy Annuitant Mortality Table, set forward six years for males and three years for females, projected generationally using a modified version of the MP-2014 improvement scale. <u>Disabled Annuitants</u> : RP-2014 Disabled Retiree Mortality Table, projected generationally using a modified version of the MP-2014 improvement scale. |
| Cost of living | 5.00% at participant adjustment date, 1.00% annually thereafter. |
| Payroll growth | 3.00%, used to amortize the unfunded actuarial accrued liability as a level percentage of payroll. |

The information and analysis used as of December 31, 2018 was measured by actuarial valuations as of January 1, 2018.

Savannah Airport Commission

Notes to Financial Statements

9. Pension Plans (cont.)

Actuarial Assumptions (cont.)

The long-term expected rate of return on pension plan investments was determined using a building-block method in which expected future real rates of return (expected returns, net of inflation) are developed for each major asset class. These returns are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage, adding expected inflation and subtracting expected investment expenses and a risk margin. The target allocation (approved by the Board) and projected arithmetic real rates of return for each major asset class, after deducting inflation, but before investment expenses, used in the derivation of the long-term expected investment rate of return assumption are summarized in the following table:

| Asset Class | Target Allocation | Long-Term Expected Real Rate of Return |
|----------------------|-------------------|---|
| Domestic equity | 50.00% | 6.40% |
| International equity | 10.00% | 7.40% |
| Fixed income | 30.00% | 1.75% |
| Equity real estate | 10.00% | 5.10% |
| Total | 100.00% | 4.98%* |

*Weighted average expected rate of return

Discount Rate

The discount rate used to measure the total pension liability was 7.50 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that contributions from employers will be made at actuarially determined contribution rates. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on Plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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, 2019, calculated using the discount rate of 7.50%, 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 (6.50%) or 1-percentage-point higher (8.50%) than the current rate:

| | 1% Decrease (6.50%) | Current Discount Rate (7.50%) | 1% Increase (8.50%) |
|---|------------------------|-------------------------------------|------------------------|
| Proportional share of net pension liability | \$ 18,024,053 | \$ 12,361,102 | \$ 7,670,648 |

Savannah Airport Commission

Notes to Financial Statements

9. Pension Plans (cont.)

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

At December 31, 2019, the Commission reported a liability of \$12,361,102 for its proportionate share of the net pension liability. The net pension liability is measured as of December 31, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Commission's proportion of the net pension liability was based on a projection of the Commission's long-term share of contributions to the pension plan relative to the projected contributions of all participating entities, actuarially determined. At December 31, 2018, the Commission's proportion was 9.10%, which was an increase of 0.42 from its proportion measured as of December 31, 2017.

For the year ended December 31, 2019, the recognized pension expense is \$1,930,554. At December 31, 2019, 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 | \$ 841,958 | \$ 362,293 |
| Changes in assumptions | - | - |
| Net difference between projected and actual earnings on pension plan investments | 1,908,359 | 251,181 |
| Change in proportionate share | 951,092 | 20,744 |
| Total | \$ 3,701,409 | \$ 634,218 |

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> | Recognition of Net Deferred Outflows |
|---------------------------------|---|
| 2020 | \$ 822,918 |
| 2021 | 426,025 |
| 2022 | 588,249 |
| 2023 | 1,039,438 |
| 2024 and Thereafter | 190,561 |
| Total | \$ 3,067,191 |

10. 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.

Savannah Airport Commission

Notes to Financial Statements

11. 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.

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

| | 2019 | | 2018 | |
|---------------------------------------|-----------------|---------------|-----------------|---------------|
| | Carrying Amount | Fair Value | Carrying Amount | Fair Value |
| Cash and short-term investments | \$ 66,185,136 | \$ 66,185,136 | \$ 50,712,244 | \$ 50,712,244 |
| Accounts receivable | \$ 2,707,548 | \$ 2,707,548 | \$ 3,125,079 | \$ 3,125,079 |
| Long-term investments | \$ 7,053,000 | \$ 7,053,000 | \$ 19,348,000 | \$ 19,348,000 |
| Leases receivable | \$ 528,391 | \$ 587,047 | \$ 611,322 | \$ 664,894 |
| Accounts payable and accrued expenses | \$ 1,894,427 | \$ 1,894,427 | \$ 2,110,701 | \$ 2,110,701 |

12. 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 provides members, upon eligible retirement, with healthcare insurance and life insurance benefits. The benefits provided are not guaranteed and are subject to change at any time. In addition, the benefit provisions are subject to annual appropriation of funds by the City's Mayor and Alderman. The Plan does not provide for automatic or ad hoc postretirement benefit increases; however, the benefit provisions provided by the Plan may be amended, established or terminated at any time by a vote of the City's Mayor and Alderman. The Plan Document specifies the types and levels of Plan benefits as well as member contribution requirements. The City of Savannah provides administration of the Plan, including setting funding policies, and reports the Plan as a fiduciary fund in its Comprehensive Annual Financial Report.

Savannah Airport Commission

Notes to Financial Statements

12. Post-Employment Benefits Other than Pensions (OPEB) (cont.)

Eligibility

The Plan covers both general and uniform employees of the participating employers. As of December 31, 2019, employee membership data related to the City of Savannah OPEB Plan was as follows:

| | |
|---|-------|
| Retirees and beneficiaries currently receiving benefits | 1,036 |
| Active members | 2,359 |
| <hr/> | |
| Total | 3,395 |

Contribution 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 75. The ARC represents 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 2.70% of annual covered payroll.

Net OPEB Liability

The Commission's net OPEB liability was measured as of December 31, 2018, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2017.

Actuarial Methods and Assumptions

The total OPEB liability in the December 31, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

| | |
|------------------------------|--|
| Inflation | 3.00% |
| Salary increases | Specific rates by age, varying from 5.00% to 3.00%, including inflation. |
| Discount rate | 7.00% for City of Savannah and Youth Futures. 4.10% for Savannah Airport Commission and Metropolitan Planning Commission. |
| Healthcare costs trend rates | |
| Medical | Pre-65: Initial rate is 6.25%, trending down to 4.5% over 7 years. Post-65: Initial rate is 5.25%, trending down to 4.50% over 3 years. |
| Prescription drug | Initial rate is 5.25%, trending down to 4.50% over 3 years. |
| Administrative costs | 3.00% |
| Mortality rates | <u>Pre-Retirement</u> : RP-2014 Employee Mortality Table, projected generationally using a modified version of the MP-2014 improvement scale. <u>Healthy Annuitants</u> : RP-2014 Healthy Annuitant Mortality Table, set forward six years for males and three years for females, projected generationally using a modified version of the MP-2014 improvement scale. |

12. Post-Employment Benefits Other than Pensions (OPEB) (cont.)

Actuarial Methods and Assumptions (cont.)

Many of the demographic assumptions used in this valuation (including mortality, disability, turnover, retirement, percent married and relative ages of spouses) are the same as used in the City of Savannah Employees' Retirement Plan's Actuarial Valuation and Review as of January 1, 2018, dated July 23, 2018, completed by Segal Consulting. The remaining demographic assumptions, such as enrollment elections, were based on the experience of the OPEB Plan.

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.

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

| Asset Class | Target Allocation | Long-Term Expected Real Rate of Return |
|----------------------|-------------------|--|
| Domestic equity | 50.00% | 6.66% |
| International equity | 10.00% | 7.21% |
| Fixed income | 30.00% | 2.21% |
| Real estate | 10.00% | 5.01% |
| Total | 100.00% | 5.22%* |

*Weighted average expected rate of return

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

Discount Rate

The discount rate used to measure the total OPEB liability for the City of Savannah and Youth Futures was 7.00% as of December 31, 2017 and December 31, 2018 respectively. The other employers do not fund and so are valued at the 20-year, general obligation, municipal bond index rate. The projection of cash flow used to determine the discount rate assumed that the contributions would be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, The OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members.

Savannah Airport Commission

Notes to Financial Statements

12. Post-Employment Benefits Other than Pensions (OPEB) (cont.)

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate.

The following presents the Commission's proportionate share of the net OPEB liability, as well as what the Commission's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (3.10%) or 1 percentage point higher (5.10%) than the current discount rate:

| | 1% Decrease (3.10%) | Discount Rate (4.10%) | 1% Increase (5.10%) |
|--------------------|--------------------------------|----------------------------------|--------------------------------|
| Net OPEB liability | \$ 1,609,379 | \$ 1,424,191 | \$ 1,274,217 |

Sensitivity of the Net OPEB Liability to Changes in Healthcare Cost Trend Rates.

The following presents the Commission's proportionate share of the net OPEB liability, as well as what the Commission's proportionate share of the net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1 percentage point lower (5.25% decreasing to 3.5%) or 1 percentage point higher (7.25% decreasing to 5.5%) than the current healthcare cost trend rates:

| | 1% Decrease (5.25% decreasing to 3.5%) | Healthcare Cost Trend Rates (6.25% decreasing to 4.5%) | 1% Increase (7.25% decreasing to 5.5%) |
|--------------------|---|---|---|
| Net OPEB liability | \$ 1,298,864 | \$ 1,424,191 | \$ 1,569,116 |

Savannah Airport Commission

Required Supplementary Information

- Schedules of Net Airfield Operations
- Schedules of Net Terminal Operations
- Schedules of Net Airport Business Center Operations
- Schedules of Net Public Safety and Federal Inspection Station (FIS) Facility Operations
- Schedules of Net Commercial Aviation Operations
- Schedules of Net Apron and Parking Operations
- Schedules of Net Non-Aviation Operations
- Schedules of Administrative Expenses
- Schedule of Changes in Net Pension Liability and Related Ratios
- Schedule of the Commission's Proportionate Share of the Net Pension Liability
- Schedule of Contributions
- Schedule of the Commission's Changes in Net OPEB Liability
- Schedule of Investment Returns
- Schedule of Employer Contributions



Savannah Airport Commission

Schedules of Net Airfield Operations

| <i>Years ended December 31,</i> | 2019 | 2018 |
|--------------------------------------|-------------------|---------------------|
| Airfield income | | |
| Landing fees | \$ 5,933,266 | \$ 5,007,212 |
| Fuel flow fees | 144,103 | 130,963 |
| Usage charges | 218,614 | 225,380 |
| Fuel farm fees | 456,758 | 339,581 |
| | 6,752,741 | 5,703,136 |
| Airfield expenses | | |
| General | 652,144 | 1,222,696 |
| Maintenance | | |
| Buildings | 17,352 | 6,529 |
| Grounds | 441,998 | 445,019 |
| Equipment | 163,000 | 142,617 |
| Runway | 106,493 | 41,127 |
| Janitorial | 654 | 569 |
| Fuel farm expenses | 357,881 | 239,988 |
| Utilities | 66,207 | 63,463 |
| Total expense excluding depreciation | 1,805,729 | 2,162,008 |
| Depreciation | 4,052,024 | 4,281,591 |
| Total expenses | 5,857,753 | 6,443,599 |
| Net airfield income/(loss) | \$ 894,988 | \$ (740,463) |

See independent auditor's report.

Savannah Airport Commission

Schedules of Net Terminal Operations

| <i>Years ended December 31,</i> | 2019 | 2018 |
|--------------------------------------|-------------------|-----------------------|
| Terminal income | | |
| Car rentals | \$ 5,212,947 | \$ 5,041,525 |
| Airlines | 6,592,159 | 6,320,199 |
| Ground transportation | 573,834 | 455,776 |
| Gift shop | 936,028 | 837,429 |
| Restaurant | 1,004,082 | 930,357 |
| Space rental | 501,530 | 471,483 |
| Advertising | 498,038 | 520,231 |
| Telephone | 26,929 | 25,964 |
| Vending | 46,531 | 46,613 |
| Mini mall | 8,767 | 9,053 |
| Business center | 33,000 | 33,000 |
| Miscellaneous | 130,394 | 852 |
| Common charge/ticket checkers | 523,784 | 555,630 |
| | 16,088,023 | 15,248,112 |
| Terminal expenses | | |
| General | 3,346,852 | 2,543,504 |
| Maintenance | | |
| Buildings | 2,678,605 | 2,325,300 |
| Grounds | 68,571 | 86,484 |
| Janitorial | 1,038,770 | 1,035,557 |
| Equipment | 307,780 | 315,662 |
| Security | - | 2,445,301 |
| Utilities | 875,480 | 839,930 |
| Advertising | 91,421 | 116,058 |
| Passport club | 108,762 | 84,428 |
| Visitors center | 473,037 | 386,849 |
| Ticket checkers/shuttle driver | 1,266,234 | 1,098,007 |
| Ground trans starters | 196,371 | 186,834 |
| Ops center | 156,579 | - |
| Total expense excluding depreciation | 10,608,462 | 11,463,914 |
| Depreciation | 4,802,644 | 4,792,151 |
| Total expenses | 15,411,106 | 16,256,065 |
| Net terminal income/(loss) | \$ 676,917 | \$ (1,007,953) |

See independent auditor's report.

Savannah Airport Commission

Schedules of Net Airport Business Center Operations

| <i>Years ended December 31,</i> | 2019 | 2018 |
|---|-------------|--------------|
| Airport business center income | | |
| Space rental | \$ - | \$ - |
| | - | - |
| Airport business center expenses | | |
| General | - | 7,846 |
| Maintenance | | |
| Buildings | 187 | 1,551 |
| Grounds | - | 86,164 |
| Utilities | 9,376 | 17,733 |
| Janitorial | 956 | - |
| Total expense excluding depreciation | 10,519 | 113,294 |
| Depreciation | 1,808 | 9,608 |
| Total expense | 12,327 | 122,902 |
| Net airport business center loss | \$ (12,327) | \$ (122,902) |

See independent auditor's report.

Savannah Airport Commission

Schedules of Net Public Safety and Federal Inspection Station (FIS) Facility Operations

| <i>Years ended December 31,</i> | 2019 | 2018 |
|--------------------------------------|-----------------------|-----------------------|
| Public safety expenses | | |
| General | \$ 3,774,563 | \$ 3,070,588 |
| Buildings | 72,279 | 63,457 |
| Equipment | 40,229 | 30,058 |
| Total expense excluding depreciation | 3,887,071 | 3,164,103 |
| Depreciation | 403,197 | 432,664 |
| Total expense | 4,290,268 | 3,596,767 |
| Net public safety loss | \$ (4,290,268) | \$ (3,596,767) |
| FIS facility expenses | | |
| General | \$ 4,310 | \$ - |
| Total expense excluding depreciation | 4,310 | - |
| Depreciation | 1,123 | - |
| Total expense | 5,433 | - |
| Net FIS facility loss | \$ (5,433) | \$ - |

See independent auditor's report.

Savannah Airport Commission

Schedules of Net Commercial Aviation Operations

| <i>Years ended December 31,</i> | 2019 | 2018 |
|---------------------------------------|---------------------|---------------------|
| Commercial aviation income | | |
| Fixed base operators | \$ 588,249 | \$ 461,124 |
| Air cargo building | 296,687 | 294,708 |
| Land lease | 1,461,973 | 1,452,618 |
| Airline freight facility | 146,763 | 139,235 |
| AvGas | 51,244 | 59,135 |
| | 2,544,916 | 2,406,820 |
| Commercial aviation expenses | | |
| General | 45,618 | 41,397 |
| Maintenance | | |
| Buildings | (1,570) | (23,332) |
| Utilities | 101,710 | 86,596 |
| Ground support | 5,799 | 8,222 |
| Grounds | 10,143 | - |
| Fuel farm | 26,506 | 52,466 |
| Total expense excluding depreciation | 188,206 | 165,349 |
| Depreciation | 360,393 | 366,209 |
| Total expense | 548,599 | 531,558 |
| Net commercial aviation income | \$ 1,996,317 | \$ 1,875,262 |

See independent auditor's report.

Savannah Airport Commission

Schedules of Net Apron and Parking Operations

| <i>Years ended December 31,</i> | 2019 | 2018 |
|--------------------------------------|--------------|--------------|
| Apron income | | |
| Airline fixed payments | \$ 69,791 | \$ 71,773 |
| Apron expenses | | |
| General | 238 | 224 |
| Maintenance | 1,591 | 3,745 |
| Total expense excluding depreciation | 1,829 | 3,969 |
| Depreciation | 423,577 | 420,744 |
| Total expense | 425,406 | 424,713 |
| Net apron loss | \$ (355,615) | \$ (352,940) |
| Parking income | | |
| Parking | \$ 9,172,911 | \$ 8,534,367 |
| Parking expenses | | |
| General | 1,514,910 | 1,393,706 |
| Maintenance | | |
| Buildings | 161,369 | 98,259 |
| Equipment | 771 | 3,410 |
| Grounds | 4,916 | 6,480 |
| Utilities | 153,312 | 151,871 |
| Total expense excluding depreciation | 1,835,278 | 1,653,726 |
| Depreciation | 1,747,371 | 1,663,766 |
| Total expense | 3,582,649 | 3,317,492 |
| Net parking income | \$ 5,590,262 | \$ 5,216,875 |

See independent auditor's report.

Savannah Airport Commission

Schedules of Net Non-Aviation Operations

| <i>Years ended December 31,</i> | 2019 | 2018 |
|--------------------------------------|---------------------|---------------------|
| Non-aviation income | | |
| Land leases | \$ 1,230,795 | \$ 1,198,188 |
| Space rental | 66,813 | 365,373 |
| Motel | 1,722,339 | 1,715,419 |
| Industrial park | 6,000 | 6,000 |
| Food and beverage | 39,198 | 49,854 |
| Miscellaneous | 2,298 | 1,300 |
| | 3,067,443 | 3,336,134 |
| Non-aviation expenses | | |
| General | 349,237 | 291,843 |
| Maintenance | | |
| Buildings | 6,314 | 3,556 |
| Grounds | 679,866 | 658,796 |
| Equipment | 75,051 | 84,579 |
| Utilities | 108,747 | 105,868 |
| Total expense excluding depreciation | 1,219,215 | 1,144,642 |
| Depreciation | 835,055 | 1,028,237 |
| Total expense | 2,054,270 | 2,172,879 |
| Net non-aviation income | \$ 1,013,173 | \$ 1,163,255 |

See independent auditor's report.

Savannah Airport Commission

Schedules of Administrative Expenses

| <i>Years ended December 31,</i> | 2019 | 2018 |
|--|---------------|--------------|
| Salaries | \$ 2,772,956 | \$ 2,523,454 |
| Employee benefits | 1,445,842 | 1,047,264 |
| Contract labor | 8,404 | - |
| Marketing | 3,961,655 | 2,656,446 |
| Professional fees | 905,234 | 466,857 |
| Miscellaneous | 345,115 | 469,541 |
| Dues, travel, and meetings | 617,349 | 503,667 |
| Office supplies and postage | 525,830 | 481,184 |
| Telephone | 94,153 | 88,386 |
| Insurance | 228,032 | 202,943 |
| Equipment rental and service contracts | 146,154 | 125,670 |
| Printing and advertising | 1,048 | 1,404 |
| Total expense excluding depreciation | 11,051,772 | 8,566,816 |
| Depreciation | 146,016 | 141,329 |
| Total expense | \$ 11,197,788 | \$ 8,708,145 |

See independent auditor's report.

Savannah Airport Commission

Required Supplementary Information

City of Savannah Employees' Retirement Plan Schedule of Changes in Net Pension Liability and Related Ratios*

| Total Pension Liability | 2019 | 2018 |
|--|----------------|----------------|
| Service cost | \$ 12,197,176 | \$ 12,277,259 |
| Interest | 35,850,147 | 34,059,919 |
| Differences between expected and actual experience | 7,761,517 | (1,248,523) |
| Benefit payments, including refunds of member contributions | (30,396,491) | (27,404,258) |
| Net change in Total Pension Liability | 25,412,349 | 17,684,397 |
| Total Pension Liability - beginning | 473,241,515 | 455,557,118 |
| Total Pension Liability - ending | 498,653,864 | 473,241,515 |
| Plan Fiduciary Net Position | | |
| Contributions - employer | 10,331,820 | 10,361,785 |
| Contributions - employee | 7,459,327 | 7,794,899 |
| Net investment income | (11,332,027) | 50,376,309 |
| Benefit payments, including refunds of member contributions | (30,396,491) | (27,404,258) |
| Administrative expense | (122,121) | (75,177) |
| Net change in Plan Fiduciary Net Position | (24,059,492) | 41,053,558 |
| Plan Fiduciary Net Position - beginning | 386,890,701 | 345,837,143 |
| Plan Fiduciary Net Position - ending | 362,831,209 | 386,890,701 |
| Net Pension Liability - ending | \$ 135,822,655 | \$ 86,350,814 |
| Plan Fiduciary Net Position as a percentage of the Total Pension Liability | 72.76% | 81.75% |
| Covered employee payroll | \$ 114,069,874 | \$ 115,437,152 |
| Plan Net Pension Liability as percentage of covered employee payroll | 119.07% | 74.80% |

Notes to Schedule:

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

Assumption changes: There have been no assumption changes since the prior valuation.

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

* This information is presented for the City of Savannah Employees' Retirement Plan as a whole, for which the Commission is a participant.

Savannah Airport Commission

Required Supplementary Information

City of Savannah Employees' Retirement Plan Schedule of the Commission's Proportionate Share of the Net Pension Liability

| Fiscal Year Ended December 31, | Proportion of the Net Pension Liability | Proportionate Share of Net Pension Liability | Covered Employee Payroll⁽¹⁾ | Net Pension Liability as a % of Covered Employee Payroll | Plan Fiduciary Net Postion as a percentage of the Total Pension Liability |
|---|--|---|---|---|--|
| 2016 | 7.66% | \$ 8,226,511 | \$ 7,748,488 | 106.17% | 75.32% |
| 2017 | 8.71% | \$ 9,556,610 | \$ 8,600,853 | 111.11% | 75.92% |
| 2018 | 8.68% | \$ 7,495,251 | \$ 9,238,292 | 81.13% | 81.75% |
| 2019 | 9.10% | \$ 12,361,102 | \$ 9,832,973 | 125.71% | 72.76% |

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

⁽¹⁾ Covered employee payroll represents compensation earnable and pensionable compensation. Only compenstation earnable and pensionable compensation that would possibly go into the determination of the retirement benefits are included.

Savannah Airport Commission

Required Supplementary Information

City of Savannah Employees' Retirement Plan Schedule of Contributions*

| Fiscal Year Ended December 31, | Actuarially Determined Contributions ⁽¹⁾ | Contributions Recognized by the Plan | Contribution Deficiency (Excess) | Covered Employee Payroll ⁽²⁾ | Contributions Recognized by the Plan as a % of Covered Employee Payroll |
|---|--|---|---|--|--|
| 2009 | \$ 7,622,577 | \$ 7,622,583 | \$ (6) | \$ 103,128,935 | 7.39% |
| 2010 | \$ 8,552,348 | \$ 8,552,370 | \$ (22) | \$ 102,212,443 | 8.37% |
| 2011 | \$ 8,697,179 | \$ 8,697,179 | \$ - | \$ 101,231,939 | 8.59% |
| 2012 | \$ 9,729,071 | \$ 9,729,071 | \$ - | \$ 98,576,795 | 9.87% |
| 2013 | \$ 11,311,352 | \$ 11,311,347 | \$ 5 | \$ 101,065,407 | 11.19% |
| 2014 | \$ 11,989,208 | \$ 11,989,213 | \$ (5) | \$ 100,296,655 | 11.95% |
| 2015 | \$ 11,378,988 | \$ 11,378,991 | \$ (3) | \$ 99,962,326 | 11.38% |
| 2016 | \$ 10,588,767 | \$ 10,588,773 | \$ (6) | \$ 108,873,305 | 9.73% |
| 2017 | \$ 10,233,131 | \$ 10,361,785 | \$ (128,654) | \$ 115,437,152 | 8.98% |
| 2018 | \$ 10,331,820 | \$ 10,331,820 | \$ - | \$ 114,069,874 | 9.06% |

⁽¹⁾ All "Actuarially Determined Contributions" through January 1, 2016 were determined as the "Annual Required Contribution" under GASB 25 and 27.

⁽²⁾ Covered employee payroll represents compensation earnable and pensionable compensation. Only compensation earnable and pensionable compensation that would possibly go into the determination of the retirement benefits are included.

* This information is presented for the City of Savannah Employees' Retirement Plan as a whole, for which the Commission is a participant.

Savannah Airport Commission

Required Supplementary Information

City of Savannah Other Post Employment Benefit Plan Schedule of the Commission's Changes in Net OPEB Liability

| | 2019 |
|--|---------------------|
| Total OPEB Liability | |
| Interest | \$ 62,941 |
| Differences between expected and actual experience | (144,751) |
| Changes of assumptions | (271,576) |
| Benefit payments, including refunds of member contributions | (104,233) |
| Net change in Total OPEB Liability | (457,619) |
| Total OPEB Liability - beginning | 1,881,810 |
| (a) Total OPEB Liability - ending | 1,424,191 |
| Plan fiduciary net position | |
| Contributions - employer | 104,233 |
| Benefit payments, including refunds of member contributions | (104,233) |
| Net change in plan fiduciary net position | - |
| Plan fiduciary net position - beginning | - |
| (b) Plan Fiduciary Net Position - ending | - |
| (c) Net OPEB Liability - ending (a) - (b) | \$ 1,424,191 |
| Plan fiduciary net position as a percentage of the Total OPEB Liability | 0% |
| Covered employee payroll | \$ - |
| Plan Net OPEB Liability as percentage of covered employee payroll | N/A |

Notes to Schedule:

Benefit changes: Effective 1/1/2016

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

Change of assumptions:

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

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

- Per capita health costs and trend rates have been updated to reflect recent experience.
- The healthcare administrative expense load is now valued for pre-65 claims only.

As of December 31, 2017, per capita health costs and prescription drug trend rates were updated to reflect recent experience.

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

Savannah Airport Commission

Required Supplementary Information

City of Savannah Other Post Employment Benefit Plan Schedule of Investment Returns*

| Year Ended December 31, | Annual Money- weighted Rate of Return |
|------------------------------------|--|
| 2017 | 16.20% |
| 2018 | -3.20% |

* This information is presented for the City of Savannah Other Post Employment Benefit Plan as a whole, for which the Commission is a participant.

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

Savannah Airport Commission

Required Supplementary Information

City of Savannah Other Post Employment Benefit Plan Schedule of Employer Contributions*

| Year Ended December 31, | Actuarially Determined Contributions | Contributions in Relation to the Actuarially Determined Contributions | Contribution Deficiency/(Excess) | Covered Employee Payroll | Annual Money-weighted Rate of Return |
|-------------------------|--------------------------------------|---|----------------------------------|--------------------------|--------------------------------------|
| 2009 | \$ 15,601,172 | \$ 3,541,681 | \$ 12,059,491 | \$ 97,836,492 | 3.62% |
| 2010 | \$ 16,887,022 | \$ 3,791,480 | \$ 13,095,542 | \$ 101,788,736 | 3.72% |
| 2011 | \$ 14,453,693 | \$ 37,815,516 | \$ (23,361,823) | \$ 101,231,939 | 37.36% |
| 2012 | \$ 10,897,270 | \$ 11,425,392 | \$ (528,122) | \$ 97,898,141 | 11.67% |
| 2013 | \$ 8,629,426 | \$ 11,252,249 | \$ (2,622,823) | \$ 100,925,268 | 11.15% |
| 2014 | \$ 7,751,003 | \$ 11,318,014 | \$ (3,567,011) | \$ 93,188,755 | 12.15% |
| 2015 | \$ 8,154,429 | \$ 10,768,104 | \$ (2,613,675) | \$ 92,213,838 | 11.68% |
| 2016 | \$ 5,960,277 | \$ 10,089,939 | \$ (4,129,662) | \$ 100,272,452 | 10.06% |
| 2017 | \$ 4,135,057 | \$ 5,586,200 | \$ (1,451,143) | \$ 106,198,860 | 5.26% |
| 2018 | \$ 4,259,109 | \$ 4,259,109 | \$ - | \$ 104,236,901 | 4.09% |

Notes to Schedule:

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

| | |
|--------------------------------------|--|
| <i>Valuation date</i> | Actuarially determined contribution rates are calculated as of December 31, two years prior to the end of the fiscal year in which contributions are reported. |
| <i>Measurement date</i> | December 31, 2016 |
| <i>Actuarial cost method</i> | Projected Unit Credit |
| <i>Amortization method</i> | 30-year closed, level percent of pay |
| <i>Remaining amortization period</i> | 19 years remain as of December 31, 2017 |
| <i>Asset valuation method</i> | The Market Value of Assets |
| <i>Excise tax</i> | The ACA Excise Tax is not being reflected until it becomes effective |

* This information is presented for the City of Savannah Other Post Employment Benefit Plan as a whole, for which the Commission is a participant.

Savannah Airport Commission

Statistical Section (Unaudited)

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.

Savannah Airport Commission

Total Annual Revenues, Expenses, and Changes in Net Position

| <i>Years ended December 31,</i> | 2010 | 2011 | 2012 | 2013* |
|---|----------------|----------------|----------------|----------------|
| Operating revenues | | | | |
| Airfield | \$ 2,878,057 | \$ 2,960,483 | \$ 2,979,410 | \$ 3,104,566 |
| Terminal one | 10,442,756 | 10,651,583 | 11,022,200 | 11,449,988 |
| Airport business center | 190,912 | 237,774 | 251,498 | 228,817 |
| Commercial aviation | 1,337,406 | 1,384,381 | 1,540,736 | 2,103,115 |
| Apron | 58,804 | 59,049 | 55,080 | 55,048 |
| Parking | 5,021,958 | 5,069,763 | 5,090,084 | 5,260,004 |
| Non-aviation | 1,949,889 | 2,210,156 | 2,357,093 | 2,472,968 |
| Foreign trade zone | 308,402 | 41,880 | 46,637 | - |
| Total operating revenues | 22,188,184 | 22,615,069 | 23,342,738 | 24,674,506 |
| Operating expenses | | | | |
| Airfield | 1,410,421 | 1,518,448 | 1,560,643 | 1,631,526 |
| Terminal one | 7,382,021 | 7,388,517 | 8,525,450 | 8,499,325 |
| Airport business center | 272,540 | 278,190 | 234,919 | 274,554 |
| Commercial aviation | 211,397 | 201,895 | 175,258 | 237,942 |
| Apron | 29,406 | 28,374 | 27,931 | 27,066 |
| Parking | 1,516,103 | 1,367,486 | 1,382,186 | 1,452,052 |
| Non-aviation | 1,058,883 | 1,018,677 | 770,901 | 689,325 |
| Foreign trade zone | 309,242 | 217,008 | 112,931 | - |
| Public safety | - | - | - | - |
| FIS facility | - | - | - | - |
| Administrative expenses | 3,967,748 | 4,266,647 | 4,614,001 | 4,827,543 |
| Depreciation | 9,768,006 | 9,833,916 | 9,812,599 | 10,306,897 |
| Total operating expenses | 25,925,767 | 26,119,158 | 27,216,819 | 27,946,230 |
| Operating loss | (3,737,583) | (3,504,089) | (3,874,081) | (3,271,724) |
| Non-operating revenues (expenses) | | | | |
| Passenger facility charges | 2,717,454 | 3,047,826 | 3,115,125 | 3,073,621 |
| Customer facility charges | 510,033 | 510,213 | 530,901 | 548,616 |
| General aviation charges | 77,291 | 60,288 | 69,395 | 77,196 |
| Savannah aviation village fund charge | 59,250 | 60,600 | 22,000 | 10,500 |
| Interest revenue | 866,356 | 685,564 | 553,716 | 487,125 |
| Interest expense | (903,999) | (687,586) | (536,837) | (442,838) |
| Bond issuance cost amortization | (83,194) | (123,210) | (163,225) | - |
| Bond premium amortization | 76,139 | 162,160 | 248,182 | 248,182 |
| Loss on bond refunding | (114,711) | (132,322) | (149,932) | (149,932) |
| Net increase (decrease) in the fair value investments | 185,027 | (40,831) | (23,667) | (121,987) |
| Recovery of bad debt | 9,822 | - | 1,294 | - |
| Gain on disposal of capital assets | 85,647 | 39,708 | (10,251) | 84,596 |
| Total non-operating revenues | 3,485,115 | 3,582,410 | 3,656,701 | 3,815,079 |
| Income before capital contributions | (252,468) | 78,321 | (217,380) | 543,355 |
| Capital contributions | 4,842,933 | 5,167,328 | 10,478,528 | 5,580,020 |
| Net position adjustment | 7,208,040 | - | - | - |
| Increase in net position | \$ 11,798,505 | \$ 5,245,649 | \$ 10,261,148 | \$ 6,123,375 |
| Net position at year-end composed of | | | | |
| Net investment in capital assets | \$ 147,826,432 | \$ 150,510,150 | \$ 164,079,072 | \$ 163,915,951 |
| Restricted | 8,465,063 | 9,286,594 | 9,181,408 | 10,193,462 |
| Unrestricted | 25,637,684 | 27,378,084 | 24,175,496 | 29,009,263 |
| Total net position | \$ 181,929,179 | \$ 187,174,828 | \$ 197,435,976 | 203,118,676 |

Savannah Airport Commission

Total Annual Revenues, Expenses, and Changes in Net Position

| | 2014 | 2015 | 2016 | 2017* | 2018 | 2019 |
|----|-------------|----------------|----------------|----------------|----------------|----------------|
| \$ | 3,257,492 | \$ 3,430,523 | \$ 4,092,314 | \$ 4,741,605 | \$ 5,703,136 | \$ 6,752,741 |
| | 11,965,612 | 12,378,721 | 13,225,485 | 14,097,691 | 15,248,112 | 16,088,023 |
| | 212,094 | 146,878 | 4,200 | 5,000 | - | - |
| | 2,216,288 | 2,229,309 | 2,239,342 | 2,342,588 | 2,406,820 | 2,544,916 |
| | 54,381 | 60,231 | 59,651 | 70,879 | 71,773 | 69,791 |
| | 6,018,305 | 6,508,913 | 7,023,629 | 7,704,652 | 8,534,367 | 9,172,911 |
| | 2,713,210 | 3,106,677 | 3,241,826 | 3,028,981 | 3,336,134 | 3,067,443 |
| | - | - | - | - | - | - |
| | 26,437,382 | 27,861,252 | 29,886,447 | 31,991,396 | 35,300,342 | 37,695,825 |
| | 1,905,637 | 2,146,532 | 2,332,494 | 2,219,609 | 1,370,982 | 1,805,729 |
| | 9,094,306 | 9,449,322 | 10,696,443 | 10,654,133 | 9,090,837 | 10,608,462 |
| | 140,603 | 85,877 | 63,253 | 74,964 | 113,294 | 10,519 |
| | 261,441 | 158,716 | 258,360 | 149,683 | 165,349 | 188,206 |
| | 24,547 | 26,691 | 14,664 | 7,121 | 3,969 | 1,829 |
| | 1,369,561 | 1,337,464 | 1,535,639 | 1,453,209 | 1,653,726 | 1,835,278 |
| | 1,110,988 | 1,028,223 | 1,167,691 | 1,079,432 | 1,144,642 | 1,219,215 |
| | - | - | - | - | 3,164,103 | 3,887,071 |
| | - | - | - | - | - | 4,310 |
| | 5,751,582 | 7,664,600 | 7,221,902 | 7,373,924 | 8,566,816 | 11,051,772 |
| | 9,969,695 | 11,202,854 | 11,329,228 | 11,878,166 | 12,703,635 | 12,773,208 |
| | 29,628,360 | 33,100,279 | 34,619,674 | 34,890,241 | 37,977,353 | 43,385,599 |
| | (3,190,978) | (5,239,027) | (4,733,227) | (2,898,845) | (2,677,011) | (5,689,774) |
| | 3,640,888 | 3,902,443 | 4,208,795 | 4,863,617 | 5,549,069 | 5,920,188 |
| | 611,273 | 658,964 | 694,209 | 732,738 | 2,613,350 | 3,711,308 |
| | 79,130 | 87,267 | 88,364 | 100,030 | 89,080 | 90,679 |
| | - | - | - | - | - | - |
| | 319,351 | 404,423 | 499,415 | 903,020 | 1,127,197 | 1,542,767 |
| | (345,038) | (260,600) | (125,349) | - | - | - |
| | - | - | - | - | - | - |
| | 248,182 | 136,380 | 136,380 | - | - | - |
| | (149,932) | (50,524) | (28,837) | 6,401 | - | - |
| | (45,893) | 23,651 | 51,447 | (178,827) | (132,721) | 387,923 |
| | - | - | - | - | - | - |
| | 11,297 | 8,664 | 59,481 | - | (100,973) | (22,978) |
| | 4,369,258 | 4,910,668 | 5,583,905 | 6,426,979 | 9,145,002 | 11,629,887 |
| | 1,178,280 | (328,359) | 850,678 | 3,528,134 | 6,467,991 | 5,940,113 |
| | 5,932,857 | 4,021,586 | 859,175 | 5,686,825 | 5,423,362 | 10,408,120 |
| | - | - | - | - | - | - |
| \$ | 7,111,137 | \$ 3,693,227 | \$ 1,709,853 | \$ 9,214,959 | \$ 11,891,353 | \$ 16,348,233 |
| \$ | 161,352,944 | \$ 157,729,262 | \$ 159,208,931 | \$ 160,040,146 | \$ 161,956,390 | \$ 168,961,459 |
| | 9,715,727 | 11,058,622 | 3,349,869 | 3,406,924 | 10,957,693 | 19,061,440 |
| | 39,161,142 | 37,309,773 | 45,248,710 | 54,558,021 | 56,982,361 | 58,221,778 |
| \$ | 210,229,813 | \$ 206,097,657 | \$ 207,807,510 | \$ 218,005,091 | \$ 229,896,444 | \$ 246,244,677 |

*2013 and 2017 have been restated

Savannah Airport Commission

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

| Employer | 2019 | 2010 |
|--|-----------|-----------|
| | Employees | Employees |
| Gulfstream Aerospace Corporation | 11,000 | 6,000 |
| Savannah-Chatham County Board of Education | 5,700 | 4,093 |
| Memorial Health University Medical Center | 4,400 | 4,643 |
| Ft. Stewart/Hunter Army Airfield | 4,153 | 5,109 |
| St. Joseph's/Candler Health System | 3,814 | 3,304 |
| Georgia Southern University | 3,543 | * |
| City of Savannah | 2,234 | 2,500 |
| YMCA of Coastal Georgia | 1,980 | * |
| Chatham County | 1,896 | 1,500 |
| Savannah College of Art & Design | 1,886 | 1,500 |
| Walmart | * | 2,935 |
| Momentum Resources II, Inc. | * | 1,703 |

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 |
| 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 |
| 2017* | \$ | 33,734 | \$ | 23,191 | \$ | 10,534 | \$ - | \$ - | \$ - | - |
| 2018 | \$ | 39,130 | \$ | 25,507 | \$ | 13,623 | \$ - | \$ - | \$ - | - |
| 2019 | \$ | 43,429 | \$ | 30,635 | \$ | 12,794 | \$ - | \$ - | \$ - | - |

*2013 and 2017 have been restated

Gross revenue excludes passenger facility charges included in non-operating revenue and capital contributions of \$16,328,308 in 2019 and \$10,972,431 in 2018.

Savannah Airport Commission

Ratios of Outstanding Debt

| <i>Years ended December 31,</i> | 2010 | | 2011 | | 2012 | | 2013* | |
|--|------|------------|------|------------|------|------------|-------|------------|
| Ratio of authority issued Revenue Bond debt service to total expenses | | | | | | | | |
| Principal | \$ | 2,155,000 | \$ | 2,275,000 | \$ | 2,350,000 | \$ | 2,445,000 |
| Interest | | 903,999 | | 687,586 | | 536,838 | | 442,838 |
| <hr/> | | | | | | | | |
| Total debt service | \$ | 3,058,999 | \$ | 2,962,586 | \$ | 2,886,838 | \$ | 2,887,838 |
| Total expenses | \$ | 27,027,671 | \$ | 27,103,107 | \$ | 28,100,731 | \$ | 28,660,987 |
| <hr/> | | | | | | | | |
| Ratio of debt service to total expenses | | 11% | | 11% | | 10% | | 10% |
| <hr/> | | | | | | | | |
| Debt service per enplaned passenger | | | | | | | | |
| Net debt service | \$ | 3,058,999 | \$ | 2,962,586 | \$ | 2,886,838 | \$ | 2,887,838 |
| Enplaned passengers | | 835,728 | | 817,631 | | 814,496 | | 823,494 |
| Debt service per enplaned passenger | \$ | 3.66 | \$ | 3.62 | \$ | 3.54 | \$ | 3.51 |
| <hr/> | | | | | | | | |
| Debt limit per enplaned passenger | | | | | | | | |
| Debt limit | | No limit | | No limit | | No limit | | No limit |
| Enplaned passengers | | 835,728 | | 817,631 | | 814,496 | | 823,494 |
| Debt limit per enplaned passenger | | N/A | | N/A | | N/A | | N/A |
| <hr/> | | | | | | | | |
| Outstanding debt per enplaned passenger | | | | | | | | |
| Revenue bonds | \$ | 15,961,519 | \$ | 13,752,306 | \$ | 11,154,124 | \$ | 8,460,942 |
| Notes payable | | - | | - | | - | | - |
| <hr/> | | | | | | | | |
| Total outstanding debt | \$ | 15,961,519 | \$ | 13,752,306 | \$ | 11,154,124 | \$ | 8,460,942 |
| Outstanding debt per enplaned passenger | \$ | 19 | \$ | 17 | \$ | 14 | \$ | 10 |

Savannah Airport Commission

Ratios of Outstanding Debt

| 2014 | | 2015 | | 2016 | | 2017* | | 2018 | | 2019 | |
|------|------------|------|------------|------|------------|-------|------------|------|------------|------|------------|
| \$ | 2,390,000 | \$ | 2,705,000 | \$ | 2,845,000 | \$ | - | \$ | - | \$ | - |
| | 345,038 | | 260,600 | | 125,350 | | - | | - | | - |
| \$ | 2,735,038 | \$ | 2,965,600 | \$ | 2,970,350 | \$ | - | \$ | - | \$ | - |
| \$ | 30,169,223 | \$ | 33,411,403 | \$ | 34,773,860 | \$ | 35,069,068 | \$ | 38,211,047 | \$ | 43,408,577 |
| | 9% | | 9% | | 9% | | 0% | | 0% | | 0% |
| \$ | 2,735,038 | \$ | 2,965,600 | \$ | 2,970,350 | \$ | - | \$ | - | \$ | - |
| | 963,385 | | 1,017,065 | | 1,089,222 | | 1,229,083 | | 1,395,040 | | 1,502,974 |
| \$ | 2.84 | \$ | 2.92 | \$ | 2.73 | \$ | - | \$ | - | \$ | - |
| | No limit | | No limit | | No limit | | No limit | | No limit | | No limit |
| | 963,385 | | 1,017,065 | | 1,089,222 | | 1,229,083 | | 1,395,040 | | 1,502,974 |
| | N/A | | N/A | | N/A | | N/A | | N/A | | N/A |
| \$ | 5,822,760 | \$ | 2,981,380 | \$ | - | \$ | - | \$ | - | \$ | - |
| | - | | - | | - | | - | | - | | - |
| \$ | 5,822,760 | \$ | 2,981,380 | \$ | - | \$ | - | \$ | - | \$ | - |
| \$ | 6 | \$ | 3 | \$ | - | \$ | - | \$ | - | \$ | - |

* 2013 and 2017 have been restated.

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) |
|-------------|-------------------|--|-----------------------------------|-----------------------------|-----------------------------|
| 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 |
| 2016 | 286,956 | \$ 42,115 | \$ 12,085,072 | 38,033 | 5.00 |
| 2017 | 289,082 | \$ 43,076 | \$ 12,452,599 | 37,335 | 4.00 |
| 2018 | 290,501 | \$ 44,313 | \$ 12,872,910 | 37,393 | 3.40 |
| 2019 | 289,195 | \$ 47,563 | \$ 13,754,879 | 37,433 | 2.70 |

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 |
|-------------|------------------|------------------|---------------------|--------------------|-------------|
| 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% |
| 2016 | 1,089,222 | 1,101,184 | 2,190,406 | 1,333,669 | 82% |
| 2017 | 1,229,083 | 1,234,358 | 2,463,441 | 1,501,797 | 82% |
| 2018 | 1,395,040 | 1,404,486 | 2,799,526 | 1,768,310 | 79% |
| 2019 | 1,502,974 | 1,518,103 | 3,021,077 | 1,903,143 | 79% |

Source: Savannah Airport Commission, Finance Department.

Savannah Airport Commission

Airline Landed Weights (1,000 lbs.) 2010 – 2019

| | 2019 | Percent of Total 2019 | 2018 | Percent of Total 2018 |
|--------------------------|-----------|--------------------------|-----------|--------------------------|
| Airline | | | | |
| Delta Airlines | 470,470 | 24.95% | 478,767 | 27.18% |
| PSA (American) | 277,644 | 14.72% | 260,756 | 14.81% |
| American Airlines | 212,358 | 11.26% | 150,412 | 8.54% |
| Allegiant Airlines | 173,044 | 9.18% | 138,366 | 7.86% |
| JetBlue | 167,519 | 8.88% | 159,557 | 9.06% |
| Endeavor (Delta) | 93,031 | 4.93% | 135,516 | 7.69% |
| Mesa (United) | 61,919 | 3.28% | 32,886 | 1.87% |
| Sky West (Delta) | 61,276 | 3.25% | 1,275 | 0.07% |
| United Airlines | 58,006 | 3.08% | 124,268 | 7.06% |
| Express Jet (United) | 41,987 | 2.23% | 32,795 | 1.86% |
| Air Wisconsin (United) | 35,626 | 1.89% | 43,193 | 2.45% |
| Envoy Air (American) | 32,327 | 1.71% | 14,732 | 0.84% |
| Republic (United) | 28,496 | 1.51% | 9,219 | 0.52% |
| Frontier | 26,305 | 1.40% | 17,201 | 0.98% |
| Republic (American) | 17,379 | 0.92% | 23,375 | 1.33% |
| CommutAir (United) | 16,781 | 0.89% | 10,231 | 0.58% |
| Sky West (American) | 13,065 | 0.69% | - | - |
| Sky West (United) | 12,824 | 0.68% | 11,160 | 0.63% |
| Air Canada | 10,030 | 0.53% | 11,248 | 0.64% |
| Sun Country | 4,096 | 0.22% | 5,458 | 0.31% |
| GoJet (United) | 1,139 | 0.06% | 67 | 0.00% |
| Republic (Delta) | 875 | 0.05% | 2,260 | 0.13% |
| GoJet (Delta) | 67 | 0.00% | 2,570 | 0.15% |
| Trans States (United) | - | - | 11,219 | 0.64% |
| Piedmont (American) | - | - | 5,750 | 0.33% |
| Express Jet (Delta) | - | - | 3,835 | 0.22% |
| Mesa (American) | - | - | 3,492 | 0.20% |
| Trans States (American) | - | - | 1,911 | 0.11% |
| Air Wisconsin (American) | - | - | - | - |
| Shuttle America (United) | - | - | - | - |
| Shuttle America (Delta) | - | - | - | - |
| Express Jet (American) | - | - | - | - |
| Compass (Delta) | - | - | - | - |
| Chautauqua (American) | - | - | - | - |
| Pinnacle (Delta) | - | - | - | - |
| Continental | - | - | - | - |
| Comair (Delta) | - | - | - | - |
| US Airways Express | - | - | - | - |
| Chautauqua (Delta) | - | - | - | - |
| Vision Airlines | - | - | - | - |
| Total scheduled | 1,816,264 | 96.32% | 1,691,519 | 96.04% |
| Total non-scheduled | 8,963 | 0.48% | 6,101 | 0.35% |
| Cargo carriers | | | | |
| Federal Express | 51,282 | 2.72% | 54,054 | 3.07% |
| Air Cargo Carriers | 6,868 | 0.36% | 7,026 | 0.40% |
| Suburban Air Freight | 2,210 | 0.12% | 2,443 | 0.14% |
| Mountain Air Cargo | 26 | 0.00% | 34 | 0.00% |
| Martinaire, Inc. | 18 | 0.00% | 70 | 0.00% |
| Sky Way Enterprises | - | - | - | - |
| Wiggins Airways | - | - | - | - |
| Ram Air Freight | - | - | - | - |
| Total Cargo | 60,404 | 3.20% | 63,627 | 3.61% |
| Grand Cargo | 1,885,631 | 100.00% | 1,761,247 | 100.00% |

Source: PASSUR, passive radar software.

Savannah Airport Commission

Airline Landed Weights (1,000 lbs.) 2010 – 2019

| 2017 | 2016 | 2015 | 2014 | 2013 | 2012 | 2011 | 2010 |
|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| 449,293 | 437,725 | 437,487 | 409,511 | 414,153 | 415,927 | 395,480 | 314,574 |
| 206,144 | 215,003 | 213,920 | 85,836 | 86,597 | 88,326 | 58,031 | 52,395 |
| 64,716 | 4,877 | 260 | - | - | - | - | - |
| 101,503 | 69,803 | 17,665 | - | - | - | 8,648 | 2,083 |
| 152,751 | 144,815 | 137,908 | 119,116 | - | - | - | - |
| 82,856 | 55,621 | 48,590 | 42,732 | - | - | - | - |
| 38,198 | 33,969 | 24,522 | 11,725 | 8,943 | 12,596 | 6,432 | 25,256 |
| 150 | - | - | - | - | - | - | 300 |
| 79,087 | 6,926 | - | - | - | - | 44,997 | 17,304 |
| 47,792 | 79,769 | 97,412 | 134,643 | 131,057 | 110,595 | 41,991 | 58,092 |
| 9,259 | - | - | - | - | - | - | - |
| 37,289 | 47,312 | 25,242 | 45,709 | 46,596 | 48,425 | 56,540 | 58,273 |
| 8,742 | 11,963 | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - |
| 12,744 | 17,056 | 3,551 | 19,480 | 32,429 | 47,239 | 99,827 | 86,301 |
| 13,352 | 13,360 | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - |
| 12,336 | 7,033 | 2,641 | - | 67 | - | - | - |
| 8,436 | - | - | - | - | - | - | - |
| 6,091 | 7,987 | 5,180 | - | - | - | - | - |
| 6,432 | 2,077 | - | - | - | - | - | - |
| 1,628 | - | - | - | - | - | - | - |
| 13,282 | 40,063 | 41,760 | 30,485 | 18,425 | 9,581 | - | - |
| 4,250 | 6,431 | 20,781 | - | - | 4,469 | 7,892 | 16,255 |
| 8,933 | 859 | 993 | 888 | 420 | 204 | 684 | 305 |
| 44,852 | 40,219 | 42,596 | 55,660 | 28,034 | 26,794 | 27,793 | 69,302 |
| - | 6,093 | 19,831 | 114,541 | 124,798 | 87,675 | 70,635 | 79,894 |
| 13,481 | - | - | - | - | - | - | - |
| 19,787 | 22,936 | 18,894 | 35,908 | 35,767 | 28,576 | 15,933 | 17,625 |
| 1,808 | 578 | - | - | - | - | - | - |
| - | 9,822 | 819 | 1,023 | 20,462 | 19,759 | 292 | 8,755 |
| - | - | 6,157 | - | - | - | - | - |
| - | - | - | 7,171 | 28,251 | 11,557 | - | 6,147 |
| - | - | - | - | 3,277 | 8,032 | 255 | - |
| - | - | - | - | 769 | 5,276 | 48,317 | 45,477 |
| - | - | - | - | - | 36,107 | 79,312 | 82,057 |
| - | - | - | - | - | 8,910 | 4,430 | 13,323 |
| - | - | - | - | - | 753 | 898 | 7,926 |
| - | - | - | - | - | 298 | 28,635 | 36,252 |
| - | - | - | - | - | - | 1,554 | - |
| 1,445,192 | 1,282,297 | 1,166,209 | 1,114,428 | 980,045 | 971,099 | 998,576 | 997,896 |
| 5,719 | 3,154 | 5,367 | 5,654 | 2,195 | 4,812 | 4,139 | 5,000 |
| 51,678 | 52,074 | 54,648 | 54,252 | 51,440 | 42,563 | 49,068 | 44,578 |
| 7,009 | 6,369 | 6,198 | 6,426 | 6,606 | 4,238 | 6,094 | 6,232 |
| 3,458 | 3,912 | 3,667 | 3,548 | 3,487 | 2,450 | 2,773 | 4,294 |
| - | - | - | - | - | - | - | - |
| 35 | 36 | 80 | 113 | 51 | 8,876 | 2,146 | 2,408 |
| 592 | 679 | - | - | - | - | - | - |
| - | 13 | 263 | 76 | - | 988 | - | - |
| - | - | - | - | - | - | - | 77 |
| 62,772 | 63,083 | 64,856 | 64,415 | 61,584 | 59,115 | 60,081 | 57,589 |
| 1,513,683 | 1,348,534 | 1,236,432 | 1,184,497 | 1,043,824 | 1,035,026 | 1,062,796 | 1,060,485 |

Savannah Airport Commission

Enplaned Passengers 2010 – 2019

| | 2019 | Percent of Total 2019 | 2018 | Percent of Total 2018 |
|--------------------------|------------------|--------------------------|------------------|--------------------------|
| Airline | | | | |
| Delta Airlines | 408,860 | 27.20% | 398,783 | 28.59% |
| PSA (American) | 213,739 | 14.22% | 206,121 | 14.78% |
| American Airlines | 153,759 | 10.23% | 118,537 | 8.50% |
| Allegiant Airlines | 151,089 | 10.05% | 124,108 | 8.90% |
| JetBlue | 147,585 | 9.82% | 135,325 | 9.70% |
| Endeavor (Delta) | 73,814 | 4.91% | 104,076 | 7.46% |
| Mesa (United) | 49,826 | 3.32% | 25,728 | 1.84% |
| United Airlines | 44,701 | 2.97% | 93,840 | 6.73% |
| Sky West (Delta) | 44,008 | 2.93% | 885 | 0.06% |
| Express Jet (United) | 40,024 | 2.66% | 30,880 | 2.21% |
| Air Wisconsin (United) | 31,443 | 2.09% | 38,151 | 2.73% |
| Envoy Air (American) | 29,851 | 1.99% | 14,449 | 1.04% |
| Frontier | 27,083 | 1.80% | 16,817 | 1.21% |
| Republic (United) | 22,354 | 1.49% | 8,012 | 0.57% |
| CommutAir (United) | 16,117 | 1.07% | 8,872 | 0.64% |
| Republic (American) | 12,689 | 0.84% | 17,156 | 1.23% |
| Sky West (United) | 11,206 | 0.75% | 9,448 | 0.68% |
| Sky West (American) | 9,459 | 0.63% | - | - |
| Air Canada | 8,805 | 0.59% | 9,910 | 0.71% |
| Sun Country | 3,341 | 0.22% | 3,953 | 0.28% |
| GoJet (United) | 876 | 0.06% | 68 | 0.00% |
| GoJet (Delta) | 73 | 0.00% | 2,059 | 0.15% |
| Republic (Delta) | 67 | 0.00% | 1,697 | 0.12% |
| Trans States (United) | - | - | 10,494 | 0.75% |
| Piedmont (American) | - | - | 5,435 | 0.39% |
| Mesa (American) | - | - | 3,490 | 0.25% |
| Express Jet (Delta) | - | - | 3,145 | 0.23% |
| Trans States (American) | - | - | 1,921 | 0.14% |
| Air Wisconsin (American) | - | - | - | - |
| Shuttle America (United) | - | - | - | - |
| Shuttle America (Delta) | - | - | - | - |
| Express Jet (American) | - | - | - | - |
| Compass (Delta) | - | - | - | - |
| Chautauqua (American) | - | - | - | - |
| Pinnacle (Delta) | - | - | - | - |
| Continental | - | - | - | - |
| Comair (Delta) | - | - | - | - |
| Chautauqua (Delta) | - | - | - | - |
| Vision Airlines | - | - | - | - |
| US Airways Express | - | - | - | - |
| Total | 1,500,769 | 99.85% | 1,393,360 | 99.88% |
| Non-Scheduled | 2,205 | 0.15% | 1,680 | 0.12% |
| Grand Total | 1,502,974 | 100.00% | 1,395,040 | 100.00% |

Source: Individual Airlines.

Savannah Airport Commission

Enplaned Passengers 2010 – 2019

| 2017 | 2016 | 2015 | 2014 | 2013 | 2012 | 2011 | 2010 |
|-----------|-----------|-----------|---------|---------|---------|---------|---------|
| 383,335 | 370,076 | 386,595 | 367,560 | 346,474 | 346,857 | 301,000 | 241,441 |
| 174,532 | 180,459 | 183,150 | 74,807 | 73,237 | 73,303 | 51,289 | 47,225 |
| 48,337 | 996 | 28 | - | - | - | - | - |
| 94,360 | 63,171 | 17,568 | - | - | - | 6,578 | 1,122 |
| 135,313 | 128,576 | 121,577 | 104,402 | - | - | - | - |
| 64,004 | 42,395 | 36,185 | 27,980 | - | - | - | - |
| 32,005 | 30,135 | 20,547 | 7,902 | 7,629 | 8,593 | 5,410 | 19,821 |
| 63,883 | 6,522 | - | - | - | - | 40,953 | 16,196 |
| 151 | - | - | - | - | - | - | 255 |
| 46,174 | 78,771 | 96,384 | 126,028 | 119,552 | 95,592 | 34,094 | 48,920 |
| 8,732 | - | - | - | - | - | - | - |
| 32,021 | 42,107 | 25,127 | 44,151 | 45,769 | 46,386 | 50,470 | 49,445 |
| - | - | - | - | - | - | - | - |
| 6,858 | 10,579 | - | - | - | - | - | - |
| 12,721 | 12,676 | - | - | - | - | - | - |
| 9,855 | 14,318 | 3,107 | 17,260 | 28,020 | 40,099 | 77,188 | 64,578 |
| 10,786 | 6,147 | 2,267 | - | - | - | - | - |
| - | - | - | - | - | - | - | - |
| 7,419 | - | - | - | - | - | - | - |
| 4,053 | 3,431 | 2,274 | - | - | - | - | - |
| 4,783 | 1,586 | - | - | - | - | - | - |
| 10,633 | 29,864 | 29,355 | 22,510 | 13,488 | 7,122 | - | - |
| 1,035 | - | - | - | - | - | - | - |
| 3,792 | 6,382 | 20,203 | - | - | 3,528 | 6,527 | 14,917 |
| 8,328 | 587 | 52 | 134 | 100 | - | 302 | 8 |
| - | 4,880 | 16,612 | 98,421 | 96,914 | 72,159 | 58,704 | 69,174 |
| 34,419 | 26,022 | 31,480 | 36,152 | 23,438 | 21,896 | 25,611 | 62,067 |
| 12,523 | - | - | - | - | - | - | - |
| 16,248 | 20,545 | 17,468 | 30,351 | 29,982 | 26,740 | 14,017 | 14,576 |
| 1,142 | 425 | - | - | - | - | - | - |
| - | 7,883 | 671 | 818 | 14,549 | 13,891 | 285 | 7,596 |
| - | - | 5,304 | - | - | - | - | - |
| - | - | - | 4,089 | 20,866 | 8,823 | - | 5,749 |
| - | - | - | - | 1,921 | 5,819 | 257 | - |
| - | - | - | - | 644 | 4,151 | 44,441 | 45,211 |
| - | - | - | - | - | 30,573 | 66,084 | 71,114 |
| - | - | - | - | - | 7,263 | 4,167 | 11,012 |
| - | - | - | - | - | 258 | 27,882 | 40,263 |
| - | - | - | - | - | - | 928 | - |
| - | - | - | - | - | - | - | 3,141 |
| 1,227,442 | 1,088,533 | 1,015,954 | 962,565 | 822,583 | 813,053 | 816,187 | 833,831 |
| 1,641 | 689 | 1,113 | 820 | 911 | 1,443 | 1,444 | 1,897 |
| 1,229,083 | 1,089,222 | 1,017,067 | 963,385 | 823,494 | 814,496 | 817,631 | 835,728 |

Savannah Airport Commission

Aircraft Operations 2010 – 2019

| Year | Airlines | Cargo | General Aviation | Military | Total |
|--------------------------|--------------|---------------|------------------|---------------|--------------|
| 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 |
| 2016 | 23,597 | 19,405 | 42,132 | 7,546 | 92,680 |
| 2017 | 24,878 | 20,273 | 41,503 | 8,173 | 94,827 |
| 2018 | 28,226 | 20,160 | 40,752 | 7,685 | 96,823 |
| 2019 | 31,082 | 18,583 | 50,489 | 7,610 | 107,764 |
| Annual Compounded Growth | | | | | |
| 2010-2019 | 8.94% | -2.88% | -0.51% | -1.05% | 0.86% |

Source: FAA

Savannah Airport Commission

Airlines Serving the Savannah/Hilton Head International Airport

PRIMARY CARRIERS

Air Canada
Allegiant
American
Delta
Frontier
JetBlue
Sun Country
United

AFFILIATE CARRIERS

Air Wisconsin d/b/a United
CommutAir d/b/a United
Endeavor d/b/a Delta
Envoy d/b/a American
Express Jet d/b/a United
GoJet d/b/a Delta
GoJet d/b/a United
Mesa d/b/a/ United
PSA d/b/a American
Republic d/b/a American
Republic d/b/a Delta
Republic d/b/a United
SkyWest d/b/a American
SkyWest d/b/a Delta
SkyWest d/b/a United

ALL CARGO CARRIERS

Air Cargo Carriers
Federal Express
Martinaire Aviation
Mountain Air Cargo
Suburban Air Freight

Savannah Airport Commission

Principal Customers

| Customer Name | Revenue From Customers 2019 | % Of Total Revenue 2019 | Revenue From Customers 2018 | % Of Total Revenue 2018 |
|-----------------------------------|--------------------------------------|----------------------------------|--------------------------------------|----------------------------------|
| PARKING | \$9,173,199 | 26.46% | \$8,534,367 | 26.30% |
| DELTA AIRLINES | \$4,423,570 | 12.76% | \$4,479,404 | 13.80% |
| AMERICAN AIRLINES | \$2,782,111 | 8.02% | \$2,508,982 | 7.73% |
| ALAMO / NATIONAL (f/k/a Vanguard) | \$2,582,579 | 7.45% | \$2,079,736 | 6.41% |
| HERTZ RENT A CAR | \$2,317,366 | 6.68% | \$2,004,051 | 6.18% |
| GULFSTREAM | \$1,674,553 | 4.83% | \$1,663,104 | 5.12% |
| ENTERPRISE | \$1,319,832 | 3.81% | \$1,240,476 | 3.82% |
| JETBLUE | \$1,252,191 | 3.61% | \$1,216,452 | 3.75% |
| UNITED AIRLINES | \$1,222,653 | 3.53% | \$1,464,993 | 4.51% |
| HOST, INC | \$1,101,793 | 3.18% | \$1,027,429 | 3.17% |
| BUDGET CAR RENTAL | \$1,077,362 | 3.11% | \$931,241 | 2.87% |
| AVIS RENT A CAR | \$1,070,120 | 3.09% | \$894,638 | 2.76% |
| PARADIES | \$993,234 | 2.86% | \$894,035 | 2.75% |
| PSA AIRLINES | \$860,696 | 2.48% | \$782,562 | 2.41% |
| THRIFTY | \$470,100 | 1.36% | \$385,296 | 1.19% |
| FEDERAL EXPRESS | \$402,251 | 1.16% | \$404,851 | 1.25% |
| SIGNATURE FLIGHT SUPPORT | \$391,203 | 1.13% | \$382,880 | 1.18% |
| UBER | \$337,410 | 0.97% | \$245,177 | 0.76% |
| ENDEAVOR AIRLINES - DELTA | \$291,432 | 0.84% | \$410,281 | 1.26% |
| TSA | \$264,427 | 0.76% | \$337,230 | 1.04% |
| DOLLAR RENT A CAR | \$261,995 | 0.76% | \$220,218 | 0.68% |
| HILTON GARDEN INN | \$201,206 | 0.58% | - | - |
| LIBERTY AIR VENTURES | \$201,196 | 0.58% | - | - |
| CHATHAM CO. MOSQ CONTROL | - | - | \$345,230 | 1.06% |
| US AIRWAYS | - | - | - | - |
| ASA - UNITED | - | - | - | - |
| MESA-US AIRWAYS | - | - | - | - |
| GOODWILL INDUSTRIES | - | - | - | - |
| AMERICAN EAGLE | - | - | - | - |
| EXPRESS JET-UNITED | - | - | - | - |
| CONTINENTAL EXPRESS | - | - | - | - |
| MESA-UNITED | - | - | - | - |
| REPUBLIC AIRLINES | - | - | - | - |
| ASA-DELTA CONNECTION | - | - | - | - |

Source: Savannah Airport Commission, Finance Department.

Savannah Airport Commission

Principal Customers

| 2017 | 2016 | 2015 | 2014 | 2013 | 2012 | 2011 | 2010 |
|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| \$7,704,748 | \$7,024,263 | \$6,508,041 | \$6,017,762 | \$5,260,004 | \$5,090,084 | \$5,069,763 | \$5,021,958 |
| \$4,357,879 | \$4,366,076 | \$4,409,800 | \$4,269,161 | \$4,321,510 | \$4,137,592 | \$3,901,914 | \$3,265,473 |
| \$1,964,732 | \$1,344,446 | \$1,396,281 | \$1,444,405 | - | - | - | - |
| \$1,464,041 | \$1,349,645 | \$1,272,924 | \$969,881 | \$767,753 | \$803,237 | \$817,442 | \$906,650 |
| \$1,323,888 | \$1,197,321 | \$1,170,657 | \$1,205,561 | \$1,071,008 | \$1,019,274 | \$984,063 | \$1,063,263 |
| \$1,617,650 | \$1,636,155 | \$1,558,964 | \$1,603,327 | \$1,333,438 | \$809,977 | \$458,043 | \$523,246 |
| \$892,747 | \$764,941 | \$706,456 | \$648,022 | \$633,847 | \$576,510 | \$522,201 | \$523,937 |
| \$1,250,191 | \$1,062,944 | - | - | - | - | - | - |
| \$1,292,175 | \$1,009,661 | \$985,201 | \$1,090,830 | \$1,208,256 | \$537,657 | - | - |
| \$824,900 | \$787,693 | \$707,620 | \$611,152 | \$511,211 | \$483,713 | \$481,628 | \$451,941 |
| \$611,873 | \$541,795 | \$574,587 | \$650,412 | \$534,221 | \$533,998 | \$511,930 | \$565,758 |
| \$672,371 | \$661,366 | \$611,229 | \$621,366 | \$556,467 | \$579,394 | \$594,835 | \$640,891 |
| \$895,408 | \$776,391 | \$663,623 | \$679,311 | \$547,145 | \$566,346 | \$559,506 | \$527,667 |
| \$597,812 | \$602,004 | \$577,580 | \$223,369 | \$217,013 | \$212,482 | - | - |
| \$346,053 | \$362,843 | \$327,884 | \$363,853 | \$289,152 | \$274,995 | \$240,731 | \$354,420 |
| \$319,481 | \$260,810 | \$249,259 | \$256,063 | \$462,028 | \$431,745 | \$439,845 | \$420,431 |
| \$483,592 | \$513,339 | \$552,978 | \$497,662 | \$668,386 | \$698,769 | \$674,465 | \$706,978 |
| - | - | - | - | - | - | - | - |
| \$248,415 | - | - | - | - | - | - | - |
| \$692,354 | \$252,156 | \$255,975 | \$245,247 | \$245,674 | \$231,165 | \$246,121 | \$322,992 |
| - | \$219,894 | \$209,125 | \$223,342 | - | - | - | - |
| - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - |
| \$394,080 | \$391,388 | \$388,696 | \$386,004 | \$383,312 | \$380,620 | \$378,467 | \$376,313 |
| - | \$504,942 | \$510,020 | \$710,666 | \$1,738,024 | \$1,594,722 | \$1,471,922 | \$1,128,906 |
| - | - | \$263,020 | \$349,290 | - | - | - | - |
| - | - | - | \$297,798 | \$311,991 | \$210,414 | \$162,457 | \$284,567 |
| - | - | - | \$211,446 | \$214,926 | \$234,534 | \$234,534 | - |
| - | - | - | - | \$749,316 | \$721,951 | \$780,517 | \$639,325 |
| - | - | - | - | \$328,357 | \$337,242 | - | - |
| - | - | - | - | - | \$434,778 | \$838,507 | \$798,798 |
| - | - | - | - | - | \$398,304 | \$694,558 | \$600,664 |
| - | - | - | - | - | - | \$229,601 | \$282,057 |
| - | - | - | - | - | - | - | \$262,115 |

Savannah Airport Commission

Miscellaneous Statistical Information

F-18

| | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 |
|---|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| Date of Incorporation - 1949 | | | | | | | | | | |
| Number of Employees | 173 | 171 | 175 | 172 | 184 | 196 | 201 | 204 | 205 | 218 |
| Terminal Building | 380,313 SF | 380,313 SF | 380,313 SF | 380,313 SF | 380,313 SF | 380,313 SF | 380,313 SF | 380,313 SF | 380,313 SF | 380,313 SF |
| 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 | 11,748 SF | 11,748 SF |
| Runways: | | | | | | | | | | |
| 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 | 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 | 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 | 8 | 8 | 8 | 8 | 9 | 10 | 11 | 12 | 12 | 12 |
| Number of Airlines Serviced | 22 | 22 | 21 | 17 | 16 | 21 | 24 | 27 | 27 | 23 |
| Number of Rental Car Agencies on Property | 7 | 7 | 7 | 7 | 8 | 8 | 8 | 8 | 8 | 8 |
| Number of Taxi/Limousine Companies Servicing Airport | 63 | 65 | 72 | 79 | 80 | 76 | 76 | 71 | 70 | 63 |
| Number of Concessionaires in Terminal Building | 16 | 18 | 17 | 17 | 17 | 17 | 18 | 19 | 20 | 21 |
| Number of Public Parking Spaces | 3,954 | 3,954 | 3,954 | 3,954 | 3,914 | 3,924 | 3,924 | 3,924 | 3,924 | 3,924 |

Source: Savannah Airport Commission, Finance Department

Savannah Airport Commission

Compliance Section

Independent auditor's 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 program and on internal control over compliance required by the Uniform Guidance.

Independent auditor's report on compliance with requirements applicable to the passenger facility charge program and on internal control over compliance.





**INDEPENDENT AUDITOR'S 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***

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 financial statements of Savannah Airport Commission (the Commission) as of and for the years ended December 31, 2019 and 2018, 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 23, 2020.

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 was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control 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.

Hancock Asken & Co., LLP

Savannah, Georgia
June 23, 2020



**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON
INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

The Commissioners
Savannah Airport Commission

Report on Compliance for Each Major Federal Program

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, 2019. 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 compliance for each of the Commission's major federal programs based on our audit of the types of compliance requirements referred to above. 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 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 on compliance for each major federal program. However, our audit does not provide a legal determination of the Commission's compliance.

Opinion on Each Major Federal Program

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, 2019.

Report on Internal Control over Compliance

Management of the Commission is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Commission's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major federal program 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 material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

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

Savannah, Georgia
June 23, 2020

SAVANNAH HILTON HEAD

INTERNATIONAL

A dark blue silhouette of a commercial airplane, viewed from the front, positioned to the right of the word 'INTERNATIONAL'.

Savannah Airport Commission

Schedule of Expenditures of Federal Awards

December 31, 2019

| Federal Grantor/ Pass-Through Grantor/ Program Title | Federal CFDA Number | Pass-Through Grantor Numbers | Amount of Federal Expenditures |
|--|---------------------------|------------------------------------|--------------------------------------|
| Capital contributions | | | |
| Federal Department of Transportation | | | |
| Federal Aviation Administration | | | |
| Airport Improvement Program | 20.106* | N/A | \$ 9,977,661 |
| | | | \$ 9,977,661 |

*Major program as defined by United States Office of Management and the Uniform Guidance.
See notes to schedule of expenditures of federal awards.

Notes to Schedule of Expenditures of Federal Awards

1. Basis of Presentation

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. The information in this Schedule is presented in accordance with the 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). 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. Summary of Significant Accounting Policies

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. Indirect Cost Rate

The Commission has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

4. Relationship to Financial Statements

Federal program award revenues are reported as non-operating revenue in the Commission's basic financial statements as federal construction grants in the amount of \$9,977,661

5. 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, 2019

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued Unmodified

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

\$750,000

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

Report on Compliance for Passenger Facility Charge Program

We have audited Savannah Airport Commission's (the Commission) compliance with the types of compliance requirements described in the Passenger Facility Charge Audit Guide for Public Agencies (Guide), issued by the Federal Aviation Administration, that could have a direct and material effect on the Commission's passenger facility charge program for the year ended December 31, 2019.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its passenger facility charge program.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for the Commission's passenger facility charge program based on our audit of the types of compliance requirements referred to above. 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 Passenger Facility Charge Audit Guide for Public Agencies, issued by the Federal Aviation Administration. Those standards and guide 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 on compliance for the passenger facility charge program. However, our audit does not provide a legal determination of the Commission's compliance.

Opinion

In our opinion, the Commission complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on the passenger facility charge program for the year ended December 31, 2019.

Report on Internal Control Over Compliance

Management of the Commission is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Commission's internal control over compliance with the types of requirements that could have a direct and material effect on the passenger facility charge program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the passenger facility charge program and to test and report on internal control over compliance in accordance with the Passenger Facility Charge Audit Guide for Public Agencies, 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 the passenger facility charge 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 the passenger facility charge 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 material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Passenger Facility Charge Audit Guide for Public Agencies. Accordingly, this report is not suitable for any other purpose.

Hancock Asken & Co., LLP

Savannah, Georgia
June 23, 2020

Savannah Airport Commission

Schedule of Passenger Facility Charges

| | For the year ended December 31, 2019 | Cumulative as of December 31, 2019 |
|---|---|---------------------------------------|
| PFC income | | |
| PFC revenue | \$ 5,866,011 | \$ 86,777,704 |
| Interest | 2,984 | 841,542 |
| Total PFC income | 5,868,995 | 87,619,246 |
| Expenditures | | |
| GILBERT SOUTHERN - APRON | - | 316,549 |
| DUNN CONST. IN #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 INVOICE #1 | - | 27,995 |
| HIGGERSON INVOICE #26 | - | 298,474 |
| BANK OF NY-DEBT SVC 92 BONDS/2001 Bond Ref./2011 Bond Ref. | - | 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 - AIP24 | - | 4,429 |
| NORTH/SOUTH PERIMETER FENCE - NON AIP | - | 195,905 |
| PHOENIX CONST (SAC REIMB) AIP26 T/W E | - | 244,628 |
| FAA AIP26 T/W E CABLES | - | 1,735 |
| J.M. MILES AIP27 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 AIP29 T/W C | - | 47,020 |
| GREINER (SAC REIMB) AIP29 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 AIP29 R/W 18/36 | - | 102,619 |
| GREINER (SAC REIMB) AIP29 R/W 18/36 | - | 6,695 |
| AAAE (SAC REIMB) AIP29 R/W 18/36 (ANTN) | - | 484 |
| SAC REIMB-LABOR/TESTING AIP29 R/W 18/36 | - | 2,742 |
| GREINER AIP30 GA TWY #3 | - | 6,222 |
| S&ME AIP30 GA TWY #3 | - | 11 |
| ADEL STEEL AIP30 GA TWY #3 | - | 50,000 |
| RB BAKER AIP30 GA TWY #3 INV 1-8 | - | 49,026 |
| SAC REIMB-LABOR/ADMIN AIP30 GA TWY #3 | - | 1,625 |
| TWY A-SAC REIMB-LABOR | - | 3,712 |
| TWY A-AIP30-GREINER | - | 16,777 |
| TWY A-AIP33-URS CORP(GREINER) | - | 1,814 |
| TWY A-AIP 33 -TRIANGLE INV#1-13 | - | 346,833 |
| TWY A-AIP 33-S&ME | - | 2,000 |
| SWEEPER | - | 100,000 |

Savannah Airport Commission

Schedule of Passenger Facility Charges

| | For the year ended December 31, 2019 | Cumulative as of December 31, 2019 |
|---|---|---------------------------------------|
| 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 LIFTS - 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 |

Savannah Airport Commission

Schedule of Passenger Facility Charges

| | For the year ended December 31, 2019 | Cumulative as of December 31, 2019 |
|---|---|---------------------------------------|
| Relocate Airfield Lighting Controls- ATCT AIP 38 -SAC REIMB | - | 10,988 |
| 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 (Phase1&2)-BAKER (AIP39&40) | - | 692 |
| Airfield Lighting Impr.-Vault (Phase1&2)-CHOATE (AIP39&40) | - | 8,100 |
| Airfield Lighting Impr.-Vault (Phase1&2)-SAC REIMB PFC OVERPD Choate.(AIP39&40) | - | (1,303) |
| Airfield Lighting Impr.-Vault (Phase1&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 depo (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 Construction (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 (AIP39)-R.B. BAKER (APPL #6) | - | 1,671 |
| Replace ARFF Bridge (AIP39)-SAC REIMB. (APPL #6) | - | 14,649 |
| Runway Redesignation -URS | - | 663 |
| Runway Redesignation - RC CONSTRUCTION | - | 29,264 |
| Runway Redesignation - REIMB SAC | - | 36,160 |

Savannah Airport Commission

Schedule of Passenger Facility Charges

| | For the year ended December 31, 2019 | Cumulative as of December 31, 2019 |
|---|---|---------------------------------------|
| 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 |
| 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 ck 13511 Reimb PFC fund -Harbor & Reimb SAC | - | (6,822) |
| Taxiway B Extension (APPL#7)- Reimb SAC | - | 94,670 |
| Taxiway C-2 (APPL#7)- Harbor | - | 214,356 |
| Taxiway C-2 (APPL#7)- SAC ck 13511 Reimb PFC fund -Harbor & Reimb SAC | - | 24,370 |
| Update main comm 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 | - | 109,722 |
| Bio Scrypt 15 Boarding Bridges Doors- Johnson Control | - | 144,760 |
| Bio Scrypt 15 Boarding Bridges Doors- URS | - | 3,154 |
| Bio Scrypt 15 Boarding Bridges Doors- Reimb SAC | - | 4,742 |
| Runway 18/36 Extension-Reimb. SAC URS Design cost | - | 74,111 |
| NAVAIDS-URS (APP #7) | - | 30,464 |
| NAVAIDS-FAA (APP #7) | - | 201,921 |
| NAVAIDS- Reimb SAC (APP #7) | - | 205,392 |
| Airport Master Plan (PFC #7)- URS | - | 51,292 |
| Airport Master Plan (PFC #7)- SAC Reimb PFC | - | (20,042) |
| Asphalt Pavement replace -Runway 19/1 -Reimb SAC (PFC #8) | - | 69,379 |
| Construct Taxiway A-Reimb SAC (APP#8) | - | 169,812 |
| Rehabilitate T/W B2, North end of T/W B, T/W C, T/W E1-Reimb SAC (APP#8) | - | 18,476 |
| GA Connector T/W Site Development North of Terminal RK Contracting | - | 270,348 |

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Schedule of Passenger Facility Charges

| | For the year ended December 31, 2019 | Cumulative as of December 31, 2019 |
|---|---|---------------------------------------|
| GA Connector T/W Site Development North of Terminal Reimb SAC | - | 217,423 |
| GA Connector T/W Site Development North of Terminal-ECS | - | 27 |
| Terminal Walkways-Reimb SAC-APP #8 | - | 23,589 |
| Terminal Walkways-Miller-App (#8) | - | 6,485 |
| GA Taxiway 4 & 5-reimb SAC (APP#8) | - | 18,639 |
| PFC Application #8 Implementation & Admin-Reimb SAC | - | 27,921 |
| EA North Development-Application #8-Reimb SAC | - | 18,982 |
| Surface Painted Holding Position Signs-REIMB SAC-APP # 8 | - | 185,020 |
| CCTV System Replacement-reimb SAC APP #8 | - | 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 | - | 23,520 |
| PA System Replacement-Alltel System GRP, INC | - | 278,002 |
| PA System Replacement - Reimb SAC | - | (2,122) |
| Two Valet Bag Belts Systems-R.J. Design | - | 61,000 |
| AOA Survey -URS | - | 62,500 |
| AOA Survey - Reimb SAC | - | (12,500) |
| Tree Removal R/W 10 Approach-Reimb SAC | - | 155,862 |
| T/W A -NAD -McLendon/URS Constr | - | 453,739 |
| T/W A Extension North - Construction - Reimb SAC | - | 1,500,000 |
| T/W H -NAD -McLendon/URS Constr | - | 607,928 |
| Gulfstream -McLendon/URS Constr | - | 3,263 |
| Elect Vault -McLendon/URS Constr | - | 4,050 |
| Electrical Vault - 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) | - | 39,600 |
| Lighting 10/28 Runway | - | 41,257 |
| Terminal Curbside Canopy Expansion | - | 1,407,899 |
| Relocate Airfield Maintenance Road | - | 42,978 |
| Runway 1 Perimeter Road | - | 62,557 |
| Taxiway C Light Replacement | - | 32,718 |
| Seal Coat Runway 10-28 Asphalt and Apron Shoulders | - | 29,187 |
| Runway 28 RSA Improvements and Road Relocations | - | 127,066 |
| In-Line Baggage System | - | 7,379,031 |
| Groove Runway 1-19 | - | 22,054 |
| PFC 10 Application Costs | - | 23,100 |

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Schedule of Passenger Facility Charges

| | For the year ended December 31, 2019 | Cumulative as of December 31, 2019 |
|---|---|---------------------------------------|
| Add 2 AOA Gates | - | 26,954 |
| Runway 28 Safety Area Improvements | - | 33,431 |
| Replacement of Boarding Bridges at Gates 7 & 11 | - | 1,333,333 |
| Reconstruct Taxilane GA-3 | 122,995 | 122,995 |
| Reconstruct Taxiway E-1 | 130,555 | 130,555 |
| Runway Lighting Upgrades | 58,824 | 58,824 |
| Airfield Signage Upgrades | 58,841 | 58,841 |
| Jumbo GA FIS Facility | 700,073 | 700,073 |
| PFC 11 Application Costs | 34,298 | 34,298 |
| Total expenditures | 1,105,586 | 77,361,068 |
| Income | 4,763,409 | 10,258,178 |
| Beginning balance | 4,935,260 | 6,649,731 |
| Balance at December 31, 2019 | \$ 9,698,669 | \$ 16,907,909 |



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